ROLE OF FINANCIAL LITERACY ON PERSONAL
FINANCIAL MANAGEMENT: A CASE OF BANKERS IN
NAIROBI CITY

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-
AFRICA

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DECLARATION

I, the undersigned declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: __________________________          Date: __________________________

Anne Wachera Wamae (615909)

This project has been presented for examination with my approval as the appointed supervisor

Signed: __________________________          Date: __________________________

Prof. Amos Njuguna

Signed: __________________________          Date: __________________________

Dean: Chandaria School of Business
ABSTRACT

The purpose of the study was to assess financial literacy and its role on personal financial management by bankers in Nairobi. The research questions addressed the benefits of financial literacy on personal financial management, challenges in personal financial management and the strategies that can enhance personal financial management.

A descriptive quantitative research design was used for the study. Data was collected using structured questionnaires which were distributed using convenience sampling to the bank employees. They were administered to a convenient sample of 150 employees who comprised of functional, middle and senior managers. All the completed questionnaires were entered in an IBM SPSS 20.0 statistical software and data analyzed for descriptive statistics. Statistical inferences were drawn by use of Pearson correlation analysis.

The study found that financial literacy positively affects personal financial management among employees in the banking sector which leads to increase in investment returns. Financial education was indicated to help employees in the banking sector manage their credit as they were able to manage their debts. Knowledge in finance was indicated by employees to help them save better.

The study found that there existed challenges in personal financial management among staff in the banking sector. Little income contributed to lack of financial management as work environment issues played a key role. Lack of financial education was indicated to hamper personal financial management among employees in the banking sector. Lack of financial discipline and commitment on personal financial management contributed greatly to the challenges.

Respondents gave their opinions on strategies that would enhance personal financial management. These would be planning, budgeting, having an emergency and retirement fund and managing debts. A comprehensive financial plan was indicated to enhance the quality of life and increase satisfaction by reducing uncertainty about the future needs. Personal financial management was indicated to be enhanced by savings. Having a retirement fund was indicated to give them confidence in financial management.

The study concluded that low levels of financial management skills negatively affect employee’s return on investments. Lack of commitment on financial management among bankers affected personal financial management which affected their ability to achieve their financial goals leading to lack of financial well-being. The study recommends that
banks in Kenya should come up with financial literacy programs which are aimed at addressing financial well-being of employees. Banks should also introduce financial planning programs for employees to enable them develop future financial plans. Banks should encourage saving habits among the employees by emphasizing on commitment to their saving plans. Bank employees should also observe financial discipline at all times to avoid overspending.

The study findings are of significance to commercial banks as it will bring to perspective the role of financial literacy on personal financial management by bankers. These will enable banks to take appropriate measures to educate staff on financial literacy and as a result employees who are financially literate will perform better.
DEDICATION

This document is dedicated to my family and friends for their encouragement and support throughout the preparation of this paper.
I would like to acknowledge God’s guidance and wisdom in enabling me to finish this project.

My sincere gratitude goes to my supervisor Prof. Amos Njuguna for giving me the required guidelines and wisdom from the beginning to the end. His guidance, advice and effective response at each stage in the preparation and execution of this research paper was always timely.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of Study

Financial literacy is a skill that enables individuals to navigate the financial world by making informed decisions about the use and management of their money and also minimizes the chances of being misled on financial matters (Cascioaro and Lobo, 2008). It remains an interesting issue in both developed and developing economies, and has elicited much interest in the recent past with the rapid change in the financial landscape. It is also the knowledge of basic financial investment concepts such as inflation and risk diversification and the capacity to do calculations related to interest rates (Lusardi and Mitchell, 2011).

Financial products have increased faster than the knowledge required to acquire these products. The global financial crisis witnessed in 2008/9 testifies to this fact. Financial literacy policy makers have embraced financial education as a necessary antidote to the increasing complexity of consumer’s financial decisions over the last generation (Daniel Fernandes, John, Lynch and Richard, 2014).

Studies on financial literacy show that young and older adults do not have the basic knowledge required to make good financial choices. The concerns were heightened in a 2005 report by the Organization for Economic Co-operation and Development (OECD) indicating that financial illiteracy is widespread across age groups and geographical areas. Other surveys demonstrated that most Americans lack the ability to make good personal financial choices (Volpe, Chen, and Liu, 2006).

Financial literacy does not exist as a separate set of skill; it involves application of more general information, numerical problem solving and other core essential skills in the finance context (Lusardi and Mitchell, 2007). According to the dual process theory an investment behavior by Markus and Torsten (2013), behavior of people with high level of financial literacy depend on two thinking styles which are intuition and cognition.
Young people tend to have consumption needs that exceed income, they have little savings hence the theory links them with lower skills in finances and hence a need for them to have financial literacy skills. In the middle aged stage, individuals’ earnings generally rise enabling them to settle accumulated debts and save. In retirement stage, income declines and individuals consume the previously accumulated earnings. The theory further assumes that people are forward looking across their life span and that they make predictions, understand and make informed choices over the use of the financial resources which is far from truth. In the real world, only a small number of people have such know-how and are in a position of managing their resources effectively (Smith, 2005).

Two factors that have an impact on personal financial management practice in general are financial knowledge and financial attitude (Eagly and Chaiken, 2013). Individuals express different money management skills and beliefs because of the different ways in which money was handed in their families. The skills developed during childhood may continue through adolescence and into adulthood. Parents appear to be significant at influencing their children’s money beliefs (Hathaway and Khatiwada, 2008). Personal finance being an important area in which employee knowledge is deficient, educational programs that would focus on improving personal financial knowledge are recommended (Volpe, Chen and Liu, 2006).

Management of one’s money on a daily basis is a necessity that transcends socio-economic status. The relationship between financial literacy and personal financial management is such that financial management responds to financial literacy. The combination to understand financial products and concepts and the ability and confidence to appreciate financial risks and opportunities plays a key role in making informed choices, knowing where to go for help, and taking other effective actions to improve financial well-being (Maina, 2010).

Without formal financial instructions, many are left to learn from their parents or on their own through personal experience. This statement is consistent with a current research where approximately 76% of American students surveyed had learned about money management from family or through their own personal experiences. This prompted the United States Congress to pass the Excellence in Economic Education Act in 2001, which
provided for increased funding of programs in financial literacy (Balkundi and Harrison, 2006).

A study on the financial literacy of US workers found that they, too, had inadequate financial skills and knowledge (Chen and Volpe, 2005). The results showed that participants ranked all of the surveyed personal finance topics as important and that they believed that employees did not have adequate knowledge about these topics. Retirement planning has been ranked as the most important topic, personal finance basics, insurance, company benefit plans, taxes, investments and estate planning follow suit.

A study using the 2004 Health and Retirement Study (HRS) that tested basic personal financial knowledge of adults who were over the age of 50, had questions related to the understanding of interest compounding and the effects of inflation and risk diversification. It found that widespread financial illiteracy is particularly severe among the elderly, females, and those with limited education. The results among the elderly were particularly surprising since most respondents over age 50 tended to have more experience with credit cards and bank accounts and also had taken out at least one mortgage in their lifetime (Lusardi and Mitchell, 2006).

Reviewed international studies by the OECD (2005) and Lusardi and Mitchell (2007) on financial literacy found financial illiteracy to be common in many developed countries such as Australia, Japan and Korea. The findings are similar to those of Christelis, Jappelli and Padula (2006) who found that most respondents in Europe score low on financial literacy scale.

Employees who attend financial education workshops provided by their employers report positive changes and improvement in their financial decisions. Specifically, they feel more confident when making investment decisions. Those who attend financial education workshops are assumed to have better credit management, budgeting and planning skills than non-participants prior to the workshops; the same results might not be achieved more generally (Garman, Thomas, Jinhee Kim, Constance, Kratzer, Bruce, Brunson and So-Granovetter, 2005).
There is widespread concern that despite its importance, financial literacy is at very low levels in many countries and particularly among certain sections of the population, e.g. women (Hung, Yoong, and Brown, 2012; Noone, Stephens, & Alpass, 2010) and financial literacy levels differ along a range of other demographics, including age, income, education, and employment (Lusardi, Michaud and Mitchell, 2013).

Many financial education programmes that target low-income consumer’s focus primarily on helping them increase savings and reduce debt. However, low-income households may already be behaving optimally. While it might be wished that they save more and build wealth, they are often doing the best they can, given their financial constraints. If financial education programmes ignore this point, they may fail simply because they have set non-feasible goals for their target audience (Lyons and Neelakantan, 2008).

The ability to manage income is more important than the level of income in determining psychological health (Taylor, Jenkins, and Sacker, 2011). Holding all else equal, financial education leads to greater financial knowledge, which then leads to better financial management, and better financial management ultimately leads to improved consumer outcomes (Hathaway and Khatiwada, 2008).

A consensus is emerging that knowledge and skills are not enough on their own – it is only when they are applied to achieve some financial outcome that a person can be said to be financially literate. In other words there is increasing focus on financial management as a marker of levels of financial literacy (Balkundi and Harrison, 2006; Collins and O’Rourke, 2010).

A study was carried to establish the impact of financial literacy on access to financial services in Kenya using the 2009 National Financial Access (FinAccess) survey data. The study found that households’ access to financial services is not based on levels of financial literacy but rather on factors such as income levels, distance from banks, age, marital status, gender, household size and level of education (Wachira and Kihiu, 2012).

However, the study established that the probability of a financially illiterate person remaining financially excluded is significantly high calling for increased investment in financial literacy programs to reverse the trend. The studies conducted recommended the development of a curriculum on financial education which would be administered in the local, middle level and higher learning institutions (Wachira and Kihiu, 2012).
1.2 Statement of the Problem

Financial literacy is quite low both globally and locally. This is due to the fact that many people do not possess the necessary skills required to manage their finances effectively leading to financial mistakes that could otherwise be avoided. It aligns with the life cycle saving theory which states that people are forward looking across the span of their life time and they make mistakes due to lack of knowledge, faulty logics, cognitive dissonance and biased statistics. The problem has been fueled by easy accessibility of credit cards together with personal loans, low interest rates and other payment options, which has led to an increase in spending, consumption and a rapid rise in both personal and household debt levels (Gan, 2008).

The rising debt level and lower saving rates has commonly been used as evidence of financial illiteracy in the opinion regarding financial literacy (Lusardi and Mitchell, 2007). Financial literacy is globally acknowledged as an important element of economic and financial stability and development, the high number of people with low levels of financial literacy presents a serious problem for both the economic well-being of nations and the personal well-being of individuals (Cory and Pickard, 2008).

Research has shown that majority of bankers come from low income families and their major hold up is that the parents in the disadvantaged group are less equipped to transfer financial knowledge to their children thus the lower levels of financial knowledge among the bankers. Further research shows that there is an absolute shortage of financial management skills among the bankers (Lusardi, 2008).

A case study of employees of finance and banking institution in Kenya on the effect of financial literacy on personal financial management practices shows that there is a significant difference between the finance and non-finance literate respondents. A report by Fin Access data in Kenya indicated that in 2006, half of all Kenyans were borrowing because of an inability to make ends meet.

These people were borrowing to meet day to day expenses as they watched their debt problem increase. Most people indicated attitudes to borrowing and savings that suggested that they borrowed out of necessity rather than preference. Research undertaken by the Equity Building Society in Kenya found big gender differences in
money management practices. Women were happy to talk about finances but typically had limited control over household money, whilst men took control but did not discuss finances (Collins and O'Rourke, 2010).

Internationally, Collins and O'Rourke (2010) conducted the first and only study in Australia targeting first year university students and found that financial literacy was poor. Similar results were found in the US (Chen and Volpe, 2005). They also found that participants with higher financial literacy were able to manage their finances and investment decisions more effectively and in UK (Smith, 2005) indicating that while financial literacy was low across the entire population, highly educated people were expected to have better financial skills and knowledge than those who were less educated.

Household spending, credit use and stress have changed enormously in recent decades. Anecdotal evidence and media reports today suggest that a much higher proportion of employees are experiencing stress related to financial matters. A national survey revealed that 3 out of 4 Americans faced at least one significant financial problem recently, such as being unable to save for future needs, delaying medical care or having problems with a collection agency (Citi, 2008).

People who were involved in financial planning were held back by their financial literacy levels. There also existed a gap between the choices made by higher financial literate people and those who were not which led to an increase in their total net worth and financial wealth (Lursadi and Mitchell, 2007).

Bank employees are assumed to have personal financial management skills which should translate to better financial decisions. It is also assumed that the financial management of a bank employee would be very distinct from the behavior of one who has no financial knowledge for the apparent reason that they manage people’s finances. However no local researchers have investigated financial literacy and its role in personal financial management among bankers hence this study.

Studies conducted on the role of financial literacy on personal financial management have focused on informal sectors and therefore the need for the current study on the role of financial literacy on personal financial management among bankers. Based on this view,
this study assessed the knowledge gap by establishing the level of financial literacy among bankers in Nairobi, determining its role in personal financial management, the challenges encountered and also sought to determine the strategies that would improve personal financial management.

1.3 Purpose of the Study

The purpose of the study was to assess the role of financial literacy on personal financial management by bankers in Nairobi.

1.4 Research Questions

1.4.1 What are the benefits of Financial Literacy on Personal Financial Management?
1.4.2 What challenges do bankers face in their Personal Financial Management?
1.4.3 What are the strategies that enhance Personal Financial Management?

1.5 Significance of the Study

1.5.1. Employees

Financial literacy is important to any employee in any institution. This is because an employee is expected to make good financial management decisions concerning investment, savings, budgeting, retirement etc. The employee’s financial well-being is determined to some extent by their level of financial literature.

1.5.2. Businesses

Financial literacy would have an impact on the economy because an educated person is assumed to make better financial decisions. Businesses are operated better by people who make good and sound business financial decisions.

1.5.3. Economy

Any economy would thrive better if its people understood the benefits of financial education and would come up with strategies to better financial management. Most of the
people who make such decisions are assumed to have good financial education to run the economy.

1.6 Scope of the Study

The target population for this study was employees in the banking institutions in Nairobi which included senior management, middle level managers and functional staff members. The study was limited in terms of coverage as it only covered one geographical location - Nairobi. The location has unlimited cultural and economic diversity therefore unlimited in generalization of results for the rest of the counties and country. The study took place between January and July 2015.

1.7. Definition of Terms

1.7.1 Financial Literacy - It refers to the set of skills and knowledge that allows an individual to make informed and effective decisions with all of financial resources (Taylor et al., 2011).

1.7.2 Banker - Staff member who is employed in a financial lending institution and offers banking services (Lusardi and Mitchell, 2007).

1.7.3 Financial Management - Financial Management is an area of financial decision making, harmonizing individual motives (Lusardi and Mitchell, 2011).

1.7.4 Financial Literacy - Jodi and Parrotta (2006) defined financial literacy as a set of behavior performed regarding the planning, implementing and evaluating involved in the areas of cash, credit, investments, insurance, retirement and estate planning.

1.7.5 Financial strategy - Is a high level plan to achieve financial goals under conditions of uncertainty (Taylor et al., 2011).

1.8. Chapter summary

This chapter presents the background information to the research problem, identifies the problem statement, states the purpose of the study and lists the research questions.
addressed in the research project. It also presents the significance of the study, scope and terminologies used.

Chapter two focuses on literature review of the existing research literature on benefits of financial literacy in personal financial management, challenges of personal financial management and strategies that enhance personal financial management.

Chapter three focuses on research methodology which was used to conduct the study and provides a general framework for this research. It covers research design, target population and sampling design, data collection methods that were used, data analysis techniques and research procedures applied while conducting the study.

Chapter four covers data analysis which includes the findings, results and discussion on the study.

Chapter five details research findings, discussion, conclusions and the recommendations
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter covers literature review of the existing research literature on benefits of financial literacy in personal financial management, challenges in personal financial management and strategies that enhance personal financial management. The chapter discusses the following benefits in depth: financial well-being, money management skills, returns on investment, credit management, savings and reduced stress over financial matters.

2.2. Benefits of Financial Literacy on Personal Financial Management

2.2.1. Financial Well-Being

Financial concerns are associated with increased human physical and mental health issues. There is a strong relationship between financial concerns and referral to psychological institutions, depression and suicide (Turkington, 2005). The results of Mandell (2008) showed that employed men are twenty percent more susceptible to diseases as compared to unemployed men. Financial concerns are negatively related to personal well-being, self-esteem, satisfaction with marital life and family functioning (Fox and Chancey 2008). Financial well-being can have positive effects such as increased savings directly by employees, reduced absenteeism, improved employee participation, improved quality and productivity (Williams, Virginia and Sheran, 2006). Negative effects of financial wellness on employees are more than their positive effects in the workplace.

Workers who have financial difficulties cannot work to their full capacity and ability and will impose costs on their employers. In a survey, it was shown that workers' financial difficulties have a huge impact on providing employee productivity and job performance. The survey also showed that workers' financial concerns impose high annual costs to the government and financial issues could have a negative impact on the motivation and preparedness for work as compared with other problems (Luther, Grasmick, Morgan and Wenk, 2012).
Half of the large U.S companies have or plan to have a financial wellness strategy in place as a strategy to keep the employees. Yet the epidemic has been dubbed “the Quiet Emergency in Healthcare” by Forbes (Chen and Volpe, 2008). Ignoring the importance of financial well-being can have serious impact since its one of the key elements of general well-being. Many organizations have wellness programs which have a traditional approach focusing on physical health and ignoring the role of finances as a contributor to well-being.

2.2.2. Money Management Skills

Money skills involve managing the money that one already has. It could be from income, personal savings, inheritance, gifts and donations. Few schools offer money management training to students. Research indicates that more financially aware parents may be more comfortable providing financial lessons to their children (Fox and Chancey, 2008).

Findings in research suggest implications for the development of policies and programs aimed at promoting financial education for parents and children. Over the last decade, there has been growing interest in programs and interventions designed to increase financial skills for this population. The field of social work has been integral in the development of this practice and researchers and social workers are involved at the front lines of implementation and evaluation of financial education (Weiss, Spader, Key and Elizabeth 2012). In Kenya, different private foundations support a number of initiatives that look into improving financial literacy levels. These initiatives are mostly implemented through client-led financial institutions and microfinance institutions (Friedman, 2011).

2.2.3 Return on Investments (ROI)

Return on investment (ROI) is the benefit to the investor resulting from an investment of some resource. A high ROI means the investment gains compares favorably to the investment cost. As a performance measure, ROI is used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. In purely economic terms, it is one way of considering profits in relation to capital invested. If financial education was conservatively estimated to provide an ROI of up to 3:1; the
results would be from increased productivity and reduced direct costs (Garman, 2009). Financial education also helps increase the ROI for benefit programs. When employees are empowered and understand benefit programs offered by the employers, then they are more often likely to participate in them (Cascioaro and Lobo, 2008).

2.2.4 Credit Management

Credit management is the process of controlling and collecting payments from customers. This is the function within a bank or company to control credit policies that will improve revenues and reduce financial risks. A credit manager is employed by an organization to manage the credit department and make decisions concerning credit limits, acceptable levels of risk and terms of payment to their customers (Lusardi and Mitchell, 2011).

Those that study financial literacy agree that most consumers lack the financial literacy that’s necessary to make important financial decisions to make their lives better (Perry, 2008). Studies generally agree that financial knowledge may be directly correlated with self-beneficial financial behavior (Hilgert, Hogarth, and Beverly, 2013). However, there exist questions that concern the effectiveness of financial education which would improve financial literacy (Lyons, Palmer, Jayaratne, and Scherpf, 2006). Thus, a paradox exists between the efficacy of education in the improvement of financial literacy and the impact it would have on short-and long-term financial behavior.

Other studies show that financial literacy may be positively related to self-beneficial financial behavior. Hilgert et al., (2013) added the financial behavior and financial literacy questions to the nationwide Survey of Consumer Finances. They formed a Financial Practices Index based upon behavior in four variables which were cash-flow management, credit management, savings, and investment practices. Comparing the results of this index with scores on the financial literacy quiz, it was found that those who were more financially literate had higher financial practices index scores which was an indication that there is a relationship between financial knowledge and financial behavior.
2.2.5 Savings

Every individual is in charge of their own financial security after retirement. With the shift from defined benefit to defined contribution pensions, every worker has to decide not only how much to save for retirement but also how to allocate their pension wealth. This is because the complexity of financial instruments has increased and individuals have to deal with new and more sophisticated financial products (Jodi and Parrotta, 2006).

Little or lack of information due to low literacy levels affect the ability to save and secure a more comfortable retirement plan. They say if you want to hide information, hide it in books and this has led to ignorance about basic financial concepts which has a link to lack of retirement planning and lack of wealth. Several initiatives have been undertaken to foster saving and financial security, such as educating workers to improve their financial literacy and knowledge about pensions, automatically enrolling workers in pension plans and simplifying workers’ pension enrollment decisions (Smith, 2005).

2.2.6 Reduced Stress over Financial Matters

By reducing financial stress, employees also reduce their overall stress (Cole and Fernando, 2013). Most times what increases peace of mind in life is planning ahead for financial security which consequently improves one's quality of life. This gives financial control and independence which in turn reduces the burden for others and potential for conflict (Hathaway and Khatiwada, 2008). Employers’ interest in employee personal financial concerns has increased due to the need to improve productivity and lower other costs. It is in the best interests of employers to focus on their workers’ personal financial problems as they have a direct bearing on the workplace (FSD, 2010).

Human resources can be a source of distress to corporations. However, the same human resources can provide a competitive advantage if managed properly. Companies are now turning to the human side of their enterprises to solve business problems (Lyons and Neelakantan, 2008). Studies have shown that companies want their human resource management function to focus on people-related business issues involving productivity and cost containment (Jodi and Parrotta, 2006). One such issue is employee personal
finances. Some recent research suggests that personal financial wellness and worker productivity are related (FSD, 2008).

If employees were not stressed due to financial concerns, perhaps they would be able to focus more on their jobs. Few studies on personal financial wellness have assessed people who are financially unwell. In addition, many of the studies on individuals and families with financial problems have involved bankrupts and there have been only a few recent studies conducted with financially troubled individuals who received credit counseling. Proprietary research may have been conducted by credit counseling agencies with their clients for their internal use, but this information is rarely published (Lusardi and Mitchell, 2007).

2.3 Challenges of Personal Financial Management by bankers

2.3.1 Limitations in Income

Making effective financial decisions and knowing how to manage money are skills critical to enjoying a secure financial future. Yet many individuals and families lack the knowledge necessary to make sound financial choices, as evidenced by falling savings rates, mounting consumer debt and a growing dependence on alternative banking institutions. These indicators suggest that access to financial literacy programs is a pressing need in our society, especially for groups such as youth and families transitioning from welfare to self-sufficiency (Lyons and Neelakantan, 2008).

For families to live efficiently there is a need for adequate financial management which can only be achieved through budgeting. A budget is a tool that is used to plan for saving and spending one’s income. High income earners are the rich families, those who are living in wealth and affluence. They can conveniently afford both luxury and necessities of life. The middle income earners as the name implies are those at the middle of the rich and the poor. They are neither rich nor poor. They can afford the basic needs of life and sometimes some luxuries but not in all cases (Hathaway and Khatiwada, 2008). They can afford to pay school fees but not the best of schools, they can buy car but not too expensive or latest ones.
Low income earners on the other hand as cited by Orodho (2013) are those that are below the normal standard of living. By this, it is believed that the low income group earns what cannot satisfy their needs and wants. They are poor and cannot meet their most important needs making the need for budgeting necessary. Little income is one of the major causes of instability among families, especially the low income earners who live below the normal standard with an income that can only ensure there is food and housing, which makes it impossible to satisfy family needs and attainment of goals. This scenario puts the low income families at a difficult state or condition that can only be resolved through adequate finances (Jodi and Parrotta, 2006).

2.3.2 Lack of Financial Education

It is clear that financial services marketplace has changed profoundly in recent decades. Financial literacy has the element of how money works, how someone manages to earn or make it, how that person manages it, how it is invested and how that person donates it to help others. A generation ago, most individuals used their local banks to open checking and savings accounts, and perhaps turned to those institutions for home mortgages. Deregulation of interest rates combined with technological and marketplace innovations have vastly expanded the types of financial services and improved access to credit for many consumers, a process sometimes referred to as the “democratization” of credit. Today transactions increasingly occur outside bank branches which translate to electronic payments taking the place of cash and checks whilst financial products are being developed to meet the needs of many different sectors of the economy (Hung, Yoong and Brown, 2012).

As the financial landscape continues to become more complex, even the savviest consumers may find it difficult to navigate the rapidly expanding choices of financial services, providers, and delivery channels. Individuals with little or no experience with traditional banking services are likely to find it even more challenging (Chen and Volpe, 2005). In today’s environment, financial education takes on added importance, as it provides consumers with the tools to make sound financial decisions. Among other things, financial education gives consumers knowledge about budgeting, saving and investing, choosing credit products, and protecting themselves against fraud. Financial education also benefits the broader economy by making citizens more financially stable.
Over the long term, this enhanced financial stability can improve the economic outlook for an entire community and can create new opportunities for businesses, including banks (Mwangi, Wachira and Kihiu, 2012).

2.3.3 Lack of Financial Discipline

Discipline is a necessary skill for proper financial management. Discipline is being able to say no when one needs to and to be able to put money away instead of spending it. It is being able to do the things one doesn’t want to do (Hathaway and Khatiwada, 2008). It is forcing oneself to do the things that are necessary in both financial life and non-financial life. Discipline is a skill that gets better with practice. That means that if one can just begin applying it in one area of life soon what one learns will transfer to other areas of life (Chen and Volpe, 2005).

Key indicator of financial problems in life is lack of self discipline, self mastery, and self control. It is the inability to delay gratification in the short term. It is the tendency for people to spend everything they earn and a little more besides, usually supplemented by loans and credit card debt. Today, the savings rate in America is too low to achieve financial independence (Lyons, Angela, Chang and Erik, 2006). People continue to spend and borrow as if there is no tomorrow.

The primary reason that most adults have financial problems is not because of low earnings, but lack of self discipline and the inability to delay gratification. Let’s face it being financially-disciplined is easier said than done for a lot of us. While we typically have good intentions with how we spend and/or save our money, it’s quite common for people to hit road blocks from time to time. Improving financial discipline can at times feel next to impossible (Hung, Yoong and Brown, 2012).

2.3.4 Personal Commitment

An undertaking to commit substantial expenditure at a future date by making a conscious decision speaks volumes. Any pledge or a commitment is deemed as a liability and financially must be shown as such in the firm's balance sheet (as accompanying notes or footnotes) even if the expense has not yet been incurred to have become an actual liability (Chandler and Morin, 1996).
Committing to a budget is a beginner’s skill to achieving personal financial goals. Budgeting is a necessary tool that helps us plan where we want our money to be spent and allows us to evaluate our spending compared to our plan as the months and years go on. It’s a discipline that must be invested into with time and thinking power to ensure one is getting the most out of the budget. Starting any enterprise requires a dedication that is quite different from anything else that one may have committed to before (Cole, Paulson and Shastry, 2012).

2.3.5 Loan Biasness

Although loan performance is certainly influenced by material factors, early financial socialization in the form of parental financial teaching may have an important relationship with financial outcomes later in life. (Weiss, Spader, Key and Elizabeth, 2012). Poor loan outcomes may be related to the nature of loan products (Kaplan and Sommers, 2009) and the financial health of the borrower (Doms, Furlong, and Krainer, 2007) and that the decision process leading to these events may be embedded in the social context of the individual (Granovetter, 2005). Credit serves a very important role in any economy and without it most people would not be able to own cars or homes. During one’s lifetime, it is likely to have many types of loans with several different lenders. Taking on a loan is a big responsibility and thus it is important to learn how to manage loans and debts.

The discipline of behavioral economics provides insights into the ways we make financial decisions. While we are all subject to biases which systematically lead us away from “rational” decision-making, those with limited resources bear the most serious consequences of poor decisions. Financial education and the development of an awareness of our biases can help in improving our decision-making. But it is possible that cultural norms relating to debt and investment have a greater influence on our behavior towards loans (Lusardi and Mitchell, 2011).

2.3.6 Savings

Most African countries have no saving culture and this could be attributed to archaic traditional systems where the “well” doing working children are expected to support their ageing parents and lack of knowledge on savings options (Oduondo, 2013). An
emergency fund is a savings cushion available to one in the case of a financial emergency. There are many situations where one may need to rely on an emergency fund which may include job loss or other reduction of income, health emergencies, automobile repair, home repairs etc. If any of these financial emergencies happen, then an emergency fund comes in handy and cushions one from falling into debt.

Over the past decade the unpredictability of economic trends and the rising inflation rates worldwide have taught us a valuable lesson on the importance of saving money regularly. Those wise among us have already started to put some money aside to safeguard against the uncertainties of life (Mwangi, Isaac, Wachira, Evelyne and Kihiu, 2012). Money management now has become an important topic for discussion in social and financial spheres alike as more people look to improve personal savings.

Savings and personal financial management are deemed to be common knowledge but most times people tend to overlook the basics, ending up with financial worries as a result. Limiting our spending and saving a portion of our income are key steps towards effective savings. It is also extremely important to keep a budget and log income versus expenses monthly (Atkinson, McKay, Collard and Kempson, 2007).

2.3.7 Overspending

It is always important to know available balance before one makes a payment or purchase. Today technology has made it easier through online platforms where by the click of a button one can get their current available bank balance. This is the bank’s most current record of the money that is available for one to withdraw from the account. However, the bank’s available balance doesn’t include transactions that one has made that are not yet known. An example is a cheque just written or a car payment just authorized (Eagly and Chaiken, 2013).

Creating a budget is a good first step, but the most important thing is to follow the budget by creating time weekly or monthly to track one’s spending to see if one is actually keeping to the budget. Using a personal finance program or an online service is probably the easiest way to do this on an ongoing basis. One could also use a simple expense worksheet (Eagly and Chaiken, 2013). One may be surprised to find out how the frequent
small amounts spent actually add up to big money. After tracking personal budget, one may notice some areas where one has to make changes. One should not just increase the budget without considering alternatives. While one may have no choice if prices or expenses go up, shopping for better deals before giving in to the extra expenses is advisable (Odundo, 2013).

2.3.8 Retirement fund

The population should be empowered to make financial decisions that would take care of them during their old age this would then contribute to reduction of old age poverty since the population would be empowered to make rational financial decisions for their interests in both the short term and the long term (Kafele, 2010). It is clear that the expansion of financial services in Kenya creates not only great opportunities, but also more potential for the general population to take wrong financial decisions hence the need to enhance financial literacy initiatives (Njuguna, Mutanu, Otsola and Thuku 2011).

It is clear that those in the formal sectors are more likely to save through the workplace than those in the informal sector. Studies show that more than 8 in 10 eligible workers (82%) say that they have participated in workplace retirement savings plan. To maximize the impact of these savings, employers need to offer comprehensive financial education programs that cover basic money management skills, as well as benefits education and retirement planning. Unfortunately, most companies offer limited benefits education rather than comprehensive financial education (Novotney, 2008). As many as 33% of employees ages 51-61 have not begun to think about retirement (Lusardi, 2009). About 32% of those between ages 25 and 34 have tried to calculate the amount of savings they will need for retirement. When they do these calculations, about half change either their retirement goal or their expected age of retirement (Novotney, 2008).

Unfortunately most people in the developing countries who work in the informal sectors hardly save for their retirement. A study by Keizi, (2007) found that over 90% of the population in Sub Saharan Africa and South Asia do not have a retirement fund in form of a pension arrangement which is attributed to general unemployment, low incomes poor saving culture and pension (Kakwani, Sun and Hinz, 2006). Less than a third of all employees are confident in their ability to make the right financial decisions that would
lead to better financial management for themselves and their families (MetLife, 2010). All employees are looking for reliable information that would provide them with the knowledge and confidence to adequately plan for a financially secure retirement.

2.4 Strategies that enhance Personal Financial Management

2.4.1 Planning

Organizing finances, optimizing retirement savings and managing investments can be challenging for anyone. For those with a busy schedule, it can be hard to find the time to ensure financial affairs are structured effectively. Events such as changing jobs, moving house, corporate activity, retirement, ill health, changes in legislation and receiving one off capital sums all trigger a need to re-assess finances. It is difficult to know who to approach to support you with advice and services that give you the confidence that you are making the right financial plans (Lyons and Neelakantan, 2008).

Personal financial planning is a process of managing money in order to achieve personal economic satisfaction. The planning process allows one to control different and many financial situations. Every person, family, or household may have a unique financial position, and any financial activity therefore must also be carefully planned to achieve specific needs and goals. A comprehensive financial plan can enhance the quality of one’s life and increase satisfaction by reducing uncertainty about ones future needs and resources (Turkington, 2005).

2.4.2 Budgeting

A personal budget is a finance plan that allocates future personal income towards expenses, savings and debt repayment. Budgeting is an important component of financial success. It's not difficult to implement, and it's not just for people with limited funds (Hung, Yoong and Brown, 2012). Budgeting makes it easier for people with incomes and expenses of all sizes to make conscious decisions about how they'd prefer to allocate their money. It can also help people save for retirement, emergencies, new car or just about anything. For many people, having a solid budget in place, knowing how much money they have and knowing exactly where that money is going makes it easier for them to sleep well at night (Lyons and Neelakantan, 2008).
Past spending and personal debt are considered when creating a personal budget. There are several methods and tools available for creating, using and adjusting a personal budget. A budget allocates or distributes expected income to expected expenses and intended savings. A variety of tools are helpful for constructing a personal budget. Regardless of the tool used, a budget’s usefulness relies on the accuracy and currency of the data. Computer generated budgets have become commonly used as they replace the need to rewrite and recalculate the budget every time there is a change (Jodi and Parrotta, 2006).

2.4.4 Debt Management

Personal finance is the application of the principles of finance to the monetary decisions of an individual or family unit. It addresses the ways in which individuals or families obtain, budget, save and spend monetary resources over time, taking into account various financial risks and future life events. Components of personal finance might include checking and savings accounts, credit cards and consumer loans, investments in the stock market, retirement plans, social security benefits, insurance policies, and income tax management (Hung, Yoong and Brown, 2012).

To put it simply, debt management is the act of managing debts. However, it can also refer to a credit counseling service that consolidates your unsecured debt into one monthly payment, which is sent directly to your creditors by the credit counseling service. Debt management is one of many options that consumers have for reducing their credit card debts. Consumers can try to manage their debts on their own. Financial experts recommend that consumers should be tracking how much money they pay out every month, not only in terms of what they pay to reduce their various debts, but also for everyday and cost-of-living expenses. By doing so, they may be able to identify ways to cut costs for luxuries and other purchases even before making more radical decisions (Jodi and Parrotta, 2006).

Most debt management news is centered on the negatives of debt, but in reality, there are plenty of positive aspects of personal debt. After all, very few of us can actually afford to purchase a home or attend college without some sort of assistance through credit. The key is to make debt work for you, not against you. Before taking out any personal debt, it’s important to understand the terms. Obviously you’ll have to pay back the entire amount
plus interest, but beyond that, terms can vary widely. Depending on the type of debt, there are different things to understand (Chen and Volpe, 2005).

2.4.6 Retirement Fund

Open pension funds support at least one pension plan with no restriction on membership while closed pension funds support only pension plans that are limited to certain employees. A public pension fund is one that is regulated under public sector law while a private pension fund is regulated under private sector law. In certain countries the distinction between public or government pension funds and private pension funds may be difficult to assess. In others, the distinction is made sharply in law with very specific requirements for administration and investment (Hung, Yoong and Brown, 2012).

2.5 Chapter Summary

The chapter details the literature review of different studies; it explains the past studies previously undertaken on financial literacy and its role on personal financial management by bankers. The theoretical review discusses the major past activities that addressed the variables stated by the study objectives, this makes the study to explore widely on the past efforts that have been undertaken on financial literacy and its role on personal financial management by bankers. Critical analysis was made and gaps discussed.
CHAPTER THREE

3.0. RESEARCH METHODOLOGY

3.1. Introduction

This chapter discusses the research methodology which was used to conduct the study and provides a general framework for this research. There is an in-depth chapter discussion on the research design, the target population and sampling design, data collection methods used, data analysis techniques and research procedures that were used while conducting the study.

3.2 Research Design

Research design is regarded as an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance with the research purpose. The design is used to structure the research, to show how all of the major parts of the research project work together to address the central research questions. It is also defined as the schema, outline or plan used to generate answers to research problems (Orodho, 2013).

The study used descriptive survey as its research design. The major purpose of descriptive research is description of the state of affairs as it exists. Descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals (Orodho, 2013). The main feature of survey design is to describe specific characteristics of a large group of persons, objects or institutions, through questionnaires (Jaeger, 1988). According to Gan (2008), descriptive surveys address specific characteristics of a selected population of subjects at a point in time, for the purpose of comparing the relationship between variables. Descriptive studies are mostly concerned with how much, when, what and who. They also try to measure the types of activities, how often, when, where and by whom.
3.3 Population and Sampling Design

3.3.1. Population

A population is a group of individuals, objects or items from which samples are taken for measurement. According to Orodho and Kombo (2012) a population refers to any group of institutions, people or objects that have common characteristics. The study population for this research is 300 bank employees who were willing to participate in the study at the time of data collection.

3.3.2. Sampling Design

3.3.2.1 Sampling Frame

Sampling is the process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group (Orodho and Kombo, 2002). A sample can be defined as a smaller group or sub group obtained from the accessible population (Mugenda and Mugenda, 2008). The study was conducted in 43 banking institutions in Nairobi which constituted the sampling frame and the sample elements were the employees.

3.3.2.2 Sampling Technique

The study used convenience sampling technique in order to generate the employee sample. Only employees from 43 banking institutions were included as a sample element. Convenience sampling is a non-probability sampling method used to maximize the time and effort placed on identifying the exact number of targeted population (Merriam, 2008). It allows the researcher to select a random group of people especially when there is no list of the population available (Dillman, 2010). It also helps in getting useful data and information that would not have been possible using probability sampling techniques that require more formal access to lists of population (Kombo and Tromp, 2006).

3.3.2.3 Sampling Size

There are many banking institutions in Kenya and thus for this study, the research concentrated on Nairobi region. A sample size of 150 bank employees was used which
was 50% of the target population. The sample size was arrived at using sample size calculator (Mugenda and Mugenda, 2008). This is because out of the 150 questionnaires given to respondents only 135 were returned.

3.4. Data Collection Instruments

Data was collected using structured questionnaires which were administered to the employees. A questionnaire is a research instrument that gathers data over a large sample. The instrument was distributed to the respondents who were given time to fill in answers in written form. The questionnaire was used to collect primary data due to its confidentiality would have been withheld which offers a sense of security to the respondent, it’s potential of reaching a large number of respondents within a short time and since it was presented in paper format there was no opportunity for interviewer bias or resulting from personal characteristics (Orodho and Kombo, 2012).

The questionnaire was divided into the main areas of investigation and other sections were organized according to research objectives. Questions covered issues of financial literacy and its role in personal financial management. To facilitate the analysis some of the questions in the questionnaires had a fixed set of responses that had requisite measures making it easy to compare and compute. It had both close and open ended responses. Close ended responses allowed for comparison and statistical manipulation. Open ended questions had different responses which were difficult to code and compute making it difficult to compare among different respondents.

To ensure the effectiveness of the questionnaire a pre-test was carried out which was done with a small representative sample of 10 respondents. This was to refine the questions before they were administered in the actual study. The pre-test was conducted to detect weakness in design and instrumentation and to provide proxy data for selection of probability sample. The accuracy of data collected largely depended on the data collection instruments in terms of reliability and validity (Mugenda and Mugenda, 2008).

3.5 Research Procedures

Before the commencement of data collection the researcher was able to obtain all the necessary documents including an introduction letter from the university. Use of questionnaires eased the process of data collection as all the selected respondents were
reached in time. During the distribution of the instruments, the purpose of the research was explained. The research procedure included the preparation of the structured employee questionnaires. The structured questionnaires were administered to the respondents by visiting the employees at the banks through face to face by the researcher. It was done after politely requesting them to participate, explaining the purpose of the study and assuring them of response confidentiality.

3.6 Data Analysis Method

Data was collected and stored in an appropriate format that was enabled statistical analysis which entailed computer aided and manipulation of statistics. For data analysis both quantitative and qualitative approaches were used. Quantitative data from the questionnaire was entered into a Statistical Package for Social Sciences (SPSS version 20). It was cleaned for missing values and data entry errors and then computed for descriptive statistics. Descriptive statistics included frequency, percentages, mode, mean and standard deviation to profile sample characteristics and major patterns emerging from the data. Correlation was also used to bring to clarity and understanding of some data. Interpretation of the statistical outputs was done and discussed in the presentation of results and findings. The qualitative data generated from open ended questions was categorized in accordance with research objectives and reported in a narrative form along with quantitative presentation. The qualitative data was used to reinforce the quantitative data.

3.7 Chapter Summary

The Chapter sheds gives details on the research methodology that was used in carrying out this study which covered research design, population and sampling design, data collection methods, research procedures and data analysis.

Chapter four has details of the results and findings of the research study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter details the results and findings of the research study. Findings from responses to the research questions on the benefits of financial literacy, challenges encountered in personal financial management and the strategies that would enhance personal financial management as addressed in the questionnaires are presented and discussed here. The chapter closes with a summary of the chapter.

4.2 General Information

Table 4.1 below shows the response rate of the study. The researcher targeted 150 respondents from the 43 commercial banks in Nairobi. Out of 150 questionnaires administered by the researcher, only 135 filled questionnaires were collected translating to 90% response rate. Any response rate of above 80% and above is adequate for analysis and therefore, the response rate of 90% is satisfactorily.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>135</td>
<td>90</td>
</tr>
<tr>
<td>Unreturned</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.1 Gender

The issue of gender was important in the study as it would indicate whether there was gender balance in the responses given. Table 4.2 below shows majority of respondents were male with female response rate being 41% of the total response rate and 59% of the respondents being male which shows that there were more males than females who had knowledge on the role of financial literacy on personal financial management by bankers.
Table 4.2: Gender

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>80</td>
<td>59</td>
</tr>
<tr>
<td>Female</td>
<td>55</td>
<td>41</td>
</tr>
<tr>
<td>Total</td>
<td>135</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.2 Age of Respondents

Figure 4.1 below shows the age of the respondents who participated in the study. Majority of respondents who were 35% were in the age bracket of 26-30 years, 30% 20-25 years, 22% 31-35 years and 13% 36 years and above, which shows that most respondents who participated in the study were young people.

Figure 4.1: Age of the Respondents

4.2.3 Marital Status of Respondents

Figure 4.2 below shows the marital status of the respondents who participated in the study. Majority of respondents who were 52% were single, 26% married and 22% divorced which shows that most respondents who participated in the study were young single people.
4.2.4 Level of education of Respondents

Table 4.3 below shows the level of education of the respondents who participated in the study. Majority of respondents who were 44% were university graduates, 42% college and 13% high school, which shows that most respondents who worked in the banking sector were knowledgeable people who had the required information on financial literacy and its role on personal financial management by bankers.

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>College</td>
<td>57</td>
<td>42</td>
</tr>
<tr>
<td>University</td>
<td>60</td>
<td>45</td>
</tr>
<tr>
<td>Total</td>
<td>135</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.5 Working Experience of Respondents

Figure 4.3 below shows the working experience of the respondents who participated in the study. Majority of respondents who were 44% had worked for less than 3 years, 43% 3-5 years, 7% 6-10 years and 5% more than 10 years, which shows that most respondents who worked in the banking sector for a short time were knowledgeable people who had
the required information on financial literacy and its role on personal financial management by bankers

Figure 4.3: Working Experience of Respondents

4.2.6 Salary Range of Respondents

Table 4.4 below shows the salary range of the respondents who participated in the study. Majority of respondents who were 37% were in the salary bracket of (41,000 – 60,000), 27% (61,000-80,000), 22% (20,000 – 40,000), 7% (81,000 – 100,000) and 7% (above Kshs 100,000) which shows that most respondents who worked in the banking sector were well remunerated, the longer employed worked, the higher the remuneration.

Table 4.4: Salary Range of Respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20,000 – 40,000</td>
<td>30</td>
<td>22</td>
</tr>
<tr>
<td>41,000 – 60,000</td>
<td>50</td>
<td>37</td>
</tr>
<tr>
<td>61,000 – 80,000</td>
<td>36</td>
<td>27</td>
</tr>
<tr>
<td>81,000 – 100,000</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Above Kshs 100,000</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>135</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.3 Benefits of Financial Literacy on Personal Financial Management

According to the findings, the respondents were in agreement that financial literacy increases financial well-being which was evidenced by a mean of 4.16. The respondents also were in agreement that financial literacy increases money management skills as shown by a mean of 4.10 and that there is increase in investment returns due to knowledge in finances with a mean of 3.90. Majority of the respondents agreed that financial education helps in managing credit shown by mean of 3.96 and that debt management would help in managing finances better by a mean of 3.97. Most respondents were in agreement that knowledge in finance helps them save better as shown by the mean of 3.68. Majority of respondents agreed that there was reduced stress in financial matters due to financial literacy as shown by the mean of 3.50. Thus this is a clear indication that the respondents perceived financial literacy as a way of ensuring personal financial management.

<table>
<thead>
<tr>
<th>Benefits of Financial Literacy</th>
<th>Mean</th>
<th>Variance</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial literacy increases well being</td>
<td>4.16</td>
<td>0.998</td>
<td>0.999</td>
</tr>
<tr>
<td>Financial literacy increases money management skills</td>
<td>4.10</td>
<td>0.810</td>
<td>0.900</td>
</tr>
<tr>
<td>Increase in investment returns due to knowledge in finances</td>
<td>3.90</td>
<td>0.952</td>
<td>0.976</td>
</tr>
<tr>
<td>Financial education helps in managing my credit</td>
<td>3.96</td>
<td>0.952</td>
<td>0.976</td>
</tr>
<tr>
<td>Debt management would help in managing finances better</td>
<td>3.97</td>
<td>0.984</td>
<td>0.992</td>
</tr>
<tr>
<td>My knowledge in finance helps save better</td>
<td>3.68</td>
<td>1.1449</td>
<td>1.070</td>
</tr>
<tr>
<td>I have reduced stress in financial matters due to financial literacy</td>
<td>3.50</td>
<td>0.994</td>
<td>0.997</td>
</tr>
</tbody>
</table>
4.3.1 Correlations on Benefits of Financial Literacy on Personal Financial Management.

The study conducted a correlation analysis on financial literacy and its role on personal financial management by bankers. Table 4.6 below shows strong positive relationship between financial literacy and money management skills. The relationship is significant (r = 0.779, P< 0.01) which shows that employees with financial literacy had high money management skills. There was a strong positive relationship between financial literacy and investment returns, the relationship is significant (r = 0.467, P< 0.01) which shows that employees with strong financial literacy realized high investment returns. There was a strong positive relationship between financial literacy and management of credit, the relationship is significant (r = 0.627, P< 0.01) which shows that employees who were financially literate were able to manage credit better. There was a strong positive relationship between financial literacy and savings, the relationship is significant (r = 0.652, P< 0.01) which shows that employees who are financially literate have better personal financial management skills. There is a strong positive relationship between financial literacy and personal financial management, the relationship is significant (r = 0.515, P< 0.01) which shows that employees who are financially literate have reduced stress as they manage their finances better.

Table 4.6: Correlations on Benefits in Personal Financial Management

<table>
<thead>
<tr>
<th>Financial Literacy</th>
<th>Money Management Skills</th>
<th>Investment returns</th>
<th>credit management</th>
<th>Savings</th>
<th>Reduced Stress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.779**</td>
<td>.467**</td>
<td>.627**</td>
<td>.652**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
</tbody>
</table>

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

4.4 Challenges in Personal Financial Management by Bankers

Table 4.7 below shows a summary of challenges in personal financial management by bankers. According to the findings, majority of the respondents agreed that little income contributes to lack of financial management shown by a mean of 2.52. The respondents
also agreed that lack of financial education hampers personal financial management as shown by mean of 2.90 and that most employees lacked financial discipline as shown by the mean of 3.68. In addition the respondents agreed that they were not committed to personal financial management as shown by the mean of 2.19. The finding shows that due to availability of loans, they were not keen on financial management as shown by the mean of 2.13. As shown by the mean of 1.84, most respondents overspent their money. The findings show that most respondents were not good savers as shown by a mean of 2.39, which shows that bankers experience challenges in personal financial management.

**Table 4.7: Challenges in Personal Financial Management**

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Mean</th>
<th>Variance</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little income contributes to lack of financial management</td>
<td>2.52</td>
<td>1.462</td>
<td>1.209</td>
</tr>
<tr>
<td>Lack of financial education hampers my personal financial management</td>
<td>2.90</td>
<td>1.332</td>
<td>1.154</td>
</tr>
<tr>
<td>I do not have financial discipline</td>
<td>3.68</td>
<td>1.449</td>
<td>1.070</td>
</tr>
<tr>
<td>I am not committed to personal financial management</td>
<td>2.19</td>
<td>1.332</td>
<td>1.154</td>
</tr>
<tr>
<td>Due to availability of loans am not keen on financial management</td>
<td>2.13</td>
<td>1.254</td>
<td>1.120</td>
</tr>
<tr>
<td>I tend to overspend my money</td>
<td>1.84</td>
<td>0.714</td>
<td>0.845</td>
</tr>
<tr>
<td>I am not a good saver</td>
<td>2.39</td>
<td>1.254</td>
<td>1.120</td>
</tr>
</tbody>
</table>

**4.4.1 Correlations on Challenges in Personal Financial Management by Bankers**

Table 4.8 shows the encountered challenges in personal financial management practices. There is a strong positive relationship between challenges to personal financial management and lack of education, the relationship is significant ($r = 0.210$, $P < 0.01$). There is a positive relationship between challenges to personal financial management and financial discipline, the relationship was significant at ($r = 0.080$, $P < 0.01$) which shows that employees who experience challenges in personal financial management encounter problems in financial discipline. There is a positive relationship between challenges to personal financial management and commitment, the relationship was significant at ($r = 0.112$, $P < 0.01$) which shows that employees encountered challenges committing to
personal financial management. There was a positive relationship between personal financial management and availability of loans the relationship was significant at ($r = 0.050, P< 0.01$) which shows that employees who have challenges in financial management have problems accessing loans. There is a positive relationship between challenges to personal financial management and overspending, the relationship was significant at ($r = 0.083, P< 0.01$) which shows that employees with challenges to personal financial management overspend their money.

Table 4.8: Correlations on Challenges in Personal Financial Management

<table>
<thead>
<tr>
<th>Challenges to personal financial management</th>
<th>Lack of education</th>
<th>Financial Discipline</th>
<th>Commitment</th>
<th>Availability of Loans</th>
<th>Overspend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.210*</td>
<td>.080</td>
<td>.112</td>
<td>.050</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.014</td>
<td>.353</td>
<td>.197</td>
<td>.562</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>134</td>
<td>135</td>
</tr>
</tbody>
</table>

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

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

4.5 Strategies enhancing Personal Financial Management

According to the findings, majority of the respondents agreed that planning for finances would enhance their financial management with an average mean score of 4.14. The findings of the study revealed that majority of the respondents agreed that accessibility to financial literacy programs would help with their financial management as shown by a mean of 3.84. The respondents also agreed that budgeting would help respondents manage finances better as shown by a mean of 4.35. The findings of the study revealed that respondents agreed that having an emergency fund would be helpful in tackling any financial emergencies as shown by a mean of 4.10. Most respondents were of the opinion that debt management would help in managing their finances better as shown by a mean of 4.04. Majority of the respondents agreed that personal financial management is enhanced by savings as shown by the mean of 3.86 and finally the respondents agreed
that having a retirement fund would give them confidence in their financial management as shown by a mean of 3.58

Table 4.9: Strategies that Enhance Personal Financial Management

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Mean</th>
<th>Variance</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning for my finances would enhance my financial management</td>
<td>4.14</td>
<td>0.763</td>
<td>0.874</td>
</tr>
<tr>
<td>Accessibility to financial literacy programs would help with my financial management</td>
<td>3.84</td>
<td>1.028</td>
<td>1.014</td>
</tr>
<tr>
<td>Budgeting would help manage my finances better</td>
<td>4.35</td>
<td>0.497</td>
<td>0.705</td>
</tr>
<tr>
<td>Having an emergency fund would be helpful in tackling any financial emergencies</td>
<td>4.10</td>
<td>0.893</td>
<td>0.945</td>
</tr>
<tr>
<td>Debt management would help in managing my finances better</td>
<td>4.04</td>
<td>0.998</td>
<td>0.999</td>
</tr>
<tr>
<td>Personal financial Management is enhanced by savings</td>
<td>3.86</td>
<td>1.121</td>
<td>1.059</td>
</tr>
<tr>
<td>Having a retirement fund would give me confidence in my financial management</td>
<td>3.58</td>
<td>1.364</td>
<td>1.168</td>
</tr>
</tbody>
</table>

4.5.1 Correlation in Strategies that Enhance Personal Financial Management

Table 4.10 below shows the strategies employed by the bankers in personal financial management practices. There is a negative relationship between strategies to personal financial management and planning, the relationship was significant at \( r = -0.106, P < 0.01 \) which shows that planning strategies on personal financial management did not work. There was a negative relationship between strategies to personal financial management and financial literacy programs, the relationship was significant at \( r = -0.185, P < 0.01 \) which shows that financial literacy programs employed by bankers are not effective. There is a negative relationship between strategies to personal financial management and budgeting, the relationship was significant at \( r = -0.101, P < 0.01 \) which shows that budgeting is not effective on bankers. There is a negative relationship between strategies to personal financial management and emergency fund, the relationship was significant at \( r = -0.025, P < 0.01 \)
Which shows that emergency funds are not an effective strategy to personal financial management? There is a negative relationship between strategies to personal financial management and debt management, the relationship was significant at (r = -0.051, P< 0.01) which shows that bankers continue to experience debt management problems. There is a negative relationship between strategies to personal financial management and savings, the relationship was significant at (r = -0.213, P< 0.01) which shows that strategies to personal financial management did not encourage employees to save. There is a negative relationship between strategies to personal financial management and retirement fund, the relationship was significant at (r = -0.131, P< 0.01) which shows that retirement fund is not an effective strategy to personal financial management.

**Table 4.10: Correlations on strategies that enhance Personal Financial Management**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>-.106</td>
<td>-.185*</td>
<td>-.101</td>
<td>-.025</td>
<td>-.051</td>
<td>-.213*</td>
<td>-.131</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.221</td>
<td>.031</td>
<td>.246</td>
<td>.776</td>
<td>.560</td>
<td>.013</td>
<td>1.131</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
</tbody>
</table>

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

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

4.5.2 Correlation of Variables

The study conducted correlation analysis on financial literacy and its role on personal financial management by bankers. Table 4.11 below shows strong relationship between financial literacy and personal financial management. The relationship is significant (r = 0.652, P< 0.01) thus financial literacy greatly influences personal financial management by bankers, the study findings collaborates with the study by Taylor, Jenkins & Sacker (2011) who indicated that financial literacy is relevant for everyone in a modern society regardless of income level, education, age, rural or gender: For example, everyone needs to understand how to draw up and live within a budget, to understand why and how to
save, to borrow responsibly and to avoid becoming over-indebted, to make informed choices between different financial products and services.

The table shows the encountered challenges and personal financial management practices. The relationship was significant at \( r = 0.206, P< 0.01 \), thus encountered challenges by the bankers influence their financial management practices, the study findings collaborates with a study by Eagly and Chaiken (1993) who argued that establishing a rigorous and structured financial plan that fits within budgets and works like clockwork remain a big challenge to most employees working in the bank.

The table shows the strategies employed by the bankers and personal financial management practices. The relationship is significant at \( r =-0.602, P< 0.01 \), thus strategies employed by the bankers influenced personal financial management by the bankers which collaborates with Jodi and Parrotta, 1996) who argued that the key to successful money management is developing and following a personal financial plan.

**Table 4.11: Correlations of Variables**

<table>
<thead>
<tr>
<th></th>
<th>Financial Literacy</th>
<th>Challenges to personal financial management</th>
<th>Strategies to personal financial management</th>
<th>Personal Financial Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Literacy</td>
<td>Pearson Correlation</td>
<td>( 1 )</td>
<td>( .168 )</td>
<td>( -.143 )</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>( .052 )</td>
<td>( .098 )</td>
<td>( .000 )</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>( 135 )</td>
<td>( 135 )</td>
<td>( 135 )</td>
</tr>
</tbody>
</table>

\^{**}. Correlation is significant at the 0.01 level (2-tailed).

\^{*}. Correlation is significant at the 0.05 level (2-tailed).

### 4.6 Chapter Summary

The chapter discusses the flow of data collection for the study. The findings of the data analysis are well presented in line with the research questions. The analysis aimed at establishing relationships between variables in order to help understand the characteristics of the data collected. Chapter five will provide discussions and conclusion of the findings.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter gives a summary of the key findings of this study which include the conclusions, limitations of the study and recommendations for further research. The chapter outlines the findings in accordance to the research questions focusing on benefits of financial literacy, challenges and strategies that enhance personal financial management.

5.2 Summary

The purpose of the study was to determine financial literacy and its role in personal financial management for the bankers in Nairobi.

The research questions that guided the study are: what are the benefits of financial literacy on personal financial management? What challenges do bankers face in their personal financial management and what are the strategies that enhance personal financial management?

The research design for this study was a descriptive survey in nature. The target population was 150 bank employees in Nairobi. The study employed the use of convenience sampling technique and 135 respondents participated in this study recording a 90% response rate. Primary data was used which was collected in form of questionnaires with both open ended and closed ended questions.

A pilot test was carried out on 10 bank employees with similar characteristics with those of intended participants in the study. The findings of the pilot test respondents were not included in this study. The questionnaires were personally administered to the bank employees in Nairobi. The study incorporated the use of SPSS computer based program for data coding and clean up.

Results of the study showed that financial literacy affects personal financial management among employees in the banking sector. Most respondents indicated that financial literacy leads to increase in investment returns. Majority of the respondents agreed that financial education
helped them manage their credit as they were able to manage their debts. Most respondents were in agreement that knowledge in finance helps them save better. Respondents strongly agreed that there was reduced stress in financial matters due to financial literacy. There was a positive correlation between financial literacy and personal financial management since a unit increase in financial literacy leads to a unit increase in personal financial management.

Majority of respondents indicated that there existed challenges in personal financial management among staff in the banking sector. Most respondents indicated that little income contributes to lack of financial management as work environment issues played a key role. Most respondents indicated that lack of financial education hampered personal financial management among employees in the banking sector. Lack of financial discipline and commitment on personal financial management contributes greatly as a challenge. Most respondents indicated that due to availability of loans they were not keen on financial management which leads to overspending of their money. There was a positive correlation between challenges and personal financial management, a unit increase in challenges leads to a unit increase in personal financial management.

Most respondents gave their opinions on strategies that enhance personal financial management among banking staff. Planning for finances was highlighted as being very key in enhancing financial management. There was an agreement that accessibility to financial literacy programs would help with financial management. Most respondents agreed that budgeting would help respondents manage finances better. Most respondents were of the opinion that having an emergency fund would be helpful in tackling any financial emergencies. Most respondents were of the opinion that debt management would help in managing finances better. Majority of the respondents agreed that personal financial Management is enhanced by savings. Most respondents agreed that, having a retirement fund would give them confidence in financial management. There was a positive correlation between strategies and personal financial management since a unit increase in strategies leads to a unit increase in personal financial management.

5.3 Discussion of Results

This section contains discussions on the research questions for the study which was based on research results and findings in relation to the literature review.
5.3.1 Benefits of Financial Literacy

Financial literacy is key to ensuring personal financial management among bankers irrespective of gender and age which agrees with the argument by Taylor, Jenkins and Sacker (2011) who indicated that financial literacy is relevant for everyone in a modern society regardless of income level, education, age, rural or gender. Financial education helps employees manage credit as they are able to manage their debts, the findings agree with argument by Cory and Pickard (2008) who argued that money management is key to improving or maintaining financial situation. Each of us has our own particular relationship to money. No matter what one wants money to do for them, learning the basics of money management will help one to make it happen.

Skills in money management go a long way in enhancing planning and budgeting. Employees should have personal initiatives in financial management without necessarily looking up to their employers to provide these initiatives. Sort courses and trainings are always available and accessible either as evening classes or workshops where financial courses can be taken. By reducing financial stress, employees also reduce overall stress (Cole and Fernando, 2013). Employers interest in employee personal financial concerns has increased due to their need to improve productivity and lower other costs (FSD, 2010).

Financially literate employees are able to save enough money for investments, effectively manage their credit and consequently their debts well which agrees with the argument by Perry (2008). Braunstein and Welch (2002) also indicated that financial literacy enable bankers make better financial decisions. Financial literate employees were able to save better, the finding agrees with Sonia Marcolin and Anne Abraham, (2006) who argued that low literacy and lack of information affect the ability to save and to secure a comfortable retirement; ignorance about basic financial concepts can be linked to lack of retirement planning and lack of wealth.

5.3.2 Challenges to Personal Financial Management

Despite financial literacy education, most employees are unable to stick to their financial goals due to challenges beyond their control which agrees with argument by Eagly and Chaiken (1993) that the largest challenge that people experience with personal money management is the fact that their finances are scattered too thin across to many places. Low level of income affects the employee’s ability to save. Commitment to financial
discipline is key if bankers were to achieve effective financial management, however this has not been the case for bankers an argument shared by Hung, Yoong and Brown (2012) who argued that employees have good intentions on how they spend and/or save our money, it’s quite common for bankers to hit road blocks from time to time which makes improving financial discipline can at times feel next to impossible. Lack of financial literacy among bankers makes them overspend their money.

Lack of financial education hampers personal financial management among employees in the banking sector, the findings agrees with Taylor et al., (2011), who argued that many of these families lack the basic knowledge and resources required to save and invest, build wealth, and avoid excessive debt; at the same time, many remain outside of the financial mainstream and lack access to important financial products and services. Financial discipline is key to personal financial management, the findings agree with Hathaway and Khatiwada (2008) who argued that discipline is a necessary skill for proper financial management.

Discipline is being able to say no when one needs to and to be able to put money away instead of spending it. It is forcing oneself to do the things that are necessary in both financial life and non-financial life. Discipline is a skill that gets better with practice. High income earners can conveniently afford both luxury and necessities of life. The middle income earners as the name implies are those at the middle of the rich and the poor. They can afford the basic needs of life and sometimes some luxuries but not in all case (Hathaway and Khatiwada, 2008)

5.3.3 Strategies to Financial Literacy

To overcome challenges on personal financial management, bankers should put strategies in place that will enhance effective personal financial management coupled with personal financial management programs that can help them overcome these challenges. This argument was shared by Beal and Delpachitra, (2003) who argued that planning process allows one to control financial situation. Debt management would help in managing finances better. A comprehensive financial plan will enhance the quality of life and increase satisfaction by reducing uncertainty about the future needs.
Coming up with debt management plan will help employees save money which agrees with Jodi and Parrotta (1996) who recommend that consumers should be tracking how much money they pay out every month, not only in terms of what they pay to reduce their various debts, but also for everyday and cost-of-living expenses. By so doing, they may be able to identify ways to cut costs for luxuries and other purchases even before making more radical decisions. Having an emergency fund would be helpful in tackling any financial emergencies. The banks should put in place strategies that work to address personal financial literacy among staff.

Every person, family or household may have a unique financial position and any financial activity therefore must also be carefully planned to achieve specific needs and goals. A comprehensive financial plan will enhance the quality of one’s life and increase satisfaction by reducing uncertainty about one’s future needs and resources (Turkington, 2005). Budgeting makes it easier for people with incomes and expenses of all sizes to make conscious decisions about how they would prefer to allocate their money. For most employees, having a solid budget in place, knowing how much money one has and exactly where that money is going makes it easier for them to sleep well at night (Lyons and Neelakanta, 2008)

5.4 Conclusion

5.4.1 Benefits Financial Literacy

The overall objective of the study was to assess financial literacy and its role on personal financial management by bankers with specific reference to commercial banks in Kenya. The study concluded that financial literacy encountered challenges and the strategies employed by the bankers greatly affecting personal financial management in the banking industry. Low level of financial management skills negatively affected employee’s investment returns. Bank employee’s low level of financial education affected their ability to manage their debts effectively. Financial literate employees were able to save enough money which reduced the level of stress.

5.4.2 Challenges to Financial Literacy

Employees in the banking sector continue to encounter challenges in managing their finances. Little income has been attributed to poor saving habits among the bankers which is affected by the work environment. Financial discipline among bankers is a major contributor to
effective financial management. Lack of commitment on financial management among bankers affects personal financial management which affects their ability to achieve their financial goals this leads to bankers overspending their money.

5.4.3 Strategies to Financial Literacy

There is need for employees to put strategies in place that will ensure effective personal financial management. There is need for banks to help employees improve their planning skills through financial management programs. Introducing training on budgeting skills leads to bankers reduced overspending which should improve their ability to save money for investment. Putting in place effective debt management skills leads to most bankers able to clear their debts on time. Effective personal financial management skills enable employees to plan for their retirement.

5.5 Recommendations

5.5.1 Suggestions for improvement

5.5.1.1 Benefits of financial Literacy in Personal Financial Management
Banks in Kenya should come up with financial literacy programs which are aimed at addressing financial well-being of employees. They should also come up with a long term investment advice to employees which will be beneficial in their advanced age. The introduction of financial planning programs and money management skills would go a long way in enabling employees come up with future financial plans. There would be an increase in return on investments resulting from employees being financially literate. Credit management by employees would improve if it was to be taught at the work place.

5.5.1.2 Challenges in Personal Financial Management
Employers should facilitate employees by remunerating them better and giving them exposure to opportunities that would earn them promotion consequently it would enable them meet their financial goals. Personal commitment and discipline in handling finances should be encouraged at the work place through trainings. Privacy, security and fraud protection education programs should aim at protecting employees from losing money and also helping them to invest wisely. Loan biasesness should not be encouraged
especially if it is to finance daily living. Employers should put in strict measures when it comes to borrowing by the bankers.

**5.5.1.3 Strategies that enhance Personal Financial Management**

Effective strategies such as a retirement fund should be enhanced which should aim at ensuring that employees observe financial planning. Banks should educate their employees on the importance of debt management as they sensitize them on the different options of investments to avoid losing money in wrong investments. Planning and budgeting should not only be on paper but should be actualized by the employees.

**5.5.2 Suggestions for Further Research**

Due to time constraints there was no wide coverage for the study, future studies should be allocated adequate time so as to cover wider scopes. There were limited finances to carry out the study; future studies should be allocated adequate resources since the study is beneficial to the Kenyan economy. A few challenges were encountered while getting information from employees, various institutions should encourage their employees to participate in future studies since they are beneficial to them and their organizations.

The study was to assess financial literacy and its role on personal financial management by bankers and excluded staff from other sectors in the economy, therefore further study is recommended to cover various sectors of the economy. The study only targeted 150 employees in the banking sector which is a small number, further study is recommended to cover the large number of employees in the 43 commercial banks in Kenya.
REFERENCES


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APPENDICES

APPENDIX I : QUESTIONNAIRE

Please take a few minutes to complete this survey questionnaire. Your specific answers will be completely anonymous & confidential, but your views, in combination with those of others, are extremely important.

Fill all the questions either by ticking (✓) in the boxes or writing in the spaces provided.

PART 1: GENERAL INFORMATION

1. Gender?
   Male (    ) Female (    )

2. How old are you? (years)
   20-25 years □ 26-30 years □ 31-35 years □ 36 years and over □

3. Marital status?
   Single □ Married □ Divorced □ Others________________________________________

4. What is your highest level of education
   High school □ College/Technical school/polytechnic □
   University □ Others (specify) □

5. How long have you been in the banking industry?
   Less than 3 years □ 3-5 years □ 1. Years □ More than 10 years □

6. What is your salary range in KES?
   20,000 – 40,000 □
   41,000 – 60,000 □
   61,000 – 80,000 □
   81,000 – 100,000 □
   Above Kshs 100,000 □
PART II: BENEFITS OF FINANCIAL LITERACY ON PERSONAL FINANCIAL MANAGEMENT.

7. Have you ever studied any finance course?
   Yes ☐ No ☐

   b) If yes where did you study?
   University ☐
   College ☐
   Other (Specify) _______________________________________

8. If answer to 7 is yes which courses have you studied?
   KATC ☐ Banking and Finance/investment ☐
   AKIB ☐ Business/Finance Degree ☐
   ACIB ☐ ACCA ☐
   CPA ☐ Other (Specify) _______________________________________

9. Tick what corresponds to your personal opinion with regard to the impacts of financial literacy on personal financial management.

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Financial literacy increases financial well being</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Financial literacy increases my money management skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>There is increase on my investment returns due to my knowledge in finances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Financial education helps me in managing my credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>My knowledge in finance helps me save better</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>I have reduced stress in financial matters due to financial literacy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on your opinion what other benefits would you attribute to your literacy in finance on your personal financial management?

__________________________________________________________

__________________________________________________________

52
PART III: CHALLENGES IN PERSONAL FINANCIAL MANAGEMENT BY BANKERS

10. Tick what corresponds in your opinion for each statement with regard to challenges that hinder personal financial management by bankers.

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Little income contributes to lack of financial management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Lack of financial education hampers my personal financial management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) I do not have financial discipline</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) I am not committed to personal financial management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Due to availability of loans am not keen on financial management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) I tend to overspend my money</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) I am not a good saver</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In your opinion what other challenges hinder your personal financial management?

_________________________________________________________

_________________________________________________________
11. Based on your personal judgement on strategies that enhance personal financial management, kindly tick what corresponds with your opinion.

<table>
<thead>
<tr>
<th>a) Planning for my finances would enhance my financial management</th>
<th>No extent</th>
<th>Some extent</th>
<th>Neutral</th>
<th>Great Extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>b) Accessibility to financial literacy programs would help with my financial management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Budgeting would help manage my finances better</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Having an emergency fund would be helpful in tackling any financial emergencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Debt management would help in managing my finances better</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Personal financial Management is enhanced by savings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Having a retirement fund would give me confidence in my financial management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In your opinion what other strategies would you adopt to enhance your personal financial management?

______________________________________________________________________________________________

Thank you for your honest feedback.