

**ASSESSING THE LEVEL OF FINANCIAL LITERACY AMONG TEACHERS  
A CASE STUDY OF SEKYERE EAST DISTRICT OF ASHANTI REGION OF  
GHANA**

**BY**

**OWUSU, ERIC NKRUMAH (B.COM, CA)**

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## **DECLARATION**

I hereby declare that this thesis is my own work and effort and that, to the best of my knowledge, it contains no material published by another person nor material which have been accepted for the award of any other degree of the university, except where due acknowledge has been made in the text.

Owusu, Eric Nkrumah (PG9624513) .....

Signature

Date

Certified by:

Dr. Kwame Mireku .....

Signature

Date

Certified by:

Dr. K. O. Appiah .....

(Head of Department)

Signature

Date

## **ABSTRACT**

The purpose of this research is to assess the level of financial literacy among teachers with a focus on teachers in the Sekyere East District. The main objective of the study is to assess the financial literacy among teachers. The specific objectives of the study are to examine teachers understanding of and knowledge in money management, savings and borrowing, investment, insurance and retirement planning, to examine whether some group of teachers are relatively more knowledgeable than others in financial issues and to examine how teachers' knowledge influences their opinions and decisions on personal issues in finance. This study adopts explanatory and descriptive research approaches. The study is carried out in the Sekyere East District. The target population for this study is 1486 teachers. A sample of 150 teachers is selected using stratified and convenience sampling. Using questionnaire as the research instrument, a survey which includes 42 items that measure constructs such as background information, general knowledge in finance, knowledge in savings and borrowing, personal financial management practices and financial management challenges. Quantitative data is collected using a questionnaire that consisted of both open ended and close-ended questions. The relationship between financial literacy and demographic characteristics of the teachers is examined by employing analysis of variance and logistic regression analyses. The findings on the overall financial literacy show that, generally teachers in the District have inadequate or low financial literacy level with an overall mean correct percentage score of 53.68. This will therefore limit their ability to make informed financial decisions.

**Key words:** Financial literacy, Teachers, Investment, Insurance, Savings and Borrowing.

## **DEDICATION**

This work is dedicated to my late uncle Mr. Michael Kwame Gyasi and the entire family, especially my wife and lovely children Goddard Gyasi Owusu-Nkrumah, Emmeline Gyamfuaah Owusu-Nkrumah and Val Amoah Owusu-Nkrumah.

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## **LIST OF ABBREVIATIONS**

ANOVA	Analysis of Variance
ANZ	Australia and New Zealand
EFEP	European Financial Education Partnership
INFE	International Network on Financial Education
MoFEP	Ministry of Finance and Economic Planning
OECD	Organisation for Economic Cooperation and Development
SPSS	Statistical Package for Social Scientist
USAID	United States Agency for International Development

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 BACKGROUND TO THE STUDY**

Financial literacy has been recognised all around as a basic apparatus for development with issues identifying with budgeting, savings, investment and the administration of risks which are significant for the individuals, households and businesses in their developmental procedure. Organisation for Economic Cooperation and Development (OECD) defines financial literacy as a blend of awareness, knowledge, skill, attitude and behaviour important to settle on solid financial decisions and eventually accomplish individual financial wellbeing (International Network on Financial Education, 2011).

Governments around the globe have expressed Concerns about the low level of financial literacy amongst their nationals. Major issues such as improper planning before retirement, low savings, scams and fraudulent schemes which the citizenry fall into can generally be attributed to their inadequate or lack of knowledge in financial issues. The cost of low financial literacy rate is substantial for the general public and has been unmistakably identified by researchers Gallery, Newton and Palm (2010); Capuano and Ramsay (2011). There is sufficient proof that people who under-save neglects to settle on savvy investment decisions and are frequently indebted (Poterba, et al., 2007; Mitchell, 2011). Researchers additionally for the most part concur that financial knowledge seems, by all accounts, to be straightforwardly associated with self-gainful financial behavior (Hilgert, Hogarth and Beverly, 2003). Inquiries, in any case, exist concerning the adequacy of

financial education in enhancing financial literacy (Lyons; Palmer; Jayaratne and Scherpf, 2006). Financial illiteracy has been referred to by numerous analysts as a noteworthy reason for falling savings rates (Jappelli, 2010; Beckman, 2013). A superior educated consumer will put something aside for future and for unforeseen circumstances and crises (European Financial Education Partnership, 2011). Mounting consumer debt is connected with financial illiteracy (Gerardi et al., 2010). Lusardi and Mitchell (2011a) find in the U.S. that absence of getting ready for retirement is across the board and associated with financial literacy, premise for divorce, poor mental wellbeing and an assortment of other negative and miserable encounters (Kinnunen and Pulkkinen, 1998; Cleek and Pearson, 1985), and the cause of emotional stress, depression and hopelessness (Murphy, 2013). Atkinson and Kempson (2004, p.2) found that youngsters (aged 18 to 24) in Britain are progressively over-borrowed, prompting financial challenges as a result of financial illiteracy. Workers end up in financial crisis inferably from the need to spend their income on immoderate goods, for example, marked clothes and cell phones, with the end goal of fitting into a society where these goods have turned into a need, instead of an extravagance.

A study conducted by the Ministry of Finance and Economic Planning (MoFEP 2009) revealed that about 20 percent adults in Ghana have entry to financial services, for example, savings, loans, investment and insurance. However, FinScope Survey (2010 cited in Lisa and Bilal, 2012) on Access to Finance and Financial Literacy in Sub-Saharan Africa and Pakistan, in 2010 put those using financial products in Ghana at 56 percent, comprising 41 percent in the formal sector and the remaining 15 percent in the informal sector. This shows that access to financial service is lower in Ghana compared to Lesotho which is 81 percent. FinScope also

indicated that 52 percent of urban adults have commercial bank accounts. Furthermore, only 4 percent have formal insurance, and an even smaller percentage has informal insurance. InterMedia (2010) reports the results of a national representative surveys of youths aged 15-24 in Ghana and Kenya on their access to financial information. The results show that older youths (aged 20-24) have more access to financial information than younger youths (aged 15-19), this makes it very imperative for teachers to start teaching financial literacy from the basic level of education.

It is for this reason, that the Government of Ghana has institutionalised an annual National Financial Literacy Week. The financial literacy week was launched in September 2008 under the theme: 'Financial Literacy: Knowledge Is Money'. The occasion was celebrated again in 2009. In his key note address at the launch of the maiden Financial Literacy Week, the then Vice President of the nation, Alhaji Aliu Mahama, expressed that there is a substantial segment of our people who know very little about investing, mutual funds, private pension and compound interest. He further suggested that financial literacy should be taught in our schools, starting from basic schools (Ghana News Agency, 22 September 2008).

The OECD Secretary-General Donald Johnston on 12 December 2005 addressed the Financial Education Summit in Kuala Lumpur with this introduction: education about money, and how it lives up to expectations, must be consolidated into our fundamental education systems. Individuals and households must have the apparatuses to adapt to the undeniably complex world of financial instruments. Understanding the financial world is significant as individuals expect more obligations regarding their own retirement security on the grounds that public and

private annuities face weights that undermine their solvency (Donald Johnston, 2005).

### **1.1 PROBLEM STATEMENT**

In the quest of Ghana to have its citizens to be financially literate, the government in September 2008, institutionalised a yearly National Financial Literacy Week as a long haul financial sector strategy priority measure, gone for bringing issues to light on the scope of financial products and services accessible to consumers to help them better comprehend and deal with their own finances, subsequently enhancing financial conduct of the citizenry. It is very significant to acknowledge the growing emphasis on financial literacy in Ghana and the world at large, however little thought has been given to understand the qualities and needs of the population. With the introduction of the new pensions Act 766, National Pensions Act, 2008, planning for future financial needs particularly for retirement has additionally changed. Previously, the weight of planning for the future fell principally on government through Social Security Scheme and employers. Today, however, responsibility for one's financial future is a shared responsibility. The teacher must therefore be knowledgeable in financial issues to secure a better future. As postulated by Way and Holden (2009) financial literacy can improve concerns of insufficient retirement savings, rising obligation levels and individual bankruptcy. Chowa, et al. (2010) shows a very low level of financial literacy among the youth in Ghana. United States Agency for International Development (2009 cited in Oppong-Boakye and Kansaba, 2013, p. 39) survey finds a low national mean of 44 percent in terms of financial knowledge among Ghanaians. The inadequacy of research relating specifically to financial literacy among salaried workers and teachers in particular on how to save and invest, the kind of financial products to choose and how to prepare towards



retirement is an issue of major concern in Ghana. Therefore, the above problem has prompted the researcher to undertake the study to assess how literate teachers are in finance and also offer useful recommendations to improve their level of financial literacy and the nation in general.

## **1.2 OBJECTIVES OF THE STUDY**

The general/main objective of the study is to assess the financial literacy among teachers.

The specific objectives are:

1. To examine teachers understanding of and knowledge in money management, savings and borrowing, investment, insurance and retirement planning.
2. To examine whether some group of teachers are relatively more knowledgeable than others in financial issues.
3. To examine how teachers' knowledge influences their opinions and decisions on personal issues in finance.

## **1.3 RESEARCH QUESTIONS**

In the light of the above objectives this study seeks to find out pertinent issues relating to financial literacy among teachers. In doing this, the study seeks to find answers to the following issues:

1. How do teachers' understanding and knowledge in money management, savings and borrowing, investment, insurance and retirement planning affect their personal life?
2. Are some groups of teachers more knowledgeable than others in financial issues?

3. How does teachers' general knowledge in finance influence their opinions and decisions on personal issues in finance?

#### **1.4 THE RELEVANCE OF THE STUDY**

This study is very significant in view of the fact that teachers constitute a sizeable portion of government workers and can be found in every nook and cranny of this country. Therefore the issues to be considered could serve as a yardstick for the government when to measure and formulate policies that would improve financial literacy in the country in general. Studies done in the US and Russia have established that lack of financial literacy results in poor retirement planning (Lusardi and Mitchell, 2011). According to Zimmerman, et al. (2011) proof demonstrates that the individuals who are less financially literate are liable to confront more difficulties as to debt management, savings and credit and are more averse to plan for the future. Based on these findings, Prawitz and Garman (2009) suggest that employees are given education and financial knowledge focusing on financial literacy, which includes setting financial goals, developing an expenditure plan, using credit wisely, saving for emergencies and learning not to spend exceeding their income. To this end, the study seeks to bring out teachers understanding of pertinent issues in finance such as money management, savings and borrowing, investments and insurance and retirement planning. In a society where the people are able to manage their financial affairs properly, the burden on the government to provide social benefits to the citizens after retirement is considerably reduced, since some of these facilities are provided by insurance companies.

Moreover, information from this study could serve as a guide to the Ministry of Education and in addition the Ghana Education Service in fashioning out in-service training programmes to enhance teachers' knowledge and how to conduct their

financial affairs. Also results from this study will be used to improve the financial decisions teachers made in the area of savings and investment, effective preparation for retirement and how to avoid accumulating unnecessary debts during their active working life. Teacher absenteeism can be partly blamed on poor management of finances by teachers when teachers start to go for higher interest rate loans.

A teacher cannot perform better if his / her mind is preoccupied by the financial distress he/she is suffering. Therefore if the Ghana Education service can offer personal finance education to teachers, it will convey a message to teachers that they are concerned with their long term welfare.

Lastly, to the society, teachers are the people who come into regular contact with children who are the most appropriate agents of social change. The success or failure of any policy on financial education largely depends on those who are entrusted with the mandate of educating the populace. As a result their financial position should be very sound.

### **1.5 SCOPE AND LIMITATION OF THE STUDY**

The study will test Teachers' knowledge in finance based on these thematic areas: savings and borrowing, insurance and retirement planning and investment, and to identify the financial management challenges faced by teachers. Teachers in the Sekyere East District of Ashanti will be the target group. The choice of the District was influenced by the proximity to the researcher as well as easy access to information and the openness on the part of the Ghana Education Service Directorate to assist in the provision of information, since the researcher is a teacher in the district. The district has a teacher population of 1486 and therefore a suitable district which could be studied and the findings reasonably generalised as what pertains in other districts in Ghana.

On the limitation of the study, the researcher had to travel long distance to different schools to administer questionnaires since some of the teachers were in villages which are difficult to go by vehicle. The researcher also encountered delay in editing and printing. Furthermore, access to certain information was difficult to obtain, since some respondents thought that the researcher wanted to invade their privacy concerning their finances. For example, some respondents were not prepared to tell their level of savings.

The above coupled with mistrust and unwillingness of teachers to participate come out with certain information made it extremely difficult to conclude the study on schedule.

## **1.6 ORGANIZATION OF THE STUDY**

The thesis has been organised into five chapters. Chapter One encapsulates the introduction to the study, statement of the problem, objectives, and research questions, significance of the study, scope and limitations and the organisation of the study. Chapter two focuses on the literature review, which reviews literature that has both direct and indirect connection to the subject matter and what propelled their position and contemplations on the topic. The third chapter emphasises the research methodology. It also outlines the techniques that have been applied and how the research is designed, the data collection method and instruments used will be described, the models used would be specified and how data is analysed. Chapter four presents the findings and discussions of the data. Primary data are presented, discussed and analysed. Chapter five draws conclusions from data gathered and makes recommendations for national and international interest and for probable future research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

This section provides an analytical view of what various researchers and writers have said on the topic at hand through the use of journals, newspapers, reports, conferences, books and others such as internet materials to assess the level of financial literacy among teachers with regard to their general knowledge in finance, savings, borrowing, retirement planning, investment and insurance. The literature review provides background and justification for the research undertaken. The review will however be done based on these thematic areas; definition of concepts, financial literacy, the benefits of financial literacy, dangers of not being financially literate, the determinants of financial literacy, how financial literacy influences personal decisions and the conceptual framework.

#### **2.1 DEFINITIONS OF KEY CONCEPTS**

The concepts to be looked at include definition of financial literacy, financial education, financial capability and financial distress.

##### **2.1.1 Financial Literacy**

Many definitions exist in various literatures about what financial literacy is. The terms financial literacy, financial knowledge, and financial education frequently have been utilised conversely both as a part of the academic writing and in the popular media (Huston, 2010). Financial literacy can be interpreted broadly or narrowly. In a broader perspective, financial literacy can be stated as comprehension of economics and how economic conditions and circumstances influence family unit

decisions (Worthington 2006). A thin meaning of financial literacy concentrates on essential money administration tools, for example, budgeting, and savings, investing and insurance (Natalie, Newton and Chrisann, 2010). Financial literacy is the capacity to make educated judgements and to take compelling decisions in regards to the utilization and management of money. Financial literacy is, in this manner, a blend of a man's skills, knowledge, demeanours and at last their practices in connection to money (Australia and New Zealand Bank ANZ, 2011). Sandra (2010) however characterises financial literacy as the capacity to utilise information and skills to oversee financial assets successfully for a lifetime of financial well-being. Financial literacy is characterised as individuals' capacity to handle economic information and settle on educated decisions about financial planning, wealth collection, debt, and pensions (Lusardi and Mitchell, 2014). Being financially literate is vital for people to settle to make wise decisions.

From the various definitions financial literacy tries to measure people's understanding and how they make financial decisions. Thus, in this study, the term financial literacy is defined as the individual's ability to understand and have basic knowledge in economic and financial concepts, as well as the ability to use that knowledge to manage financial resources.

### **2.1.2 Financial Education**

Organisation for Economic Cooperation and Development (2005), characterises financial education as the procedure by which financial consumers/investors enhance their comprehension of financial products, concepts and risks and, through information, guideline and/or objective exhortation, add to the skills and certainty to end up more mindful of financial risks and opportunities, to settle on educated

choices, to know where to go for help, and to take other successful activities to enhance their financial well-being.

### **2.1.3 Financial Capability**

The first definition of the Scottish Government's Financial Capability Discussion Paper (2010) describes financial capability as the motivation to beneficially manage finances and effect change. Financial capability, in this manner, encompasses people's information and skills to understand their own financial circumstances, alongside the inspiration to make a move. Financially skilled consumers arrange ahead, discover and utilise information, know when to look for counsel and can comprehend and follow up on this guidance, prompting more noteworthy support in the financial services market HM Treasury January (2007, p.19). Sherraden (2010) broadened this meaning of financial capability by including access to financial services and resource building opportunities.

### **2.1.4 Financial Distress**

According to Joo (1998) financial distress refers to stress that is coming from a financial situation including personal, family and other various financial conditions. Delafrooz and Paim (2011) however extend this definition to incorporate economic distress, difficulties, constraints and stress. They also proved that there is an immediate relationship between the levels of financial literacy and financial distress among workers in Malaysia. In fact, financial literacy is reported to have a negative association with financial problems (Sabri and MacDonald, 2010). All these conditions are financial stressors as postulated by Joo (1998) and Garman, Porter, and McMillion (1989). Hibbert and Beutler (2001) find that families who spend less than what they earn, pay charges on time, and avoid superfluous debt, have less

family tension and an expanded feeling of self-esteem compared to families who spend above their incomes .

## **2.2 THE BENEFITS OF FINANCIAL LITERACY**

Financial literacy gives the vital information, capacities and apparatuses for people to settle on educated financial decisions with certainty, to oversee personal riches with proficiency and to increase financial skill to request better financial services (Ali, 2013). Expanding financial literacy and capability advances better financial decision improving and along these lines empowering planning and administration of life occasions, for example, instruction, house purchase, or retirement (Mahdzan and Tabiani, 2013).

Capuano and Ramsay (2011) enumerated a number of benefits associated with financial literacy to consumers (individuals), community and the broader economy.

### **2.2.1 The Benefits to Consumers**

Financial literacy has some advantages for the community such as increased savings and retirement planning as well as investing and choosing right products with confidence.

#### **2.2.1.1 Increased Saving and Retirement Planning**

Financially literate individuals have a more noteworthy ability to save for retirement. This can be accomplished by financial efficiency which brings about saving money, attempting to set aside money and an upgraded capacity to set reasonable retirement objectives and select suitable investments to realise those retirement objectives. A better-informed consumer will save for the future, for retirement and for unforeseen circumstances including emergencies (European Financial Education Partnership EFEP, 2011). A Survey, led by the Employee



Benefit Research Institute in the United States, perceived issues that make financial education to an extraordinary degree indispensable, to be particular that lesser people are planning and saving for retirement. Moreover, only 46 percent of participants had attempted to calculate the amount they would requirement for retirement. Numerous Studies have connected financial illiteracy with low levels of savings (Jappelli, 2010; Beckman, 2013).

#### **2.2.1.2 Investing and Choosing the Right Financial Products with Confidence**

A financially educated customer will be surer when settling on choices about finance. Financial proficiency can impact the sorts of items chosen, and the sorts of investments made. The quick moving nature of financial markets implies that people who comprehend product components and business environments are best situated to settle on an educated decision about their financial needs. This likewise prompts consumers and keeps them away from unnecessary costs. An enhanced comprehension of financial products and administrations grows more noteworthy financial trust in buyers, who select the most fitting products and arrange those products (Holzmann, 2010).

#### **2.2.2 The Benefits to the Community**

Financial literacy additionally has extensive advantages to the community, specifically improving consideration in the financial markets and expanding the mindfulness by general society of financial issues, subsequently making an educated citizenry which can assess the fittingness of government financial approaches.

##### **2.2.2.1 Financial Inclusion**

More noteworthy financial comprehension and information permits those individuals from society who otherwise are generally avoided the chance to utilise

financial items and services. For instance, knowledge of a term deposit may incite a man to gain more interest though no knowledge of the presence of such a product will bring about less interest being earned and an opportunity lost. Financial literacy gives the comprehension needed to access specific items which permit people to borrow and turn out to be financially dynamic. Financial literacy, along these lines, builds social inclusion and gives individuals the knowledge to keep away from very valued, capricious and less secure types of credit and financial items.

#### **2.2.2.2 Understanding Government Financial Policies**

Financially literate individuals are additionally ready to better survey financial approaches of governments and the activities of financial institutions. This makes better-educated citizens who are capable to comprehend policy change to the financial sector. While numerous political changes are highly complex, straightforward financial sector changes which can be seen by an educated public are essential in light of the fact that they give the public the capacity to investigate government policies. In countries with diverse social and economic profile like India, financial literacy is particularly relevant for people who are resource-poor and who operate at the margin and are vulnerable to persistent downward financial pressures.

#### **2.2.3 The Benefits to the Financial System**

Financial literacy benefits the financial system in enormous ways such as greater competition and self- funding of retirement.

### **2.2.3.1 Greater Competition, Innovation and Quality Products.**

Financially educated customers are all the more financially effective, looking for and obtaining better, less expensive and more suitable products and services can drive efficiencies in the financial industry. This prompts expanded rivalry, better quality products and more noteworthy development and differing qualities in the market. Knowledge of consumer rights and contracts likewise permits consumers to assess products all the more precisely and thus, request more from suppliers. On risk, financially proficient consumers have a more prominent valuation for risk, and in this way the issue of under coverage of risk (for instance, under-insurance) is not as pervasive as in Markets in which individuals are not financially educated.

### **2.2.3.2 Self-Funding of Retirement**

The expanded saving and retirement planning coming about because of expanded financial literacy also has a noteworthy impact on the financial system and economy, by decreasing the weight on the state to give pensions and government subsidizing to individuals encountering financial hardship. Rather, individuals are additionally eager to build wealth during their working lives to fund retirement. According to Lusardi and Mitchell (2011) a few studies have demonstrated that people who plan for retirement do actually accumulate more retirement savings. Numerous individuals view savings as the real source of retirement funds (Russell and Stramoski, 2011). They further expressed that the individuals who do not save are by and large expected to be in employment after retirement and rely on social security amid their brilliant years, which may prompt poor retirement fulfillment. Additionally results by Lusardi and Mitchell (2011) demonstrated that the people who planned for retirement amassed three times as much wealth as the people who did not.

## **2.3 DANGERS OF NOT BEING FINANCIALLY LITERATE**

Kotzè and Smit (2008) identified some negative consequences of financial illiteracy on the individual and the country. Fernandes et al. (2014) find that consumers face increasingly more dangerous financial environments. Therefore if people are not financially literate they will face many financial challenges.

### **2.3.1 Spending Above Your Personal Income**

Atkinson and Kempson (2004, p. 2) revealed that youngsters (aged 18 to 24) in Britain are progressively becoming borrowing addicted. They are borrowing more than what is sustainable, leading to financial difficulties after school because of their financial illiteracy. Some teachers also find themselves in deep financial difficulties because of the need to spend their income on luxurious goods, such as branded clothes and cell phones (Lorgat, 2003, p. 6). Anthes (2004, p. 52) bolstered this perspective and alludes to the instant gratification mentality that people have that baits them into spending all the more on what they need and do not essentially need.

### **2.3.2 Poor Financial Record Keeping**

Kidwell and Turrisi (2004, p.606) reported that individuals who prepare budgets often spend within their means and therefore regulate their personal finances. Therefore, impulse spending is prevented and budget maintenance is met with a positive mentality. This was affirmed by examination directed by Chen and Volpe (1998, p.121) in which they proposed that gatherings who are more knowledgeable manage their spending patterns and choices by keeping point by point financial records. Wise (2013) also finds that increases in financial literacy prompts a more continuous production of financial statements.

### **2.3.3 Making Improper Financial Decisions**

As per exploration done by Chen and Volpe (1998, p.122), 89.4 percent of financially knowledgeable students see the planning and execution of a consistent investment program as critical. When they were offered investment choices, 80 percent of the knowledgeable gathering settled on the right investment decision while only 51 percent of the less knowledgeable gathering settled on the right decision. Most consumers are not sufficiently instructed to settle on informed investment decisions as demonstrated by a review done by Princeton Research Survey Associates (1999, p.38) in which 45 percent of the beneficiaries had some form of financial knowledge and 18 percent did not have any knowledge concerning investment planning and usage. Collins (2012) finds that the absence of financial literacy can lessen the capacity of people to settle on educated financial decisions.

### **2.3.4 Poor Investment Decisions**

Related nearly to making improper financial decisions is the way that the more knowledge an individual have on personal financial issues, the more improbable that individual would be to settle on wrong financial decisions that could prompt financial issues, for example, taking out deficient insurance, surpassing their income and settling on off base investment decisions (Chen and Volpe, 1998, p.122). Garman, Leech and Grable (1996, p.165) recommend that negative financial choices could be corrected or maintained a strategic distance from by giving employees the important financial advice and insight to manage their finances in a more successful way.

## **2.4 KNOWLEDGE IN MONEY MANAGEMENT**

Capuano and Ramsay (2011) identified some key competencies of financial literacy: money basics, budgeting, saving and planning, borrowing and debt literacy.

Money fundamentals identify with the knowledge, skills and comprehension needed for the most basically regular calculations. Examples include numeracy and money management skills.

Numeracy is the expertise which permits people to evaluate the suitability of costs for themselves. Additionally, numeracy has been found to assume an essential part in impacting savings and notwithstanding budgeting. Higher numeracy has been connected with larger amounts of family riches and great financial choices while poor numeracy has been connected with pointless costs (Rooij, Lusardi and Alessie, 2007); (Gustman, Steinmeier and Tabatabai, 2010).

Money management skills are impacted by three critical factors - financial control, making a decent living and way to deal with financial management. Financial control identifies with budgeting, keeping records and learning of everyday living expenses and the capacity to pay. Making ends meet refers to a person's capacity to anticipate times when finances may be low, and to cure that circumstance. This likewise incorporates surveying the capacity to keep up spending and keep up with responsibilities. Ways to deal with financial management identify with rashness amid spending, utilising credit rather than cash and general spending examples that outcome in utilising more money than is accessible.

Budgeting and living inside of means include staying informed regarding finances and lessening pointless spending. Saving and planning mean procurement for an emergency through savings and insurance held; states of mind to financial planning; saving and planning for retirement and saving and planning for expected expenses (Kempson, 2009). Fitting use of financial knowledge helps households to meet their financial commitments through astute planning, and asset allocation to construe most great utility (Mwangi and Kihui, 2012).

While short-term savings identify with budgeting, long - term savings are pertinent to retirement and vast things needed in life, for example, a house or a car. Superannuation is a retirement alternative that uses investment methods, so a comprehension of investment is important. The ANZ Saver plus system distinguishes three sorts of savers; the individuals who do not save, the individuals who save only for a thing and the individuals who continually save for a stormy day. This likewise incorporates setting aside funds for expected and also unforeseen events. Planning is an imperative piece of saving for most financially literate respondents in the surveys, whether that is for retirement, life or estate planning. A study by Mehdzan and Tabiani (2013) in Malaysia analyzed the relationship between financial literacy and individual savings. Aftereffects of probit regression demonstrated that more elevated amount of financial literacy has a positive effect on savings of people.

Borrowing and debt literacy are the capacity to comprehend debt, and the procedures included to avoid it, reduce it, reimburse it and keep up a better than average credit rating. It identifies with capacity in utilising loans and responses to debt including the capacity to figure out if credit is defended and the inclination to repay credit card debt and bills when they are expected. Debt illiteracy is subsequently related with over-indebtedness, and a failure to lessen existing levels of debt. It is important that financial literacy is especially valuable for the youthful. In the U.S., the so called Millennial are presently entering the labour market enduring under a lot of debt from credit cards and student loans (de Bassa Scheresberg and Lusardi, 2014). They further stated that youngsters likewise depend on high-cost methods (de Bassa Scheresberg, 2014). The absence of clear comprehension in regards to basic

financial concepts is, along these lines, prone to undermine endeavours to establish themselves as well-functioning adults (Lusardi, Mitchell, and Curto, 2010).

## **2.5 KNOWLEDGE IN SAVINGS**

Study carried out in South Africa by Fatoki (2014) assessed the level of financial literacy surveying amongst the business and non-business students of two universities located in Gauteng and Limpopo province of South Africa and found that financial literacy affects an individual's financial decisions particularly in the area of savings, borrowing, retirement planning, or portfolio decision. Numerous individuals view savings as the real source of retirement funds (Russell and Stramoski, 2011). The individuals who do not set some money aside by and large anticipated that they would be in employment after retirement and rely on social security amid their brilliant years, which may prompt poor retirement fulfillment (Russell & Stramoski, 2011).

## **2.6 KNOWLEDGE IN INVESTMENT**

Geetha and Ramesh (2011) studied the Indian's conduct about investment inclinations. The study found that individuals were not aware of all the investment alternatives available to them and they need knowledge about securities. Samudra and Burghate (2012) studied the investment behavior of the middle class households in Nagpur. Bank deposits were discovered to be the most well-known instrument of investment followed by insurance. Hastings and Mitchell (2011) have clarified through their study that there is a number connection between investment in low-cost fund and financial literacy. Individuals with high literacy level consider more about the fund expenses and are more likely to choose low cost funds. Investors likewise should have the capacity to comprehend financial statements keeping in mind the end goal to have the capacity to invest admirably (Hoffman et al., 2011).



## **2.7 KNOWLEDGE IN INSURANCE AND RETIREMENT PLANNING**

An expanding obligation set on individual employees in dealing with their retirement savings requests them to have sufficient financial and investment knowledge. This knowledge varies in definition. Worthington (2008) characterises knowledge of superannuation as understanding of superannuation fees, charges and statements, perceiving the voluntary and compulsory nature of extra employee and employer commitments, and being mindful of the lower taxation of superannuation contrasted with other investments. Insurance permits people to exchange risk by paying a fee now to keep away from the likelihood of a bigger loss later. The cost of insurance is impacted by a singular's conduct.

Work by Rooij, et.al. (2011) shows that, in Netherlands, financially knowledgeable people are more worried about retirement plan. Furthermore, they discovered solid relationship connected with financial knowledge and retirement planning. Various works have concluded that there is a strong positive association between financial literacy and retirement planning (Lusardi and Mitchell; 2011 Arrondel, et al., 2013). Regardless of having more financial skill than women, it has been found that males have a tendency to see retirement as a characteristic movement in life (Grace, et al. 2010). This perspective frequently causes males to ignore the necessity for retirement organising thus abandoning them in the same state of retirement ineptness as their female partners.

## **2.8 HOW KNOWLEDGE IN FINANCE INFLUENCES PERSONAL DECISIONS**

Financial literacy helps in engaging and instructing consumers with the goal that they are knowledgeable about finance in a manner that is important to their lives and empowers them to utilise this knowledge to survey products and settle on educated

choices (Mwangi and Kihui, 2012). Klapper and Panos (2011) researched the effect of financial literacy on the retirement saving in Russia. They found that higher literacy is emphatically identified with retirement planning and investing in private pension funds. Christelis, et al. (2010) has inferred that financially literate people utilise a mix of debt and equity and incorporate stocks in their portfolio because of their knowledge and understanding about risk diversification. De Bassa and Scheresberg (2013) clarified that the individuals who are less financially proficient are discovered to be less inclined to anticipate retirement, less inclined to amass riches, and more averse to take an interest in the stock market. Bruhn and Zia (2011) researched the effect of business and financial literacy programme on firm results of youthful entrepreneurs. The results indicate that entrepreneurs with higher levels of financial literacy show better business performance and sales. Collins (2012) finds that people with more elevated amounts of financial literacy or capacity are more inclined to use investment, insurance, and tax advice, but not debt or loan advice. Individuals who are financial literate have a tendency to be surer of their retirement planning when contrasted with the individuals who are financially illiterate (Mullock and Turcotte, 2012). Thus as the individuals who are financially literate comprehend the significance of retirement planning and will subsequently collect wealth as arrangement for retirement.

## **2.9 KEY DETERMINANTS OF FINANCIAL LITERACY**

The level of knowledge in finance can be associated with many variables, for example, Age, gender, level of education, openness to media, sources of education on money matters, work environment, among others.

### **2.9.1 Gender**

Gender has been distinguished by a few observational studies to have an association with the level of knowledge in finance. Olga and Kharchenko (2011) demonstrated that gender and riches were huge in clarifying financial literacy Ukrainian people aged 20-60, the study reasoned that males perform superior to anything females in answering the questions of financial literacy. Shaari, et al. (2013) uncovered that age and gender are adversely connected with the financial literacy. Bucher-Koenen and Lusardi (2011) inspected financial proficiency in Germany and found that knowledge of essential financial thoughts is missing among women living in East Germany. Meanwhile the findings of the study (Ford and Kent, 2010) demonstrated that female college students were more scared by, and less interested in markets contrasted with their male partners. Another study finds that women have lower financial literacy scores and are less inclined to settle on household choices contrasted with men (Fonseca, et al; 2012). Meanwhile, Krishna, et al. (2010) find diverse things that female students have the financial literacy levels higher than male students, particularly with respect to knowledge in investment, credit and insurance.

### **2.9.2 Age**

Chen and Volpe (1998) indicate that Participants in the age category of 20 to 29: and 40 or older show greater knowledge than the other age group. Ansong and Gyensare (2012) additionally led a study among 250 undergraduate and post graduate University of Cape Coast students, the outcomes demonstrate that age and work experience are decidedly identified with the level of financial literacy. Lusardi and Mitchell (2011) found that moderately aged is more financially proficient than youthful and old. Beckmann (2013) found that old persons are less financially literate. Whereas Bhushan, et al. (2013) demonstrated that financially literacy is not

influenced by age. Lusardi (2012) argued that the older population displays low level of financial literacy and this will affect their financial decision making pattern. While concentrating on financial literacy in Sweden (Almenberg and Säv-Söderbergh, 2011) watch that the highest levels of literacy are exhibited by those of 35-50 and those more established than 65 were found to perform the most noticeably awful.

### **2.9.3 Field of study**

There is impressive proof that individuals who studied economics or business courses are more prone to be financially knowledgeable. This contention was bolstered by research of Chen and Volpe (2002); Lusardi and Mitchell (2007). Shaari, et al. (2013) examined the financial literacy among 384 university students from local Universities of Malaysia using questionnaires survey. The aftereffects of their study uncovered that the spending habit and year of study have a huge positive association with the financial proficiency. Chen and Volpe (1998) examined the personal financial literacy of 924 college student from 13 campuses located in the USA. The results of the study showed that subgroups of academic discipline and class rank and were essentially diverse as far as financial literacy level.

### **2.9.4 Level of Education**

A few researchers find that the individuals who finished university or college degree are more inclined to be financially knowledgeable than those with low education level (Cole, et al, 2008; Cude, 2010 and Almenberg and Säv-Söderbergh, 2011). Olga and Kharchenko (2011) demonstrated that level of education was noteworthy in clarifying financial literacy of Ukrainian people aged 20-60. Ahsan (2013) based on Analysis of Variance (ANOVA) tests, a constructive relationship was found between personal financial literacy and the level of education. Participants with a

higher level of education have a higher level of financial literacy. In Sri Lanka, Heenkenda (2014) investigated the current pattern and the levels of divergence of the functional financial literacy using quantitative data from urban, rural and state sector, it also found that most of the respondents showed a modest financial knowledge and the functional financial literacy was truly diverse across respondents relying upon the levels of education.

### **2.9.5 Income**

According to Atkinson and Messy (2012), a high level of financial literacy is conceivable at all income levels. Income itself does not affect the capacity of somebody to pick up information, to frame states of mind helpful for their own financial wellbeing or to display positive conduct. However, low income is regularly seen as a clarification for certain practices – for example, borrowing to make a decent living, and be used as a reason not to embrace activities, for example, saving or making long-term plans. Furthermore, low income might likewise be connected with other socio-demographic factors that have been demonstrated to be connected with financial literacy, such as age. Monticone (2010) finds that people with higher incomes are likewise more prone to be financially knowledgeable. Therefore, the people that have the lowest financial literacy scores with less education and income may be people that need financial education the most. Work by Bucher-Koenen and Lusardi (2011) in Germany found that knowledge of basic financial concepts is inadequate. In particular, those with low income in East Germany compared to their West German counterparts.

### **2.9.6 Region and Regional Capital**

A Region is discovered to be the other determinant of financial literacy. In the work of Monticone (2010) who demonstrates that individuals living in Southern Italy have

more deplorable financial literacy abilities. Cole, et al. (2008) examined whether an area of residence affects the level of financial literacy. The study found that people who live in a rural area show the lowest level of financial knowledge. The empirical analysis of Fornero and Monticone (2011) shows that, most people lack knowledge of fundamental concepts, for example, interest rates and inflation in Italy and found residents in the Centre–North possess higher financial literacy.

### **2.9.7 Work Experience**

The findings of Chen and Volpe (1998) demonstrate that in terms of participants work experience and ages, participants with more years of work experience are more knowledgeable compared to those with less experience. Ansong and Gyensare (2012) also suggest that university students who do part time job have higher financial literacy compared with non-working students. Cude in 2010 analysed successful factors on people's financial literacy; his results demonstrated that higher level of financial literacy is connected with work experience.

A review of the literature on financial literacy showed that most of the studies focused on college students, teachers' ability to teach financial literacy and few demographic variables such as age and gender. This study focused on an assessment of teachers' own understanding and application of financial knowledge in their personal decisions, and also combined other factors such as academic qualification, income levels, rank and work experience. In his study done in Ghana Ansong (2013), Senior High School teachers who took different postgraduate courses in education at the University of Cape Coast were targeted. However there is a big difference with this study given that the research targets teachers in general.

In the Ghanaian context, and the world, studies are rarely found that have examined the financial literacy of salaried workers using various areas of assessments. Most

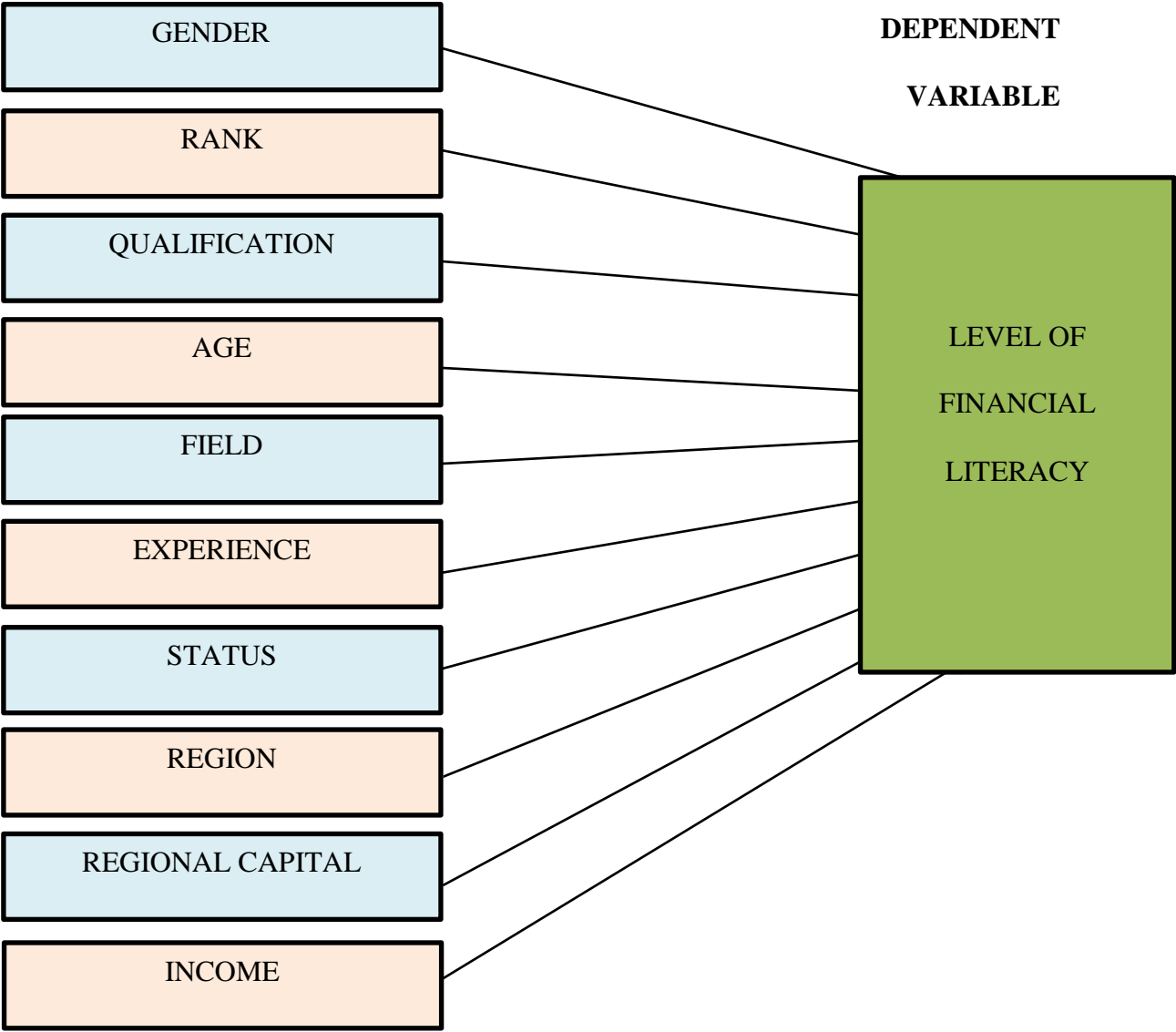
importantly, understanding financial literacy among teachers is critical for policymakers in fashioning out effective financial education programmes since teachers can be found in every nook and cranny of the country. Bhushan and Medury (2013) identified that the nature of employment has a very significant effect on the level of financial literacy on the people in India. This study therefore tries to fill the gap on financial literacy among salaried workers using data from Ghana.

## **2.10 CONCEPTUAL FRAMEWORK**

Figure 2.1 show the conceptual framework for this thesis. From Figure 2.1, the independent variables included ten dimensions (Gender, Rank, Qualification, Age, Field, Experience, Professional, Region, Regional Capital and Income). The dependent variable to be tested is the level of financial literacy.

**FIGURE 2.1**

**INDEPENDENT VARIABLES**



(Source: author's construct)

**Conceptual Framework**



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0. INTRODUCTION**

This chapter would look at the strategy used for collecting and analysing the data which form the basis of this thesis. This includes the research design, study population, sample size and sampling technique, data collection instrument and analysis. The purpose of this study was to assess the general knowledge in finance among teachers using the various techniques mentioned. The second issue discussed was the profile of Sekyere East District of Ashanti.

#### **3.1 RESEARCH DESIGN**

Research design is the technique for conducting a research project. As indicated by Bryman (2008), a research design gives a system for the collection and examination of data. This study adopted explanatory and descriptive research approaches. Explanatory study approach was employed to establish how variables such as age, qualification, work experience and gender impact on teachers' financial literacy and also to show how teachers' knowledge in finance helps them to make informed financial decisions as well as other factors that can result in teachers having financial knowledge. Saunders, et al. (2012) indicated that explanatory studies establish the causal relationship between variables. The object of descriptive research is to pick up a precise profile of persons, events and situations (Saunders, et al. 2012, p.171)

The main research instrument used in this study was surveys. Described by Saunders, Lewis and Thornhill (2012) as usually associated with the deductive approach and also the most regularly utilised technique for data collection. Surveys

can be depicted as methods of data accumulation in which information is assembled either through oral or written questions. Oral questioning is known as interviewing while written questionnaires are regularly through questionnaires. Thus, survey is simple and cost-effective, ensuring a fair generalisability of results and conclusions when sampling is effective (Sauders, et.al; 2012). The survey strategy allows you to collect quantitative data which you can analyse quantitatively using descriptive and inferential statistics. In addition, the data collected using a survey strategy can be used to suggest possible reasons for particular relationships between variables and to produce models of these relationships. The general approach employed in this thesis was that of deductive in which predictions were made on the basis of a survey.

The approach to this research is quantitative research. Quantitative research is, as the term suggests, concerned with the collection and analysis of data in numeric form. It tends to emphasise relatively large-scale and representative sets of data, and is often, falsely in our view, presented or perceived as being about the gathering of facts (Blaxter, Hughes and Tight, 1996).

Quantitative business research was employed in this study. There is precision which ensure a thorough quantitative and reliable measurement. Moreover, statistical techniques allow for sophisticated analyses of data. Quantitative Data were collected from the district and analysed. Conclusions are drawn based on some of the issues specified in the literature review.

### **3.2 POPULATION OF THE STUDY**

The full set of cases from which a sample is taken is called the population (Sauders, et al., 2012). The target population of the study consisted of Teachers in the Sekyere East District of Ashanti Region. The total teacher population was 1486. The study

intended to develop and validate a survey instrument that will assess the financial literacy levels of these teachers.

### **3.3 SAMPLE SIZE AND SAMPLING TECHNIQUES**

A total sample of 150 teachers was selected from a total teacher population of 1486. The sampling technique used for this research was stratified and convenient sampling. Stratified sampling technique was used to obtain information from three categories of teachers in the district namely primary, junior high and senior high. From there 76, 50 and 24 were selected from each stratum respectively conveniently. This gave an equal opportunity and fairness to teachers at all levels to participate in the survey. Stratified sampling is a technique where researchers categorise the population into two or more relevant and significant strata based on one or a number of attributes. In effect, my sampling frame was divided into a number of subsets. Consequently, stratified sampling shares many of the advantages (Sauders, et al., 2012). As a result of the representativeness of a stratified sampling, it is reasonable to make generalisations from the results of the sample back to the population.

**Table 3.1 Sample Selection**

Category	Population	Sample Size Selected	Percentage
Primary	758	76	10
Junior High	503	50	10
Senior High	225	24	10
Total	1486	150	10

(Source: Ghana Education Service, Sekyere East District, Ashanti Region, 13th May 2015)

### **3.4 DATA COLLECTION**

This research made use of Primary data collected through the use of questionnaire, open and closed ended questions were designed and administered to respondents.

Structured questionnaires were used to gather unbiased opinion of respondents and the researcher provided guidance to clarify issues to respondents which contained forty two questions which did not take much time of the participants. At most 50 minutes were used to complete. The questionnaire was broadly categorized into ten fundamental important aspects for the study namely; Background Information (8 items), General Knowledge in Finance (4 items), Knowledge in Savings and Borrowing (5 items), Knowledge in Retirement (3 items), Personal Financial Management Practices (4), Knowledge in Insurance (3 items), Knowledge in Investment (3 items), Exposure To Financial And Monetary Issues (6), Personal Finance Options (4 items), and Financial Management Challenges (2 items).

Some of these questions were adapted from the survey on Financial Literacy around the world by Lusardi and Mitchell (2011). Also participants' level of knowledge was evaluated through scoring of the responses that was gathered from the questionnaire. Likert 5 point Scale, Agree, Strongly Agree, Neutral, Disagree, Strongly Disagree and other questions that demanded certain answers in order to identify their challenges of financial management were asked. Demographic information was also collected from participants which included, gender, age and academic standing.

### **3.5 DATA ANALYSIS**

Data analysis involves reducing the raw data into a manageable size, developing summaries and applying statistical inferences. Consequently, the following steps were taken to analyse the data for the study. The data collected was coded before

entering using Statistical Package for Social Scientist (SPSS) computer software programme.

Quantitative data was analyzed using descriptive and inferential statistics tools. Univariate and multivariate analysis were applied. According to Bhattacharjee (2012) Univariate analysis, or analysis of a single variable, refers to a set of statistical techniques that can describe the general properties of one variable. If multiple outcome variables are modeled as being predicted by the same set of predictor variables, the resulting analysis is called multivariate regression (Bhattacharjee, 2012). The frequency distribution of a variable is a summary of the frequency (or percentages) of individual values or ranges of values for that variable, such as mean and standard deviation. A comparison was made using F-Test to test for the variations in the level of financial literacy among the various class of teachers. Similarly, scores on the basis of correct answers regarding financial literacy was converted into percentage and was tested by ANOVA to find significant difference among the teachers, ages and incomes. Level of knowledge is divided into three categories following Chen and Volpe (1998). Teachers having correct percentage score below 60 is considered as low, 60 to 80 as medium and above 80 as high level of knowledge.

The participants were classified into two subgroups on the basis of median percentage of correct answers of the sample. Teachers with scores higher than the sample median were classified as those with relatively more knowledge. Teachers with scores equal to or below the median were classified as teachers with relatively less knowledge. This dichotomous variable was then used in the logistic regression as the dependent variable, which was explained simultaneously by the independent

variables (Gender, Rank, Qualification, Age, Field, Experience, Status, Region, Regional Capital and Income).

The logistic model takes on the following form:

$\text{Log } [p / (1-p)]$

$$\begin{aligned}
 = & B_0 + B_1 (\text{GENDER}) + B_2 (\text{RANK } 1) + B_3 (\text{RANK } 2) + B_4 (\text{RANK } 3) + \\
 & B_5 (\text{RANK } 4) + B_6 (\text{QUALIFICATION } 1) + B_7 (\text{QUALIFICATION } 2) + \\
 & B_8 (\text{QUALIFICATION } 3) + B_9 (\text{QUALIFICATION } 4) + B_{10} (\text{AGE } 1) + \\
 & B_{11} (\text{AGE } 2) + B_{12} (\text{AGE } 3) + B_{13} (\text{AGE } 4) + B_{14} (\text{AGE } 5) + \\
 & B_{15} (\text{FIELD } 1) + B_{16} (\text{FIELD } 2) + B_{17} (\text{FIELD } 3) + B_{18} (\text{FIELD } 4) + \\
 & B_{19} (\text{FIELD } 5) + B_{20} (\text{INCOME } 1) + B_{21} (\text{INCOME } 2) + B_{22} (\text{INCOME } 3) + \\
 & B_{23} (\text{INCOME } 4) + B_{24} (\text{INCOME } 5) + B_{25} (\text{EXPERIENCE } 1) + \\
 & B_{26} (\text{EXPERIENCE } 2) + B_{27} (\text{EXPERIENCE } 3) + B_{28} (\text{EXPERIENCE } 4) + \\
 & B_{29} (\text{PROFESSIONAL}) + B_{30} (\text{REGION } 1) + B_{31} (\text{REGION } 2) + \\
 & B_{32} (\text{REGION } 3) + B_{33} (\text{REGION } 4) + B_{34} (\text{REGION } 5) + B_{35} (\text{REGION } 6) + \\
 & B_{36} (\text{REGION } 7) + B_{37} (\text{REGION } 8) + B_{38} (\text{REGION } 9) + B_{39} (\text{CAPITAL}) + \\
 & e_i
 \end{aligned}$$

where;

$p$  = the probability of a teacher who is more knowledgeable about personal finance.

GENDER = 1 if a participant is a male, 0 otherwise.

RANK1 = 1 if a participant is superintendent, 0 otherwise.

RANK2 = 1 if a participant is senior superintendent, 0 otherwise.

RANK3 = 1 if a participant is principal superintendent, 0 otherwise.

RANK4 = 1 if a participant is assistant director, 0 otherwise.

QUALIFICATION1 = 1 if a participant is a certificate holder, 0 otherwise.

QUALIFICATION2 = 1 if a participant is a diploma holder, 0 otherwise.

QUALIFICATION3 = 1 if a participant is a degree holder, 0 otherwise.

AGE1 = 1 if a participant is in the age group of less than 20, 0 otherwise.

AGE2 = 1 if a participant is in the age group of 20-29, 0 otherwise.

AGE3 = 1 if a participant is in the age group 30-39, 0 otherwise.

AGE4 = 1 if a participant is in the age group 40-49, 0 otherwise.

INCOME1 = 1 if a participant is in the income group of less than GHS 9600, 0 otherwise.

INCOME2 = 1 if a participant is in the income group of GHS9600- GHS 11999, 0 otherwise.

INCOME3 = 1 if a participant is in the income group of GHS12000 –GHS14399, 0 otherwise.

INCOME4 = 1 if a participant is in the income group of GHS14400 –GHS16799, 0 otherwise.

FIELD1 = 1 if a participant offered business, 0 otherwise.

FIELD2 = 1 if a participant offered general arts with economics, 0 otherwise.

FIELD3 = 1 if a participant offered general arts without economics, 0 otherwise.

FIELD4 = 1 if a participant offered sciences, 0 otherwise.

FIELD5 = 1 if a participant offered visual arts, 0 otherwise.

EXPERIENCE1 = 1 if a participant has no experience, 0 otherwise.

EXPERIENCE2 = 1 if a participant has more than 0 to < 2 years of experience, 0 otherwise.

EXPERIENCE3 = 1 if a participant has 2 to less than 4 years of experience, 0 otherwise.

EXPERIENCE4 = 1 if a participant has 4 to less than 6 years of experience, 0 otherwise.

PROFESSIONAL = 1 if a participant is a professional teacher, 0 otherwise

REGION1 = 1 if a participant is from Ashanti, 0 otherwise.

REGION2 = 1 if a participant is from Brong-Ahafo, 0 otherwise.

REGION3 = 1 if a participant is from Central, 0 otherwise.

REGION4 = 1 if a participant is from Eastern, 0 otherwise.

REGION5 = 1 if a participant is from Greater-Accra, 0 otherwise.

REGION6 = 1 if a participant is from Northern, 0 otherwise.

REGION7 = 1 if a participant is from Upper East, 0 otherwise.

REGION8 = 1 if a participant is from Upper West, 0 otherwise.

REGION9 = 1 if a participant is from Volta, 0 otherwise.

CAPITAL= 1 if a participant had stayed in regional capital, 0 otherwise

### **3.6 RELIABILITY AND VALIDITY OF THE QUESTIONNAIRE**

In order to check the validity of the questionnaire, it was given to two experts in financial literacy and the necessary modifications suggested by them were applied for the final design. With respect to the reliability, the financial literacy questionnaire has been standardised.

### **3.7 ETHICAL CONSIDERATIONS**

One major ethical consideration was to ensure that respondents' anonymity is protected throughout the analysis process. Official request was sent to the district education directorate for the release of the teacher statistics in the district. The researcher also formally contacted the district assembly for information about the district for the profiling. The research questionnaires were also administered



personally by the researcher, so that the confidentiality of information provided for the study would be maintained.

### **3.8 PROFILE OF SEKYERE EAST DISTRICT**

The district is located in the North-Eastern part of Ashanti Region and has Effiduase as its capital. The district shares boundaries with other districts like Sekyere-Kumawu to the North-East, Sekyere South to the West-West, Asante-Akim Central Municipal to the South-East and Ejisu-Juaben Municipal Assembly to the South-West. It also has one Parliamentary Constituency of Effiduase-Asokore. It currently has a population of over 62,172 per the 2010 Population and Housing Census (Ghana Statistical Service, 2010). The District was selected for the study on the basis of proximity and the co-operation of the authorities.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND DISCUSSION OF RESULTS**

#### **4.0 INTRODUCTION**

In this chapter, data analyses were presented on the responses from the 150 teachers who were surveyed for the purpose of the study in the Sekyere East District of the Ashanti region. The chapter also presented discussions of the analysis.

#### **4.1 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS**

From the samples characteristics table below, there were 150 respondents for the study, the males constituted the majority of 81 (54%) and females were 69 (46%). The age categorization of the respondents showed that 56 (37.3%) were in between 20 and 29, 68 (45.3%) were between 30 and 39 and 26 (17.3%) were over 40 years. The figures from the age groups suggested that majority of the respondents, 124 (82.7%) were between 20 and 39 years. Hence, majority of the teachers in the District under study are considered youthful and therefore are not exposed to real life situations and do not attach much importance to issues of personal finance.

The study showed that 102 (68.0%) who were the majority of teachers in the survey were professional teachers as against 48 (46%) who were non- professional teachers. More importantly, on the qualification of the teachers, the figures showed that, majority of the teachers 84 (56.0%) had attained their first degrees followed by 44 (29.3%) had Diploma, while 5 (3.3%) and 17 (11.3%) respectively had Certificate and Masters Qualifications at the time of the survey.

As teachers handle different subjects or courses, the field of study of the teachers was therefore very critical. The survey showed that, most of the teachers; 43

(28.7%) and 41 (27.3%) respectively specialised in Humanities and Sciences, 9 (6.0%) teachers each specialised in both Business and Economics whiles, 11 (7.3%) teachers specialized in other fields of study.

**TABLE 4.1 SAMPLE CHARACTERISTICS**

	FREQUENCY	PERCENTAGE (%)
<b>GENDER</b>		
Male	81	54.0
Female	69	46.0
<b>AGE (IN YEARS)</b>		
20-29	56	37.3
30-39	68	45.3
40-49	23	15.3
50 and Above	3	2.0
<b>INCOME LEVELS (IN GHS)</b>		
Less than GHS 9600	15	10.0
9600-11,999	46	30.7
12,000 - 14,399	44	29.3
14,400 - 16,799	42	28.0
Above 16,800	32.	2.0
<b>HIGHEST QUALIFICATION</b>		
Certificate	5	3.3
Diploma	44	29.3
First Degree	84	56.0
Masters	17	11.3
<b>STATUS</b>		
Professional teacher	102	68.0
Non Professional	48	32.0
<b>Area of Specialty</b>		
Business	9	6.0
Economics	9	6.0
Humanities	43	28.7
Sciences	41	27.3
Others	11	7.3
<b>RANK OF TEACHERS</b>		
Superintendent	22	14.7
Senior Superintendent	29	19.3
Principal Superintendent	85	56.7
Assistant Director	14	9.3
<b>YEARS OF EXPERIENCE</b>		

less than 2	24	16.0
two to 4 years	44	29.3
4 to 6 years	21	14.0
6 plus	61	40.7
REGION LIVED MOST		
Ashanti	82	54.7
Brong Ahafo	16	10.7
Eastern	9	6.0
Central	7	4.7
Greater Accra	8	5.3
Northern	8	5.3
Upper East	5	3.3
Upper West	3	2.0
Volta	8	5.3
Western	4	2.7

(Source: Field Survey, July 2015)

#### 4.2 OVERALL RESULTS OF THE SURVEY

The overall results are presented in Table 4.2 below. The mean percentage of correct scores was categorised as over 80, 60-79 and below 60. The highest score was presented first, which was followed by lower scores within each section. The overall mean percentage of correct scores was 53.68%, indicating on average the participants answered only about half of the survey questions correctly. The median percentage of correct scores was 47.06%. The findings suggest and imply that the knowledge of the teachers in the Sekyere East District on personal finance is inadequate. The low level of knowledge was attributed mainly by the systematic lack of a sound personal finance planning (44.35%) and budgetary preparation (42.92%). Most of the teachers did not plan their finances adequately which do affect their expenses and savings habits negatively.

Moreover, the youthful nature of the teachers in the survey could also be accountable for the low level of financial knowledge. The survey results indicated that, more than 80 percent of the participants were below 40 years with those more

than 50 years accounting for only three (3) percent. Thus, most of them were still in their youthful age and therefore less importance were attached to planning and savings for the future as they believe there is still more years ahead of them, hence the less emphasis on their personal finances for the time being.

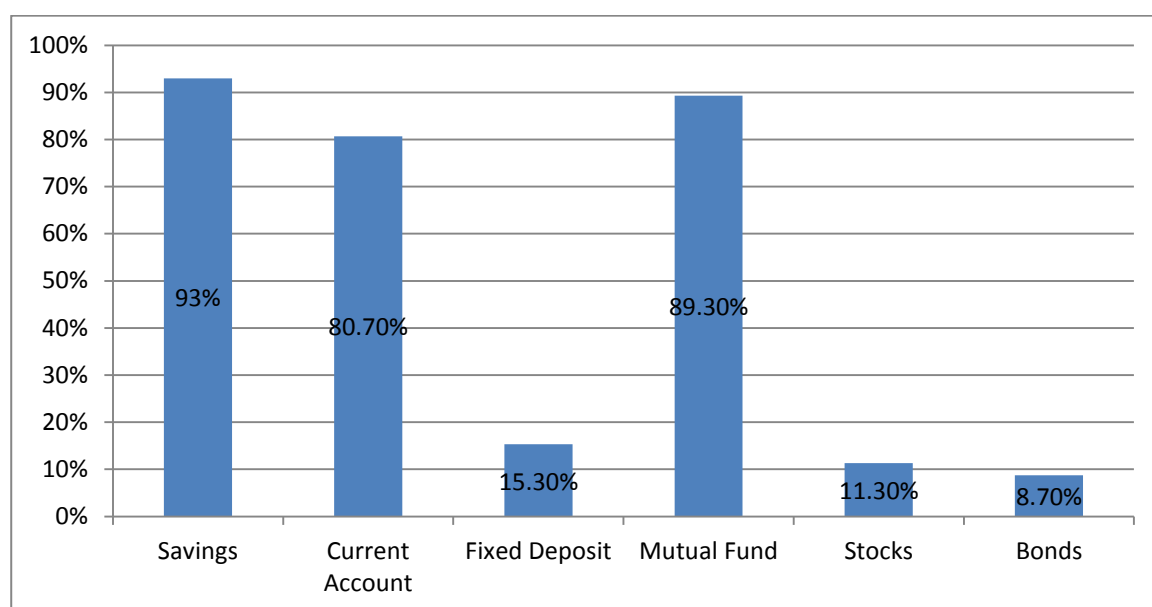
### **4.3 KNOWLEDGE IN MONEY MANAGEMENT**

Respondents' money management ability is very vital in this competitive financial environment including exposure to financial and monetary issues, kinds of financial account, how often they check their SSNIT contribution among others.

#### **4.3.1 Kinds of Financial Account**

The study analysed the various financial accounts teachers kept and figure 4.1 presented the findings. The result revealed that 93% of respondents' maintained savings account followed by 89.3% mutual fund and current account was third with fixed deposit, stocks and bonds having 15.3%, 11.3% and 8.7% respectively. This observation showed that teachers prefer savings, mutual fund and current account as a way of keeping their monies, therefore the various teacher associations must improve the mutual funds they are operating. Concerning the other forms where teachers prefer less, the government and for that matter ministry of finance must step up educating the populace on the importance stocks, bonds and fixed deposits.

**FIGURE 4.1**



(Source: Field Survey, July 2015, Kinds of Financial Account)

#### **4.3.2 How Often Teachers Check Their SSNIT Contribution**

The frequency at which participants do check their SSNIT contributions was presented in table 4.2 below. The results indicated that majority of the participants (46.0 %) had never checked their SSNIT contributions which is not a good financial practice since this could have some negative consequences on participants when they retire. However, out of the 54% of the participants who do check their contributions to SSNIT, 36.0% check once in a year whilst 18.0% do so every two years.

**Table 4.2 How often they check their SSNIT Contribution**

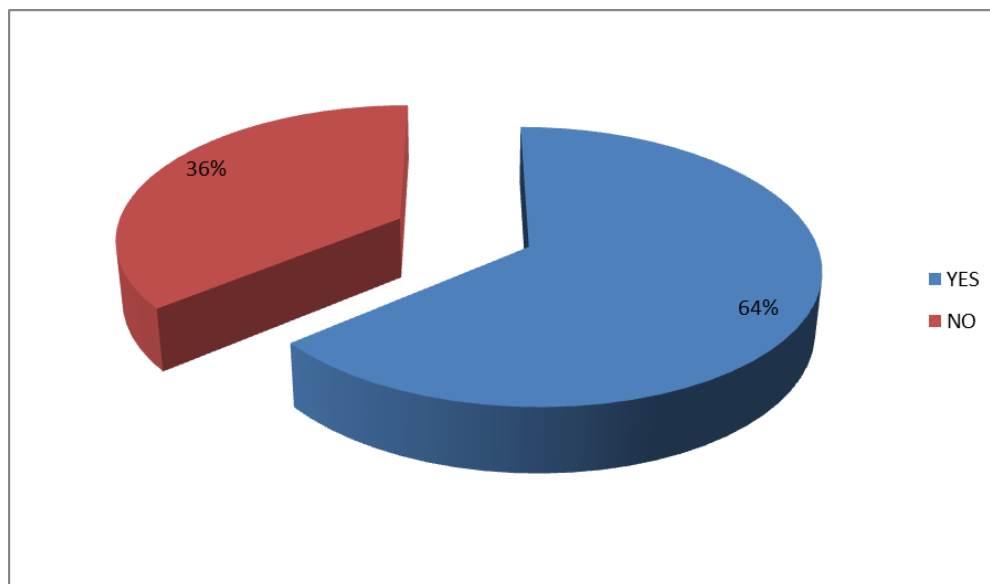
How often do you check your SSNIT contribution		
	Frequency	Percentage
Once a year	54	36.0
Every two years	27	18.0
Never	69	46.0

(Source: Field Survey, July 2015)

### 4.3.3 Those With Other Insurance Policies

The results at figure 4.2 showed that 64% of respondents said they had other forms of insurance policies aside third party and health insurance, while a sizeable 36% said they did not subscribe to other forms of insurance. The result is not encouraging and therefore the benefits of owning an insurance product must be explained to teachers so that they will embrace the idea of having insurance policies.

**Figure 4.2**



(Source: Field Survey, July 2015, Those with Other Insurance Policies)

### 4.3.4 Types of Insurance Policy Respondents Hold

The respondents were further requested to indicate the type of insurance policies they have. The results presented in table 4.3 indicate that 35 (36.5%) of the participants had child education policy, 29(30.2%) have retirement plan while 15(15.6%) had wealth master policy. Interestingly few respondents were concerned about death and therefore had life assurance policies and funeral plan representing 10(10.4%) and 7(7.3%) respectively.

**Table 4.3: Types of Insurance Policy**

	Frequency	Percentage
Child Education	35	36.5%
Retirement Plan	29	30.2%
Wealth Master	15	15.6%
Life Assurance	10	10.4%
Funeral Plan	7	7.3%

(Source: Field Survey, July 2015)

#### **4.4 RESPONDENTS GENERAL KNOWLEDGE IN FINANCE**

It is one thing making money and the other, knowing how to spend it. The former is always the difficult one. In table 4.4 teachers' general knowledge in finance is presented. The teachers demonstrated a very low general knowledge in finance with a mean score of 47.5 percent.

##### **4.4.2 Respondents Knowledge in savings and Borrowing**

Knowledge in savings has a direct effect on individuals' future financial status. Those highly knowledgeable and more disciplined at savings are more likely to be financially sound and avoid unnecessary borrowing. In table 4.4, teachers' knowledge in savings and borrowing is presented. Teachers scored a mean mark of 62.8%. Teachers are a little bit knowledgeable with the issue of savings and borrowing because most of them rely on savings as a form of precautionary motive of holding cash. They also depend on loans and overdrafts to meet their short term financing, and as a result learn more on these issues.

##### **4.4.3 Respondents Knowledge in investment**

Many people lack understanding of financial markets and how to begin an investment programme. More importantly, they may not recognize the importance of investing, which is to build wealth and financial security by ensuring the money they



earn also has earning power. Similarly, teachers fall in the group of people who are thought of to have lack of understanding of investment issues with a mean score of 54.89%. This study concludes that teachers' knowledge on investment is not enough.

#### **4.4.4 Respondents Knowledge in Insurance**

On issues on teachers' knowledge in insurance as indicated in table 4.4, it can be concluded that it is inadequate with a mean of 44 percent. This could be attributed to the fact that the concept of insurance has not developed in the country. Furthermore, the lack of trust in insurance companies to indemnify their customers could be a reason for the lower level of knowledge in insurance.

#### **4.4.5 Respondents Knowledge in Retirement Planning**

The respondents were further requested to indicate their knowledge on the three tier pension scheme. The results presented in Figure 4.4 indicate that they scored 54.23%. On the percentage that goes to the second tier mandatory occupational pension scheme. On what portion coming from them, they score 64.18% but the mean score is 59.21% which is very low.

From the percentages above one can say that teachers are more knowledgeable in savings and borrowing compared to other areas.

**Table 4.4: Mean Percentage of correct responses to each survey question, each section, and the entire survey**

<b>Level of Personal Finance Knowledge</b>			
	<b>Low</b>	<b>Medium</b>	<b>High</b>
	<b>Below 60 %</b>	<b>60 - 79 %</b>	<b>Over 80 %</b>
<b>General Knowledge</b>			
Personal finance literacy	55.23		
Personal financial planning	44.35		
Budgetary activities	42.92		
Mean Correct Response for the Section	<b>47.5</b>		
Median Correct Response for the Section	<b>50</b>		
<b>Savings and Borrowing</b>			
Higher Interest Charge		70.23	
Credit worthiness		62.22	
Loan Guarantee	54.45		
Mean Correct Response for the Section		<b>62.8</b>	
Median Correct Response for the Section		<b>60</b>	
<b>Insurance</b>			
Life insurance	42.36		
Health insurance	48.72		
Home made of wood insurance	40.92		
Mean Correct Response for the Section	<b>44</b>		
Median Correct Response for the Section	<b>33.33</b>		
<b>Investment</b>			
Short term investment		70.23	
Investment strategy	46.46		
Risk on portfolio	47.98		
Mean Correct Response for the Section	<b>54.89</b>		
Median Correct Response for the Section		<b>66.67</b>	
<b>Retirement Planning</b>			
Second Tier pension scheme	54.23		
Employee portion of contribution		64.18	
Mean Correct Response for the Section	59.21		
Median Correct Response for the Section		<b>60.52</b>	
<b>Mean Correct Response for the entire survey</b>	<b>53.68</b>		
<b>Median Correct Response for the entire survey</b>	<b>47.06</b>		

(Source: Field Survey, July 2015)

#### **4.5.0 ANALYSIS OF THE RESULTS BY SUBGROUPS**

In this section, the researcher assessed the relationship between personal financial literacy and participants' qualification, age group, rank, income level, years of experience, field of expertise and gender are examined. Table 4.5 showed the mean correct response for General Knowledge, Savings and Borrowing, Insurance and Investment sections and the whole survey by subgroups. The existence of any difference in knowledge among the various subgroups would be examined using ANOVA.

##### **4.5.1 Financial Literacy and Respondents' Qualification**

The educational background of participants had a very significant impact on their knowledge. The results of the entire survey showed that participants with Master's Degrees were more knowledgeable, followed by First Degree holders with Certificate holders being the least knowledgeable. Thus; as on the average, certificate holders answered 40.0% of the questions right, the Master's holders scored 60.21% and the First Degree holders 53.45%. The significant difference in the knowledge level of the participants was statistically significant at the 0.01 level from the ANOVA as indicated in the table 4.5. Findings of educational level are quite similar to previous studies such as Cole, et al., (2008), Cude, (2010), Almenberg and Säve-Söderbergh, (2011), and Olga and Kharchenko (2011).

##### **4.5.2 Financial Literacy Level and Respondents' Gender**

The findings also showed that male participants were more knowledgeable in finance than their female counterparts. The male participants scored an average of 55.70% as against 44.25% for females and this was significant at a 0.01 level of significance as shown by the ANOVA test results. The finding that females scored

lower than males was consistent with existing literature (Ford and Kent, 2010; Olga and Kharchenko, 2011; Fonseca, et al.).

#### **4.5.3 Financial Literacy Level and Respondents' Age**

The results further suggested that participants in the 40 to 49 age group were more knowledgeable than the other age groups as they scored the highest correct responses both section wise and on the entire survey of 57.28% compared to those in age 20 to 29 with entire score of 47.48%. This finding is similar to that of Almenberg and Säve-Söderbergh (2011) who observed that the highest levels of financial literacy were demonstrated by those of 35-50 and contradict the findings of Bhushan, et al. (2013) who demonstrated that financially literacy was not influenced by age.

#### **4.5.4 Financial Literacy Level and Respondents' Work Experience**

The findings also indicated that although the difference in the mean correct response was not that much, however, participants with more years of experience in the teaching field were observed to be more knowledgeable than those with less experience. Participants who had more than six years of experience (55.74%) and those with two to four years' experience (51.34%). The findings support the result of Cude (2010) as he stated in his report that people's financial literacy was connected with work experience.

#### **4.5.5 Financial Literacy Level and Respondents' Field of Study**

Participants who studied Economics and Others as their major areas are more knowledgeable than the other fields. Participants with Economics background scored 62.75% and those who studied other field scored 62.03% mean correct

responses respectively. This view was bolstered by research of Chen and Volpe (2002) and Lusardi and Mitchell (2007).

#### **4.5.6 Financial Literacy Level and Respondents' Income Level**

Previous researchers stated that there were a positive relationship between income level difference and financial literacy (Atkinson and Messy, 2012; Monticone, 2010; and Bucher-Koenen and Lusardi, 2011). The findings did not show significant difference in financial knowledge and income level. Those with income between 12000 and 14399 have overall score of 51.87% compared to teachers who earned between 14400 and 16800 score of 53.92%.

#### **4.5.7 Financial Literacy Level and Respondents' Region**

The findings also indicated that region lived in most did not show significant difference in financial knowledge with those in Eastern region having a score of 41.83% and Northern with 41.17%. The findings of the study contradict that of Monticone (2010) who showed that people living in Southern Italy had more regrettable financial literacy skills and Cole, et al. (2008) who stated that people who live in a rural area showed the lowest level of financial knowledge.

#### **4.5.8 Financial Literacy Level and Respondents' Teaching Status**

The survey findings also indicated that teaching status of participants (Professional or Non Professional teachers) did not show any significant difference in their financial knowledge. While professional teachers overall mean for the sample is 50.64% compared to 50.00% for non-professionals.

**Table 4.5: Mean Percentage of Correct Responses to Each Section by Characteristics of Sample Results of ANOVA**

	General Knowledge	Savings & Borrowing	Insurance	Investment	For the sample
Qualification					
Certificate	50.0000	28.0000	60.0000	46.6667	40.0000
Diploma	40.9091	54.5455	35.6061	44.6970	42.1123
First Degree	49.1071	66.9048	46.4286	57.9365	53.4314
Masters	55.8824	74.1176	49.0196	68.6275	60.2076
F Statistic	1.231	6.143**	2.1940	4.048**	7.416**
Gender					
Male	51.5432	69.3827	49.7942	61.3169	55.7008
Female	42.7536	55.0725	37.1981	47.3430	44.2455
F Statistic	3.2020	10.735**	7.477**	9.917**	17.976***
Age Group					
20 -29	47.7679	59.6429	38.6905	50.5952	47.4790
30 -39	44.8529	63.5294	47.0588	57.8431	51.2111
40 – 49	57.6087	72.1739	46.3768	57.9710	57.2890
50 and Above	25.0000	33.3333	55.5556	44.4444	35.2941
F Statistic	1.6090	2.3610	1.1120	0.9300	2.6110
Rank					
Superintendent	31.8182	47.2727	33.3333	43.9394	37.7005
Senior Superintendent	54.3103	66.8966	51.7241	47.1264	53.9554
Principal Superintendent	48.8235	64.0000	44.3137	58.8235	51.8339
Assistant Director	50.0000	71.4286	42.8571	64.2857	54.6218
F Statistic	2.6390	3.197*	0.1600	0.029*	5.175**
Income Level (GHS)					
Below 9,600	41.6667	61.3333	31.1111	40.0000	41.9608
9,600 - 11,990	45.6522	54.7826	44.2029	57.9710	47.6982
12,000 - 14, 399	50.5682	69.0909	43.1818	51.5152	51.8717
14,400 - 16, 799	48.8095	63.8095	48.4127	59.5238	53.9216
Above 16,800	41.6667	86.6667	55.5556	66.6667	64.7059
F Statistic	0.3380	2.2100	0.3410	0.1250	2.2460
Teaching Status					
Professional	44.6078	65.8824	45.4248	56.5359	50.6344
Non Professional	53.6458	56.2500	40.9722	51.3889	50.0000
F Statistic	2.9610	4.0820	0.7830	1.1130	0.0430
Years of Experience					
Less than 2 years	29.1667	56.6667	31.9444	43.0556	38.9706
2 to 4 years	55.1136	58.1818	45.4545	50.7576	51.3369
4 to 6 years	41.6667	56.1905	47.6190	49.2063	46.2185
6 years Plus	51.2295	70.8197	46.4481	64.4809	55.7377

F Statistic	4.790**	3.064*	1.7310	4.800**	6.444**
Field of Study					
Business	50.0000	66.6667	62.9630	74.0741	56.8627
Economics	50.0000	82.2222	55.5556	70.3704	62.7451
Humanities	38.3721	70.6977	40.3101	52.7132	48.5636
Science	46.3415	65.3659	39.0244	51.2195	48.0631
Others	56.8182	72.7273	63.6364	63.6364	62.0321
F Statistic	1.0660	1.0010	3.210*	2.1830	3.126*
Region					
Ashanti	47.8659	61.9512	47.1545	54.8780	51.0760
Brong Ahafo	53.1250	56.2500	50.0000	56.2500	52.2059
Eastern	36.1111	60.0000	33.3333	44.4444	41.8301
Central	39.2857	60.0000	42.8571	52.3810	45.3782
Greater Accra	40.6250	80.0000	50.0000	66.6667	55.8824
Northern Region	50.0000	55.0000	25.0000	37.5000	41.1765
Upper East	45.0000	72.0000	26.6667	66.6667	50.5882
Upper West	50.0000	40.0000	33.3333	44.4444	41.1765
Volta	68.7500	75.0000	50.0000	66.6667	64.7059
Western	25.0000	80.0000	25.0000	58.3333	44.1176
F Statistic	1.008	1.2	1.255	0.964	1.4700

(Source: Field Survey, July 2015)

#### **4.6 DETERMINING LOGISTIC REGRESSION ANALYSIS FOR VARIABLES PREDICTING FINANCIAL KNOWLEDGE**

Since the Omnibus test of model coefficients indicated, there existed some coefficients associated with some independent variables that were significantly different from zero and could therefore be used to classify teachers as either financially knowledgeable or not. These coefficients were selected based on their significant levels as a rule of the thumb, variables are said to be significant in predicting the knowledgeable status of the respondents if their significance level is less than 0.05.

From the table of coefficients, the results indicated that variables such as gender of the teacher, qualification, field of study were observed to be significant in predicting or determining the knowledge of teachers in finance. However, group years of experience and teaching status were not significant. From the significant variables,

odd of more financial knowledge for a male teacher was likely to be 3.3 times higher than their female colleagues. However, the odds of a Diploma holder was likely to be 0.067 times lower than the Master's Degree holder. Similarly, the odds of teachers who studied Humanities were likely to be 0.139 times lower than the others.

**Table 4.6: Summary of Logistic Regression Analysis for Variables Predicting Financial Knowledge**

	B	S.E.	Wald	df	Sig.	Exp(B)
Gender(1)						
Years_of_experience			5.018	3	.171	
Years_of_experience(1)	-1.925	1.033	3.469	1	.063	.146
Years_of_experience(2)	-.908	.803	1.278	1	.258	.403
Years_of_experience(3)	-1.465	.803	3.328	1	.068	.231
Qualification			6.259	3	.100	
Qualification(2)	-2.710	1.159	5.467	1	.019	.067
Qualification(3)	-1.297	.959	1.828	1	.176	.273
Field of_study			5.493	4	.240	
Field of_study(1)	-.710	1.194	.354	1	.552	.492
Field of_study(2)	-.987	1.253	.620	1	.431	.373
Field of_study(3)	-1.973	.945	4.357	1	.037	.139
Field of_study(4)	-1.722	.943	3.338	1	.068	.179
Teaching_status(1)	-.258	.674	.146	1	.702	.773
Age_group			4.706	3	.195	
Age_group(1)	-1.549	1.332	.000	1	1.000	.212
Age_group(2)	-2.963	0.456	.000	1	1.000	.052
Age_group(3)	-2.067	1.353	.000	1	1.000	.127
Constant	5.653	0.758	.000	1	1.000	285.156

(Source: Field Survey, July 2015)

## **4.7 IMPACT OF THE PARTICIPANTS' FINANCIAL KNOWLEDGE ON THEIR OPINION AND BEHAVIOUR**

### **4.7.1 Personal Financial Opinion**

With an appreciable knowledge on personal financial management practices by the teachers, the opinions of teachers on some basic personal financial opinions were



assessed as indicated in table 4.7. Among the financial opinions of interest included; the capability of maintaining adequate financial records on which the mean grade for all participants (teachers) in the survey recorded is 3.1 which indicated that teachers were neutral to being able to keep adequate records on their finances. On planning and implementation of regular savings, the average score was 3.5, however, the teachers were in disagreement to they not knowing where their monies were spent with an average score of 2.3.

**Table 4.7: Personal Financial Opinion**

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean
Able to maintain adequate financial records	0.073	0.213	0.3	0.367	0.047	3.1
Able to plan and implement regular savings	0.04	0.073	0.36	0.42	0.107	3.5
Uncertain about where monies are spent	0.347	0.3	0.14	0.107	0.107	2.3

(Source: Field Survey, July 2015)

#### **4.7.2 How to Spend an Insurance Claim**

The researcher also found out from the teachers as part of their personal financial opinion and decisions, how they will spend an insurance claim of GHS10, 000.00. From the results in table 4.8, most teachers 76 (46%) reported they will invest the money, 29 (19.3%) reported that they will invest in children's education and 24 (16%) on building project. Only 21 (14%) reported they will use the money to buy a car.

**Table 4.8: How to spend an insurance claim**

How Will you Spend an insurance claim of GHs 10,000.00	Frequency	Percentage (%)
Buy a car	21	14.0
Invest it	76	50.7
Invest in children education	29	19.3
Building project	24	16.0

(Source: Field Survey, July 2015)

### 4.7.3 Personal Financial Management Practices

The level of one's financial knowledge goes a long way to influence very key financial management practices that ensure financial discipline. It is based on this grounds that personal financial management practices of the teacher in relation to some key important decisions about their everyday life is assessed. From the table 4.9 below, on the issue of savings culture of the teachers, 6.7% said they never set aside money, 16% said they rarely set some money aside, 43.3% often, 15.5 % very often and 18.7 % always save for future needs which on the whole was encouraging and if sustained could go a long way to help plan for their future.

On the issue of price comparison during their major shopping activities, 22 % often, 28.7% very often and 35.3% always compare prices as against only 14% who rarely compare price of commodities before purchasing. With regard to the use of budget to guide the expenses of the teachers, the results indicate that, 72.7 % on the whole often, very often or always make use of budgets for their shopping activities. And finally, on the keeping of financial records which entails income and expenditure, 7.3% never, 22% rarely keep financial records whilst, 26.7 % often, 25.3% very often and 18.7% always keep their financial records.

**Table 4.9: Personal Financial management Practices**

	Never	Rarely	Often	Very Often	Always
Regularly set aside money each month for saving and future needs	10 (6.7%)	24 (16%)	65 (43.3%)	23 (15.3%)	28 (18.7 %)
Compare prices when shopping for major expenses	0	21 (14.0%)	33 (22.0%)	43(28.7 %)	53 (35.3%)
Use spending plan or Budget	10 (6.7%)	30 (20.0%)	52 (34.7%)	29 (19.0%)	29 (19.0%)
Keep track of expenditure and income	11 (7.3%)	33 (22.0%)	44 (26.7%)	38 (25.3%)	28 (18.7%)

(Source: Field Survey, July 2015)

#### 4.7.4 How Participants Have Thought About Retirement

The study sought to find out how teachers have thought about retirement. The result as presented in table 4.10 revealed that 70 (46.7%) of respondents' say they had thought a lot about retirement followed by 39(26.0%) some, surprisingly 25(16.7%) said little and 16 (10.6%) said hardly at all. This observation showed that some teachers are more concerned about retirement, therefore the various teacher associations should improve the mutual funds they are operating so that members who are thinking about retirement can contribute more to safeguard their future.

**Table 4.10: How they have thought about retirement**

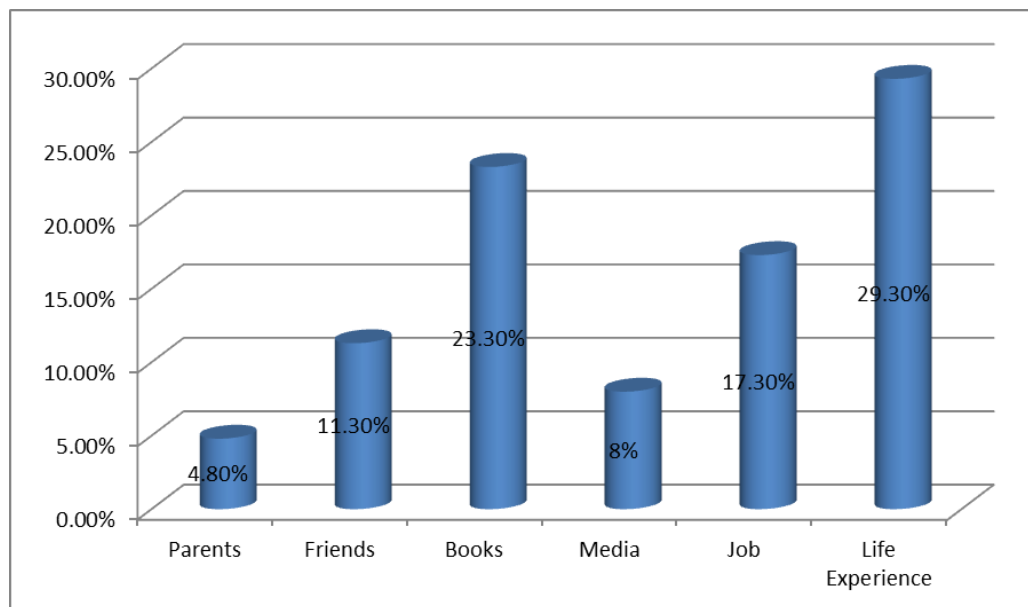
	Frequency	Percentage
A lot	70	46.7%
Some	39	26.0%
Little	25	16.7%
hardly at all	16	10.6%

(Source: Field Survey, July 2015)

#### 4.8 SOURCES OF KNOWLEDGE OF PERSONAL FINANCING

Knowledge in personal finance stretches from day to day budgeting to investment and buying insurance policies. Just like any other form of learning, teachers learn about personal financial knowledge from several sources but predominately from life experience and books as reported by figure 4.3, more than half (52.6%) of the participating teachers, with job and friends responsible for 17.3% and 11.3% respectively. Suprisingly teachers source of knowledge from the media was very low at 8%, therefore the media must step up its social responsibility of providing information on finance. It was not far fetched as the source from parents was at 4.8% since the respondents are working and therefore most of them are living alone.

**Figure 4.3**



(Source: Field Survey, July 2015, Sources of Knowledge of Personal Finance)

#### 4.9 FINANCIAL MANAGEMENT CHALLENGES

Participants' financial management challenges were looked at based on portion of income saved and how income was spent.

#### 4.9.1 Portion of Income to Save

The decision to save and the percentage of income to save were influenced by a number of factors and therefore individuals with varied financial strength, financial discipline and saving culture had different percentage of their income they will save. 55(36.7%) of the teachers will save 10% and 40(26.7%) will save 10% of their income while 34 (22.6%) will save 15% of their income while about 21 (14%) will save 5% of their income as indicated in table 4.11

**Table 4.11: Portion of Income to Save**

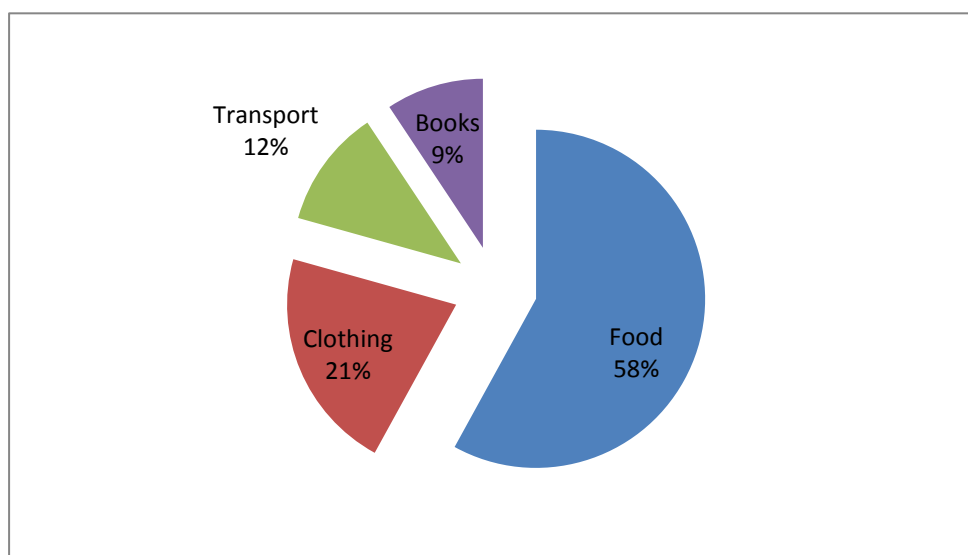
Percentage of Income Saved	Frequency	Percentage (%)
5%	55	36.7
10%	40	26.7
15%	34	22.6
20%	21	14

(Source: Field Survey, July 2015)

#### 4.9.2 How income is spent

The spending behaviour is necessary in analysing financial management of teachers. The study ascertained the spending behaviour of respondents. Figure 4.4 presents the findings. Majority of 58% was spent on food, 21% on clothing, 12% on transport and 9% on books. This suggested that teachers spend much of their money on food which is a basic need for human survival.

**FIGURE 4.4**



**(Source: Field Survey, July 2015, How income is spent)**

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 INTRODUCTION**

As a concluding chapter to this research work, this section of the report provides the summary of the findings from the study, conclusions drawn from the analysis of data on teachers collected in the Sekyere East District of the Ashanti Region. Also, it suggests some recommendations with respect to the major findings on the financial literacy level, the challenges and the way forward to improving the financial literacy of teachers in the District and the country in general so as to ensure proper and efficient financial management practices among teachers.

#### **5.1 SUMMARY OF FINDINGS**

From the results presented in the chapter above on the sample of 150 teachers surveyed in the Sekyere East District of Ashanti region on financial literacy with more emphasis on teachers' knowledge on; personal finance, savings and borrowing, investments, insurance, retirement planning, financial management practices through to financial challenges.

The findings on the overall financial literacy of the teachers show that generally teachers in the District have inadequate or low financial literacy with an overall mean correct percentage score of 53.68. However, the teachers illustrated some appreciable financial knowledge on savings and borrowing with mean percent correct score of 62.8 and also performed poorly on the section of insurance (44.0%).

The findings on the assessment of teachers in relation to examining their understanding of and knowledge in money management, savings and borrowing, investment, insurance and retirement planning show clearly that, teachers lack some basic financial literacy skills

The findings of the study across groups with respect to financial literacy which is subject to the teachers' demographic characteristics, years of experience in teaching, rank, professional status among others. The results showed some financial literacy (knowledge) difference among teachers. Teachers with Masters Degrees were found to be more knowledgeable with a mean correct percentage score of 60.21 with Teacher Certificate holders scoring a lower mark of 40.0 percent. Gender wise, male teachers are more knowledgeable financially than female teachers with correct percentage scores of 55.70 and 44.20 respectively.

The difference in the level of financial knowledge is also accounted for by years of experience in teaching. Teachers with more years in the teaching field (more than 6 years) are relatively more knowledgeable financially than those with less than 6 years of teaching.

Also, field of study of the teachers accounts for the difference in financial knowledge. On the average, teachers who specialized in Economics scored 62.75% and comparatively are more financially knowledgeable followed by those in the other specialised fields of study with an average correct percentage score of 62.03.

On how teachers' knowledge influences their opinions and decisions on personal issues in finance, the findings on the personal opinions on some key financial issues which ranged from teachers' capability of maintaining adequate finance, planning and implementation of regular savings to knowing where and what their monies are



spent. The findings show that on the whole participants' opinions on the above mentioned were moderately positive as maintaining adequate financial records and regular savings habits scored around 3.

More importantly, with respect to management practices by participants on some daily financial encounters, it is very encouraging to the level at which savings for one's future needs are practised by the participants. The habit of price comparison by participants before major shopping activities was also positive which is a good practice which in the long run could lead to value for the scarce resources.

## **5.2 CONCLUSIONS**

In conclusion, the financial literacy level of the participants (teachers) of the Sekyere East District could be said to be inadequate as their overall mean percentage score of 53.68 on basic personal finance is on the low side. This lack of adequate financial knowledge in the long run has far reaching consequences on the teacher as it is observed that, teachers' knowledge on insurance and investment is not good and encouraging which in the long term will limit participants' financial decisions making and planning. Financial illiteracy and its resultant consequences on the participants (teachers) could potentially hinder their productivity since the teachers' performance can be seriously affected as they will always have financial worries and challenges to think about.

## **5.3 RECOMMENDATIONS**

1. With regard to the results, findings and conclusion of this study, the researcher will first and foremost recommend that workshops should be organised by the district directorate of Ghana Education Service on personal

finance so as to ensure prudent and efficient financial management practices among participants (teachers).

2. Secondly, teachers and potential teachers should be educated on some of the basic financial issues and best practices in the course of their studies or training irrespective of their field of study, so as to develop a nation of financially literates.
3. The researcher also recommend for the various teacher associations to organise seminars on insurance and investments avenues for their members in order to make them financially sound.
4. Finally, the researcher recommends that, further studies should be conducted to investigate financial literacy level of other professionals in the country to identify, understand and to put in place measures that will ensure all citizens are financially literate.

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## APPENDICES

### Appendix I: Letter of Introduction to Ghana Education Service

P. O Box 196  
Effiduase Ashanti

The District Director of Education  
Ghana Education Service  
Sekyere East District  
P.O. Box 2  
Effiduase Ashanti  
6th May, 2015

Dear Sir,

#### **SEEKING INFORMATION ON TEACHERS IN THE DISTRICT**

I wish to introduce myself as a Master of Business Administration (MBA) student of the School of Business, Kwame Nkrumah University of Science and Technology. As part of the programme, I am required to write a thesis whose title is “Assessing the Level of Financial Literacy among Teachers”. Sekyere East District has been selected as a case study. Consequently, I wish to seek for information on the number of teachers in the district both in public and private schools.

The category required is as follows:

CATEGORY	TOTAL NUMBER
SENIOR HIGH SCHOOLS	
JUNIOR HIGH SCHOOLS	
PRIMARY SCHOOLS	
TOTAL	

Counting on your high office to give my request the needed consideration it deserves.

Thank you.

Yours faithfully,

(OWUSU, ERIC NKRUMAH)



## Appendix II: Questionnaire

### KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY SCHOOL OF GRADUATE STUDIES (SCHOOL OF BUSINESS)

#### MBA QUESTIONNAIRE

#### TOPIC: ASSESSING THE LEVEL OF FINANCIAL LITERACY AMONG TEACHERS: A CASE STUDY OF SEKYERE EAST DISTRICT OF ASHANTI REGION OF GHANA

#### PREAMBLE

The main purpose of this study is to assess the level of financial literacy among teachers in the district. The study is mainly for academic purposes. Participants are assured of utmost confidentiality regarding information provided by them. This case study is intended to measure teachers' knowledge of personal finance. The results will be used to help teachers improve their knowledge and government to improve financial literacy education.

**DIRECTIONS: Please indicate your response to each question by selecting the most appropriate answer for each question.**

#### I. BACKGROUND INFORMATION

**1. What is your highest qualification?**

- A. Certificate
- B. Diploma
- C. First Degree
- D. Masters
- E. Others,(Specify).....

**2. What is your gender?**

- A. Male
- B. Female

**3. What is your age?**

- A. 20-29
- B. 30-39
- C. 40-49
- D. 50 and above

**4. What is your rank?**

- A. Superintendent
- B. Senior Superintendent
- C. Principal Superintendent
- D. Assistant Director
- E. Above Assistant Director

**5. Which of the following best describes your personal income (monies that comes into your hand for personal use) for last year?**

- A. Under GHS 9,600
- B. GHS 9,600 – GHS 11,999
- C. GHS 12,000 – GHS 14,399
- D. GHS 14,400 – GHS 16,799
- E. Above 16,800

**6. Are you a professional teacher?**

- A. Yes
- B. No

**7. How many years of working experience do you have? Include full or part-time experience etc.**

- A. None
- B. Less than 2 years
- C. Two to less than 4 years
- D. Four to less than 6 years
- E. Six years or more

**8. What was your field of study at the highest level?**

- A. Business
- B. Economics
- C. Humanities (arts, social sciences, language etc.) other than A & B
- D. Sciences
- E. Others, specify.....

**II. GENERAL KNOWLEDGE IN PERSONAL FINANCE**

**9. Personal finance literacy can help you**

- A. Learn the right Approach
- B. Lead a financially secure life by forming healthy spending habit
- C. Do all above
- D. Do not know

**10. Personal financial planning involves**

- A. Establishing an adequate financial record keeping system.
- B. Developing a sound yearly budget of expenses and income.
- C. Preparing plans for future financial needs and goals.
- D. All of the above.
- E. Do not know.

- 11. A personal budget will help you**
- A. Allocate future personal income towards expenses
  - B. Prioritise your spending
  - C. Monitor the source of your income
  - D. All of the above
- 12. Which of these can be turned into cash more easily?**
- A. Money in a fixed deposit account
  - B. Money in a current account
  - C. A car
  - D. A computer
  - E. Do not know

**III. KNOWLEDGE IN SAVINGS AND BORROWING**

- 13. Which account usually pays the most interest?**
- A. Fixed Deposit Account
  - B. Savings Account
  - C. Current Account
  - D. Do not know
- 14. Suppose you had GHS100.00 in a savings account and the interest rate was 10 per cent per year. After 1 year, how much do you think you would have in your account?**
- A. More than a GHS110.00
  - B. Exactly GHS110.00
  - C. Less than a GHS110.00
  - D. The same as your savings of GHS100.00
  - E. Do not know
- 15. If you guarantee a loan for a friend, then**
- A. You become responsible for the loan if your friend defaults
  - B. It means that your friend receives the loan by himself
  - C. You are entitled to receive part of the loan
  - D. Do not know
- 16. The MOST important factor that a lender uses when deciding whether to approve a loan**
- A. Marital Status
  - B. Education and Occupation
  - C. Bill-paying record and income
  - D. Age and gender
  - E. Other
- (please specify).....

**17. An overdraft occurs when**

- A. You received money into your account
- B. When a customer is allowed to withdraw more than his current balance
- C. Borrowing large amount of money from a friend
- D. Do not know

**IV. KNOWLEDGE IN RETIREMENT PLANNING**

**18. How much have you thought about retirement?**

- A. A lot
- B. some
- C. little
- D. hardly at all

**19. Out of the total contribution of eighteen and a half per centum deducted as pension, what percentage goes to the second tier mandatory occupational pension scheme?**

- A. 3%
- B. 4.5%
- C. 5%
- D. 5.5%
- E. Do not know

**20. Out of the total pension contribution of eighteen and a half per centum, what is the portion coming from the employee?**

- A. 3%
- B. 4.5%
- C. 5%
- D. 5.5%
- E. Do not know

**V. PERSONAL FINANCIAL MANAGEMENT PRACTICES Tick as appropriate using ×**

Practice	Never	Rarely	Often	Very Often	Always
<b>21.</b> I regularly set aside money each month for savings and future needs.					
<b>22.</b> I compare prices when shopping for major expenses					
<b>23.</b> I use a spending plan or budget					
<b>24.</b> I always keep track of my expenditure and income					

VI. KNOWLEDGE IN INSURANCE

**25. Health insurance provides**

- A. Insurance against illness or bodily injury
- B. Insurance coverage for medicine and visits to the doctor
- C. Insurance for hospital stays and other medical expenses
- D. All of the above

**26. Life assurance products include the following except**

- A. Children welfare plan
- B. Funeral plan
- C. Retirement insurance plan
- D. Theft insurance plan
- E. Do not know

**27. A home made of wood will be more expensive to insure than a comparable brick structure**

- A. True
- B. False
- C. Do not know

VII. KNOWLEDGE IN INVESTMENT

**28. Investment refers to**

- A. Purchase of financial asset
- B. Borrowing of money
- C. Saving money under your bed
- D. Buying a set of living room chairs

**29. If you invest GHS1, 000.00 at 20% for a year, your balance in a year will be**

- A. Higher if the interest is compounded daily rather than monthly
- B. Higher if the interest rate is compounded quarterly rather than weekly
- C. Higher if the interest rate is compounded yearly rather than quarterly
- D. GHS1, 200.00 no matter how the interest is computed
- E. Do not know

**30. Which of these is short term investment?**

- A. Shares
- B. Treasury bill
- C. Bonds
- D. Mortgage
- E. Do not know

VIII. EXPOSURE TO FINANCIAL AND MONETARY ISSUES

**31. which of the ten regions of Ghana have you lived most of your life?**

.....

**32. What kind of financial accounts do you have? (Check all that apply)**

Savings ☐ current account ☐ fixed deposit ☐ mutual fund ☐ stock ☐ bond ☐  
other(s) (specify): .....

**33. How often do you check your SSNIT contribution from the SSNIT office?**

- A. Once a year
- B. Every two years
- C. Never

**34. DO you have any form of insurance policy other than motor?**

- A. Yes
- B. No

**35. If yes to question 34 which type? .....**

**36. Where do you like to learn/increase your financial knowledge? (Check all that apply)** Parents ☐ Friends ☐ Books ☐ Media ☐ Job ☐ Life experience ☐  
Financial Institutions ☐ Other(s): .....

IX. PERSONAL FINANCE OPINION

Tick as appropriate using ×. Using the scale given below, please rate the importance of items to you

Strongly disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, strongly agree = 5

<b>37.</b>	I am able to maintain adequate financial record	1	2	3	4	5
<b>38.</b>	I am able to plan and implement regular savings	1	2	3	4	5
<b>39.</b>	I am uncertain about where my money is spent	1	2	3	4	5

**40. How will you spend if you receive an insurance claim of GHS10, 000.00?**

- A. I will use it to buy a car
- B. I will invest it
- C. I will use it on my children's education
- D. I will use it on a building project

X. FINANCIAL MANAGEMENT CHALLENGES

**41. What percentage of your income do you save?**

- A. 5%
- B. 10%
- C. 15%
- D. 20%

**42. A greater portion of my income is spent on:**

- A. Food
- B. Clothing
- C. Transport
- D. Books

***THANK YOU VERY MUCH FOR PARTICIPATING IN THIS SURVEY.***

### **Appendix III: Response from Ghana Education Service**