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Effects of Financial Literacy on Saving Behaviour of Small Scale Enterprises in Dessie,Ethiopia

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Abstract
This study dealt with the effect of financial literacy on saving behavior in Dessie city administration, Ethiopia and specifically focused on examining the main determinant factors of financial literacy and the level of financial literacy of small scale workers. Primary data collected using a questionnaire in both open and close ended forms. Secondary data obtained from the main office recording, published financial literacy reports concerning on saving behavior and other available documents and journals in the online.897 employees who are working in Dessie City Administration have been used as population size. From this population, 277 employees were taken as a sample and stratified random sampling was employed. Both explanatory and descriptive research design were engaged. Data analysis was made by using SPSS to obtain both inferential and descriptive statistics. The results of the study were presented in regression, tables, graphs and charts. The finding of the study shows that the most influential determinants of financial literacy are socio-demographic factors such as, Education, Age, Income and employment status. However,education, income and financial literacy has significantly affect saving. Although, Education has an adverse effect on saving behaviour.
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1. Introduction

Now days, Financial literacy is a key and has significant impact in economic and financial conditions and allow the people in explaining various economic and financial behavior. Number of definitions has been used to clarify financial literacy. Among them, Lusardi and Mitchell (2014), defined financial literacy as individuals capability to use economic information and make well-informed financial decision about financial planning, retirement,wealth accumulation and debt. Financial knowledge is very essential to all nations across the globe particularly to those groups who survives under unstable economy. Currently, financial literacy is one of a key agenda both for developed and developing countries. Numbers of people are vulnerable to risk due to lack of financial literacy. For such difficulty, countries in the globe established different mechanisms to eradicate the challenges with financial literacy. Financial literacy is one of the pillars of financial well-being of the society, both at micro and macro levels.

Financial knowledge is too essential when huge financial products are avail to a wide range of populace. From the empirical evidences financial knowledge /skill/ has same significance for the people especially for the bussines area. Financially confidence investors are more likely to minimize risk by dispersing funds across several ventures Abreu and Mendes (2010). Individuals with high level of financial literacy can run the business easily and manage the resources effectively. Some governments have introduced financial education into primary and secondary school curriculum to enhance financial literacy. Variety of studies has been conducted about financial education. According to (Cole and Shastry 2010;Campbell, 2006), they declared that financial education has a fundamental consequence on financial decision and financial market participation. Supporting study was conducted by Cole and Shastry (2010), suggested that well educated household easily diversify their case effectively.

Saving is the remaining amount by scarifying current consumption for future benefit. Saving is about income rather than spending some extent for personal uses like, purchasing goods and services Manyama (2007). It is considered as an essential catalyst for capital formation and economic growth. It is a major financial instrument that pushes a business towards triumph. Saving is a favorable mechanism in capital formation, investment and growth of a country (Nga, 2007; Nwachukwu and P. Odigie, 2009). Attaining steady economic growth and development are the main goals of developing countries. Countries have been setup different technical measures and strategies to achieve it. Boosting savings is critically imperative to small business development for several reasons. From the study of Robinson et al.(2013), saving can serve in accumulating adequate capital just to beat credit constraints and resist temporary incidents which are commonly faced by micro- and small enterprises and saving is one mechanism in providing of safer alternatives for accumulating wealth. Saving can offer aid in case of unexpected situations. High saving encourages growth and development through investment Singh (2010). It is also the most beneficial for every person but lots of factors avail such as

financial knowledge aspects like inflation, interest rate, and credit etc.

Various studies have been conducted to examine the relationship and effects of financial literacy on saving. Most of them revealed that financial literacy has positive effect on saving habit (Lusardi, 2008).In Ethiopia only few studies have been conducted. Forenstance, financial literacy and investment behavior of salaried individuals in wolaita sodao, Ethiopia studied by Million and Durga (2018). Girma et al., (2013), conducted study attempts to identify major micro level determinants of household savings in rural areas Ethiopia Oromia region, the study conducted by Ageba and Amha (2006), Micro and Small Enterprises (MSE) Development in Ethiopia and Effect of Financial Literacy on Financial Performance of Medium Scale Enterprise in Hawassa City Ethiopia is conducted by Jemal (2019). Hence, this study sought to fill this gap by exploring the effects of financial literacy on saving behavior of small scale enterprises workers specifically to; examine the main determinant factors of financial literacy and the level of financial literacy of employees in Dessie city administration.

2. Empirical study

Several studies have been conducted on determinants of financial literacy by distinct scholars. Some studies have shown relations and influences of socioeconomic and demographic variables on the individuals' financial literacy levels. Demographic variables are gender, age, marital status & education and socio economic factors are occupation and income. Studies show that men have well enough financial literacy as compared with women. The study from Lusardi et al., (2010), suggested that men performed better than women in very essential as well as sophisticated financial literacy queries. High level of financial literacy found at the higher age of individuals. Many researchers suggested that financial literacy tends to be higher among adults in the middle of their life cycle. Lusardi and Mitchell (2011) showed that individuals aged between 25 and 65 answers more questions about financial literacy 5% than those under 25 or over 65 years. In addition, Scheresberg (2013), found that individuals those aged between 25-34 years have used loans with high costs.

Marital status also correlated with the financial literacy level. According to Research (2003) and Brown and Graf (2013), never married individuals (singles) shown low level of financial literacy as compared with married individuals. Another vital chellenges of financial literacy to be income of individual.at all income level higher level of financial literacy might be avail. The study employed by Atkinson And Messy (2012)Atkinson And Messy (2012), found that low income levels results lower financial literacy levels. financial knowledge is an essential skill for self employment. Individuals with occupation has more knowledge of finance than out of occupation. Elisabeth et al.,2022) found positive relationship between financial literacy and self-employment from the sample of 15,069 participants in the 2015 and 2018 in USA. Individuals with higher education levels have greater financial literacy and greater access to financial information. In such perspective, studies have been conducted on those who completed university are more likely to be financially literate than those with low level of education Lusardi and Mitchell (2006). According to Mandell (2008), found that the financial literacy of individuals is directly related to educational status of their parents. For these reasons, parental education would be the most important sources of children's literacy.

Ethiopia is one of the most populated countries in Africa, greatly gifted with human and material resources. This material and human resources serve as a base for sustainable economic growth and development. Those mentioned resources should be supported by financial knowledge to attain the successful development. A managerial financial skill is necessary in ongoing economy to safeguard the capital against the loss. In Ethiopia, savings is an incredible financial tool; principally for small-business those have limited access to credit. However, small scale enterprise workers often unable to save, even they have some surplus and the desire to save because of financial knowledge gap. Financial literacy has a huge contribution to savings. High level of financial literacy leads to high level of saving. The saving intensity in Ethiopia particularly in small business areas is getting low due to less financial knowledge and few is known empirically about its patterns and determinants.

3. Material and Method

There were five sectors for such small scale enterprises in Dessie City. Namely, Manufacturing, construction, service, urban & agriculture and business sector. Total number of workers currently registered in small scale enterprise office was 897.

3.1 Sample size and sampling technique

The researcher used Yamane (1967) formula to reach at the correct sample size from those diverse sectors.

$$n = \frac{N}{1+N(e)^2}$$

Where; - n is sample scale, N is population study and "e" is margin of error (0.05).so, sample size

$$n = \frac{897}{1+897(0.05)^2} = \frac{897}{1+897(0.0025)} = \frac{897}{3.2425} = 276.67 \sim 277$$

3.2 Method of data analysis

The data has been analyzed using descriptive and inferential statistics. Descriptive statistics discussion was made by using tables, map and percentages. Whereas, inferential statistics employed by binary logistic and multiple regression analysis.

4. Result and Discussion.

4.1 Determinants of financial literacy

This paper employed two models.Binary logistic and multiple regression models for financial literacy ans saving respectively. Binary logistic regression compatible with financial literacy since it is not continuous variable, limited the value between 1 and 2(literate and illiterate).

Model 1

$Y= \alpha + \beta 1\ (Gen) + \beta 2\ (Edu) + \beta 3\ (Ag) + \beta 4\ (Mst) + \beta 5\ (Inc) + \beta 6\ (Empts) + e.$

Where;

Y -Dependent variable (Financial literacy) =Flt

α = the constant term or Y-intercept.

$\beta 1$, $\beta 2$, $\beta 3$, $\beta 4$, $\beta 5$, and $\beta 6$ = coefficients to be determined and e = the error term.

Independent variables ;

Gender = Gen, education = Edu, age = Ag, marital status. = Mst, income = Inc and employment status =EMPS

Hence, after rejecting insignificant variables we can drive binary logistic regression analysis equation from the column B as follows.

FL=-8.25+0.6EDU+0.4AG+0.3INC+3.1EMPST.

Table 2.1 Showing regression coefficients.

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	GEN	.229	.301	.577	1	.447	1.257
	EDU	.562	.146	14.792	1	.000	1.754
	AG	.404	.217	3.481	1	.062	1.498
	MAST	.224	.169	1.748	1	.186	1.251
	INC	.338	.168	4.033	1	.045	1.402
	EMPST	3.110	.782	15.801	1	.000	22.423
	Constant	-8.250	1.382	35.650	1	.000	.000

a. Variable(s) entered on step 1: GEN, EDU, AG, MAST, INC, and EMPST.

Sources,Survey data 2021

- **Education is statistically significant at 1%.**
- **Age is statistically significant at 10%.**
- **Income statistically significant at 5%.**
- **Employment status statistically significant at 1%.**

Based on the result from above binary logistic regression equation, Education is statistically significant at 1%.if the educational level of individual increase by 1, the probablity of the small scale enterprise worker being financial literacy increased by a factor 0.6. when individuals got an access to upgrade their educational levels, they start thinking about how to get the money and how to expend.this situations acknowledge them with financial literacy. Education also helps individuals bring about their finances efficiently. It provides them with the understanding of how to manage their gains, debts, retirement plan and future saving.According to this study, education has a positive impact on financial litarcy of individual. So that, this result similar with the research employed by Lusardi and Mitchell (2006), those who completed university are more likely to be financially literate than those with low level of education

Age is statistically significant at 10%.if the age of individual increase by 1 ,the probablity of small scale enterprise worker being financial literacy increased by a factor 0.4. the struggle with managing money highly increases at older age because the need to have the money get increase in order to save for retirements and challenging the future uncertainities. they have got financial skill Since they pass through with voluminous financial situations.one main reason for the increment of financial literacy with age is financial independency.when individual's age increase the need for financial independece also increase.financial literacy is essential for adults and elders. Financial literacy influenced by age Since financial literacy increase when age grows upward. Hence, the higher the age of individual,the higher level of financial literacy. This resut in line with the research conducted by Lusardi and Mitchell (2011) .

Income statistically significant at 5%. if the income of individual increase by 1,the probablity of small scale enterprise worker being financial literacy increased by a factor 0.3.it is impossible to say there is no financial knowledge when income getting high. several activities such as financial activities relating to assets,debt,equity

stock and dividend available behind higher income and practicing those activities shift the financial literacy upward. When individuals employed those financial activities in the business to rise income, similarly their financail literacy uplifts because they passed through many financial occurences,calculations,deductions and additions. the household with higher income having better financial literacy than families with lesser income. Those having higher income have better access to hire financial experts for their families let to teach them about financial literacy.this results financial literacy increases when the amount of income rises. According to Atkinson and Messy Atkinson And Messy (2012), lower levels results lower financial literacy levels. Thus, the result deal with with the research conducted by them.

Employment status statistically significant at 1%. if the employment status of individual increase by 1, the probablity of small scale enterprise worker being financial literacy increased by a factor 3.1. employed individuals have advanced financial literacy for the reason that they create plans relating to finance and provide mechanisms for managing such plans. Financial literacy of employed individuals being enhanced when trying to know about finance how to track their spending at the end of the month . financial skill of those on job better than off job.therefore,this result consistent with the study employed by Elisabeth et al., (2022).they concluded positive relationship between financial literacy and self-employment from the sample of 15,069 participants in the 2015 and 2018 in USA.

4.2 Measuring financial literacy

Level of financial literacy of respondents was assessed by their attitude towards financial skills and knowledge. To measure the financial knowledge objective test approach is applied.to get brief, all the question had been interpret and explained with the local language. According to Klapper et al. (2011), they used objective measure test to assess financial literacy in Russia and Sweden respectively by asking respondents about inflation rate, compound interest and risk diversification. Financial knowledge was collected by using objective measure test to simple financial literacy questions like, interest rate, bond, stock, liquidity and maturity value whilst for level of financial literacy collected by using likert - scale question.

4.2.1 Financial skill

Table below presented age groups and their controlling of financial conditions. as it observed from table 3.3.1 the highest number of frequency 125 (45.8%) lie within the age group of 36-50 years old.81 (29.7%) were agreed in controlling their financial situation while 44 (16.1%) disagreed. From the second highest number respondents that fall within the age 21-35 years old of 102 (37.4%), 53(19.4%) were normally agreed at controlling their financial conditions whilst 49(17.5%) extremely disagreed. From age groups below 20 and above 51 years old, 17(6.2%) were disagreed, 20(7.3) agreed and only 7(2.6%) were agreed in controlling their financial situations respectively.

Age groups and their controlling of their financial situation

		I control my financial situation.						
		Agree	Strongly agree	Neutral	Disagree	Strongly disagree	Total	Percentage
Age	Below 20	3	17	1	17		38	13.9 %
	21-35	23	30		49		102	37.4 %
	36-50	38	43		44		125	45.8 %
	Above 51			1	7		8	2.9 %
Total		64	90	2	117		273	100 %
Percentage		23.4 %	33 %	0.7 %	42.9 %		100%	

Source: Research data, 2021.

As it can be seen from table below, the maximum frequency 128(46.9%) placed under income level of 2501-3500.from this, 47(17.2%) were disagreed and 19(7%) strongly disagreed while 39(1.3%) and 23(8.4%) are strongly agree and agree respectively. The second maximum frequency of respondents 118(43.2%) those earned 3500 and above. Among them 32(11.7%) were disagreed and only 6(2.2%) were strongly disagree whilst 61(22.3%) and 19(7%) were strongly agree and agree in maintaining their financial recording. In the other side, the minimum frequency of respondents were 16(5.9%) and 11(4%) dropped under income level of below 1500 and 1501-2500.from 16 respondents 13(4.8%) were disagree, 1(0.003%) and 2(0.007%) were strongly agree. In summary, respondents whose income level above 3500 are well in maintain financial records.

Income levels and their maintaining of adequate financial records

		I maintain adequate financial records.						
		Agree	Strongly agree	Neutral	Disagree	Strongly disagree	Total	Percentage
Income	Below 1500	1	2		13		16	5.9
	1501-2500	7			2	2	11	4
	2501-3500	23	39		47	19	128	46.9
	Above 3500	19	61		32	6	118	43.2
Total		50	102		94	27	273	100
Percentage		18.3	37.4		34.4	9.9	100%	

Source: Research data, 2021.

Table here under shown educational level group of respondents about their capability of making financial or saving decision. As the table below presented the maximum count of respondents 125(45.8%) and 105(38.5%) for vocational and undergraduate educational level. From 125 respondents, 35(12.8%), 60(22%), 21(7.7%) and 93.3%) were agree, strongly agree disagree and strongly disagree respectively. Of 105 counts, 14(5.1%), 27(9.9%), 1(0.4%), 30(11%), and 33(12.1%) were agree, strongly agree disagree and strongly disagree respectively. The minimum count of respondents grouped under certificate and diploma that is 14(5.1%) and 29(10.6%) respectively. Out of 14 respondents 13(4.8%) disagree and 1(0.4%) were strongly disagree while from 29 respondents, 16(5.9%), 3(1.1%) and 10(3.7%) were agree, disagree and strongly disagree respectively about their ability of making financial or saving decision.

Educational level and their capability of financial or making decision.

		I have capability of making financial or saving decisions						
		Agree	Strongly agree	Neutral	Disagree	Strongly disagree	Total	Percentage
Education	Certificate				13	1	14	5.1
	Vocational	35	60		21	9	125	45.8
	Diploma	16			3	10	29	10.6
	Under graduate	14	27	1	30	33	105	38.5
Total		65	87	1	67	53	273	100
Percentage		23.8	31.9	0.4	24.5	19.4	100	

Source: Research data, 2021.

4.2.2 Financial Knowledge

The questions that been asked about focusing on interest rate, bond, stock, liquidity and maturity value. As it can be observed from the table below, highest number of respondents 145(53.1%) were correctly answered the questions of interest rate. whereas 38(13%) put their answer for birr 70, 63((23.1%) for birr 65, 27(9.9%) for birr 100.in sum, 128 respondents weren't exactly answered.

response rate on financial terms of interest rate

Find Interest on Br. 5, 000 at 10% for 45 days.

Answer	Frequency	Percent	Valid Percent
70	38	13.9	13.9
65	63	23.1	23.1
62.5	145	53.1	53.1
100	27	9.9	9.9
Total	273	100.0	100.0

Source: Research data, 2021.

The following table presented response rate of respondents about possibility of bond price. As it can be seen from table above here, 152 (55.7%) of respondents put exact answer whilst 44(16.1%) put their answer for decrease and 77(28.2%) for neither increase nor decrease. they were mistaken. Out of total respondents, 121(44.3%) of them not provide the right answer.

Response rate on financial terms of bond price
If the interest rate decreases, what will be the bond price?

		Frequency	Percent	Valid Percent
Valid	Increase	152	55.7	55.7
	Decrease	44	16.1	16.1
	Neither increase nor decrease	77	28.2	28.2
	Total	273	100.0	100.0

Source: Research data, 2021

As shown from the table below, maximum counts of respondents 165(60.4%) were mistaken whereas 108(39.6%) were provide exact answers.

Response rate on financial terms of stocks and bonds
Stocks are more risky than the bonds.

Answers	Frequency	Percent	Valid Percent
True	108	39.6	39.6
False	165	60.4	60.4
Total	273	100.0	100.0

Source: Research data, 2021

The highest frequency of respondents 119(43.6%) were offered right answers by ticking land whereas 50(18.3%) tick for A/R, 78(28.6%) for marketable securities and 26(9.5%) were tick for inventories. From the total respondents 154(56.4%) were mistaken.

Respondents' response rate on liquidity
Among the following one can't easily be converted in to cash.

Answers	Frequency	Percent	Valid Percent
Land	119	43.6	43.6
A/R	50	18.3	18.3
Marketable securities	78	28.6	28.6
Inventories	26	9.5	9.5
Total	273	100.0	100.0

Source: Research data, 2021

4.3 Financial literacy and saving

Financial literacy incorporates a financial knowhow about how to made financial decisions and saving. Those have more savings have higher financial literacy than those who do not have savings more . Based on the empirical result financial literacy has a significant positive effect on saving behavior. The following table also shows the saving status of financially literate and illiterate individuals.

Table 4.1 Financial literacy status and amount of money saved

variable	measurment	frequency	Tot percentage	Amount saved
Finacial literacy	Literate		56	Below 10%
				11-20%
		55		21-30%
		98		Above 31%
	illiterate	110	44	Below 10%
		6		11-20%
				21-30%
		4		Above 31%

Out of 120 respondents (illiterate), 110(40.3%) of them are saved below 10%, 6(2.2%) saved 11-20% and 4(1.5%) are saved above 31% whilst from 153 respondents 98(35.9%) of them are saved above 31% and 55(20.1%) saved 21-30%. This result shows Financial literacy has remarkable impact on saving behavior.

5. Econometrics analysis

5.1 Regression Analysis

Model 2

$$Y= \beta 0 + \beta 1X1+ \beta 2X2+ \beta 3X3 + \beta 4X4 + \beta 5X5 + \beta 6X6 + \beta 7X7+ e.$$

Where,

Y…Independent variable (saving behavior) =SVG

β0= the constant term or Y-intercept.

β1, β2, β3, β4, β5, and β6 = coefficients to be determined.
e = the error term.
Independent variables ;
X1 represents gender (male or female) = GDR
X2 represents education index = EDU
X3 represents age index = AG
X4 represents marital status. = MRST
X5 represents income = INC
X6 represents the employment status =EMPST
X7 represents the financial literacy = FL

5.2 Model summary

Table 4.16 below provides R and R^2.The value of "R" 0.930 which represents the simple Correlation between the variables. This figure indicates a higher degree of correlation. The "R^2" value 0.864 value shows how much of the dependent variable (saving behavior) can be explained by the independent variables. Hence, 0.864 of saving behavior is explained by those independent variables namely, gender, education, age, marital status, income, employment status and financial literacy or the independent variables explain 86.4% of the dependent variable (saving behavior).

Table 5.2 showing model summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.930[a]	.864	.861	.510	.864	241.134	7	265	.000

a. Predictors: (Constant), Financial literacy, Gender, Marital Status, Employment status, Education, Age, Income
Source: Research data, 2021.

5.3 ANOVA (Analysis of Variance)

Below shows that the regression model predicts how well the significance of the outcome variable. From the Regression row, Sig. column indicates the statistical significance of the regression model. Here, p less than 0.05, In this case, it indicates that the model applied can statistically significantly predict the outcome variable.

Table5.3 Showing the ANOVA[a]

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	439.245	7	62.749	241.134	.000[b]
	Residual	68.960	265	.260		
	Total	508.205	272			

a. Dependent Variable: Saving Behaviour
b. Predictors: (Constant), Financial literacy, Gender, Marital Status, Employment status, Education, Age, Income

The following table present results of the multiple linear regression about effects of financial literacy on saving behavior.

Table 5.4 Showing regression coefficients.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	.044	.134		.325	.745	-.220	.308
GEN	.022	.063	.008	.345	.731	-.102	.145
EDU	-.079	.037	-.058	-2.141	.033	-.152	-.006
AG	.064	.049	.035	1.311	.191	-.032	.160
MRST	-.051	.050	-.029	-1.015	.311	-.150	.048
INC	.108	.048	.063	2.269	.024	.014	.203
EMPST	-.033	.201	-.004	-.166	.868	-.428	.362
FLT	1.359	.039	.896	35.034	.000	1.282	1.435

a. Dependent Variable: Saving Behaviour

Source: Research data, 2021.

- **Education is statistically significant at 5%**
- **Income is statistically significant at 5%**
- **Financial literacy is statistically significant at 1%**

Y=0.044-0.079EDU+0.108INC+1.4FLT.if all the variables are taking constant at zero, the individual saving behavior will be 0.044. The result of each independent variable interpreted by taking the others at zero.

If the individuals' level of education increase by 1,the probablity of small scale enterprise worker saving decreased by a factor 0.079. Higher level of education does not matter to save higher amount.the result of this study shows individuals especially at vocational levels save more than those found at undergraduate levels to guarantee future impediments.this is because of small scale industries established with the aim of reducing unemployment. Most unemployed force are graduated from vocational school so that they have a chance to work in small sacle industries and more savings than the others.Hence,the higher the level of education,the lower the saving amount.

If the income of individual increase by 1,the probablity of small scale enterprise worker saving increased by a factor 0.108. It is obvious that affulent individuals save huge amount of money than non affulent.amonut of saving will rise with income.individuals with huge income have greater opportunity to save more amount. since people need to carry out the daily expenditure from the lower income, the chance to save more degraded while if it being from higher income, the probability to saving being higher. This result concur with the study conducted by Montalto and Hanna (2006)

If the individuals' financial literacy increase by a level, the probablity of small scale enterprise worker saving increase by a factor 1.49. finacilly literate workers do better at budgeting, expending and saving money.financially literate workers do save more due to their knowledge respective of retirement and future uncertainities. Thus,the higher the level of financial literacy,the higher the saving rate.this result supported the study employed by Lusardi and Mitchell (2007) and Hidajat (2015).

6. Conclusion

Education, Age, Income and employment status are significant factors of financial literacy. whereas,Income,Education and Financial litaracy are factors affect saving behaviours. As a result of low education, financial illiteracy was prevalent through the individuals who are working in small scale enterprises in Dessie City administration. Most of respondents have gotten formal education ranging from Certificate to University level but this cannot be the evidence to say no financial illiteracy. High level of education leads to high level of controlling finance while in this study lower level of education contribute a lot and has a positive effect while higher level of education has negative impact on saving because small scale industries hired certificate and vocational graduating students. Saving peaks at lower level of education and decreases at higher level of education. The higher the level of education, the lower the saving rate. Thus, education has an adverse impact on saving. Saving of an individual mainly depend on their income. High income is sources of high saving. Persons those having more income will save more to mitigate uncertainties.

As it can be seen from the finding, financially literate individuals save more amount but illiterate does not. Enormous number of respondents were mistaken in providing the answer for financial literacy's questions while less of them were providing the exact answers. This is because of financial illiteracy among the individuals.

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Table 1. Population and Sample size

Sector	Population size	Sample size
Manufacturing	**250**	**77**
Construction	**200**	**62**
Service	**180**	**55**
Urban & agriculture	**67**	**21**
Business	**200**	**62**
Total	**897**	**277**

Table 2.Respondents distribution rate

variable		measurment	frequencey	percentage	Chi-square
Gender	Male	Respondent gender	144	52.75	0.661
	female		129	47.25	
Educational level	Certificate	Respondent educational level	14	5.13	.000
	vocational		125	45.79	
	Diploma		29	29	
	Under graduate		105	38.46	
Age distribution	Below 20	Respondents age	38	13.92	.015
	21-35		102	37.36	
	36-50		125	45.79	
	Above 51		8	2.93	
Marital status	Single	Recently marital status	117	42.86	.003
	Married		127	46.52	
	Divorced		17	6.23	
	widowed		12	4.40	
Income distribution	Below 1500	Income per month	16	5.86	.000
	1501-2500		11	4.03	
	2501-3500		128	46.89	
	Above 3500		118	43.22	
Employment status	Seasonal	occupation	266	97.44	.161
	permanent		7	2.56	

Sources: Research data, 2021.