

**FINANCIAL LITERACY & SAVING BEHAVIOR OF WOMEN AND
ITS IMPLICATION ON ADULT EDUCATION IN WOREDA 12 OF
KOLFE SUBCITY**

BY: TSIGEREDA ASHENAFI

JUNE, 2014

ADDIS ABABA

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This is to certify that the thesis prepared by Tsigereda Ashenafi , entitled: Financial Literacy and Saving Behaviour of Women and Its Implication on Adult Education on Wereda 12 of Kolfe Sub city complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

BY: TSIGEREDA ASHENAFI

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ACRONYMS

| | |
|-------|--|
| ASIC | Australian Securities and Investments Commission |
| IRA | Individual Retirement Accounts |
| KIT | Key Informant Interview |
| OECD | The Organization for Economic Co-operation and Development |
| SPSS: | Statistical Package for Social Science |
| US | United States |

Abstract

This study aimed to assess the financial literacy and saving behavior of women living in woreda 12 of Kolfe Sub City. Descriptive survey design was employed to conduct the research. From the existing 11 institutions, only eight associations were considered having 107 female members taken inclusively. Both qualitative & Quantitative data collection method were employed to collect data & Quantitative data processed in SPSS v.20.00 statistical software. The findings of the study indicated that financial literacy and saving character are interrelated. Besides, the status of financial literacy in the study area was found as poor. As the determinant factors, Women marital status, respondents income level, the respondents attitude towards the effect of financial knowledge, home responsibility (burden at domestic activities), less opportunity to education, job and property, high level of debit and low income on the saving culture were indicated as the major factors affecting the saving behavior of Women in the study area. The study also indicated that the majority of women had a bank/credit account while in contrast, still significant number of women or their husband didn't open the bank/credit account yet. Finally, the study indicated that starting saving too late in life, disproportionate the current and future consumption and women and their children would not have an equal chance at becoming financially secure were the major consequences for women's lack of financial literacy.

Key words: financial literacy, saving behavior, adult literacy

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Financial literacy is a combination of awareness, knowledge, skill, attitude and behaviors of individuals necessary to make sound financial decisions and ultimately achieve individuals' financial wellbeing. Working with the definition, it appears that individuals' traits such as cognitive ability (particularly numeracy), personality type, and preferences may affect acquisition of financial knowledge and skills.

This shows that the importance of financial literacy extends from level of individual to the nation, via the household. Numerous academic studies have discovered the importance of financial literacy for various aspects of household's wellbeing and economic stability. Current economic conditions are becoming serious concerns not only at national but also at international level. Accordingly, financial security is nowadays requesting attentions, especially to save those who lack the skills to withstand financial downswings. On the other hand, individuals are taking risks for making financial decisions. Since making decisions goes with making choices among the possible alternatives in investing the financial resources, every decision has its own advantages and disadvantages.

As financial choices are becoming more complex that are creating financial crisis in the market, they are gradually requesting complex and dynamic measurement and management tools of financial resources. The problem of financial literacy is not the phenomena that might be bounded within developing nations like Ethiopia. Recent evidence shows that large segments of the US population have problem of low levels of financial literacy. In one way or other local and global crises in economy is largely (if not entirely) related with the inability to predict the effects of every economic transactions. This in turn implies shortage of literacy on the part of the practitioners (OECD, 2005).

Hence, particularly women who are proved to have higher return in most social and economic transactions should have to be equipped with deep financial literacy. Good savings culture and investment practices need to be more visible on the part of women. This culture and practices could be transformed by encouraging women by teaching and capacitating them.

This is partly because, women face challenges and barriers that make it difficult for them to be financially prepared for their present and future life. In today's society women are believed to be living longer than males. Researches made indicated that on average women live five years longer than men of their counter parts. Hence, they need to be more educated on how to produce, save and use finance. Conversely, the existing reality tells us that women on an average are getting (earning) less money than men (Lusardi, A. 2009).

This means assessing the depth and width of the finance literacy and saving culture of women and its lively effect on adult education in the study area found to be important, in order to help women in particular and the site in general. Therefore, this study aimed at investigating financial literacy and saving culture of women in wereda 12 of Kolfe subcity, Addis Ababa.

1.2 Statement of the Problem

The existing reality indicates that women are towards the side of disadvantageous groups as far as financial resources' possession right is concerned. Historically, women have had limited legal rights in the financial world in terms of owning land, having access to credit independent of their husbands, and even having equal opportunity to join the workforce. Currently, however, some progress has been made by women in Ethiopia, as they are just as likely as men to obtain credit, have equal opportunity to join the workforce and own farmland. Additionally, women are holding jobs with greater areas of responsibility, including management, professional, and related jobs.

While women's recent gains such as reaching higher levels of education and professional achievement, can be viewed as surmounting a discriminatory financial barrier, the plethora of available credit products require at a minimum a basic understanding of finance, and more likely a financial savvy and sophistication to see through emotionally charged marketing techniques and predatory lending practices (Aitchison,1999).

However, rough investigation of unionized women in the study area and personal experience shows the contrary. Though some unions are well capable in carrying out their business well, save and invest in order to advance their business, others are not able even to pay all the debts they owe financial institutions. Women in Addis Ababa show signs of lack of financial literacy as some of them even after being in the business of their choice for a long time are not able to advance in their business, still lack financial resources for further investment and live on debts borrowed from financial institutions.

Besides, poverty reduction in any nation is unthinkable without the proper economic empowerment of women in all walks of life. To this end, the Ethiopian government through one of its poverty reduction & alleviation schemes is trying to establish women associations and provide training so that they participate in a business of their choice. Women of all walks of life are being organized into unions to enable them engage in various sorts of business so that they support themselves and their families. These women can benefit from the fruits of their labor only if they have good financial knowledge and especially good saving behavior. To this end, women forming these unions so that they escape poverty and benefits from the economic growth of a nation should have financial literacy trainings either in schools or through non-formal training mechanisms.

To minimize the problem, Ethiopia has created new opportunities and positive discriminations for women to get involved and be competent enough in all walks of life. However, despite these effects from the government of Ethiopia side, still many women are suffering from constraints related to low economic power.

The practical evidence, as observed by the researcher, in the study area showed that too many women are still under the problem of poverty. Majority of these women are poor not because they do not work but because they are not efficient and effective even after

they received some loans and put into business practices. Hence, the study focused on systematic assessment of the effect of financial literacy on saving behavior of women in wereda 12 of Kolfe Sub city.

1.3 Objective of the Study

1.3.1 General objective of the Study

The main objective of this research was to assess the financial literacy and saving behavior of women living in woreda 12 of Kolfe Sub City.

1.3.2 Specific objectives of the Study

The specific objectives of this research are:

- ❖ To explore the determinant factors behind the saving behavior of women in the study area.
- ❖ To examine the effect of financial literacy on the saving behavior of Women in Woreda 12 of Kolfe Sub City
- ❖ To assess the relationship between financial literacy and saving behavior of women in the study area
- ❖ To recommend alternative solutions based on the findings of the study

Research Questions

1. What factors, beyond literacy, affect the saving behavior of Women in the selected Woreda of Kolfe Sub City?
2. What does the financial literacy and saving habit in the study area look like?
3. What is the effect of financial literacy on saving behavior of women in the study area?

1.4 Significance of the study

Carrying out such study in- depth produces empirical research that would be obviously used for policy, academic and applied (practical) purposes. Some of these are:

1.4.1 Policy Significance

The output of this research can contribute to policy makers by creating awareness at the grass root level about the current status of women's financial literacy and their saving behavior. This is due to the fact that associated problems at local level will have direct or indirect influence on the national policy makers, development practitioners and planners. It is anticipated that, the results obtained would add to the wealth of information currently available on the determinants of saving habits in Ethiopian women in general. Besides, it will be one of the inputs at least the two directly related ministries (Finance and Education) to see the real exercise of their policies at local level and hence to take lessons as a recommendation and to make execute the full and potential decision of the strategies in to practice and to have strong interrelation ship with and critically revise the structural link among the stallholders in the decision making process.

1.4.2 Academic Significance

First of all, as the principle of any scientific research state, the title of research should be new, valid and reliable, this study will actually benefit the academicians as the problem under study is contemporary issue where both the government and academic institutions (including Addis Ababa University) have their own stake.

Furthermore, the findings of the study are expected to initiate other academics to find practical solutions to the low level saving behavior of women in the study area. At last, the findings of the study are expected to contribute toward bridging the existing literature gap on understanding the two way relation between literacy and saving behavior.

1.5. Scope of the Study

Conducting the study in the entire city i.e. Addis Ababa would have given a better picture of the situation of women in terms of their level of financial literacy and saving behavior. However, due to time, financial and other resource constraints conducting the study at such a wider scale was difficult, if not impossible. Therefore, the study was delimited to only woreda 12 of Kolfe sub city. Moreover, the major variables that were considered in the study as factors that affect saving behavior were financial literacy and its effect on the saving behavior of women in the study area. The time frame included in the study of this investigation ranges from December, 2013 to May, 2014.

1.6. Limitation of the Study

As the study was restricted in a single woreda, the conclusions and recommendations might have weakness to have application in other woredas of Addis Ababa. Besides, this study particularized mainly on the adults' financial literacy and its effect on saving behavior.

1.7 Operational Definition of Key Terms

Finance: To raise money through the issuance and sale of debt and/or equity A branch of economics concerned with resource allocation as well as resource management, acquisition and investment. Simply, finance deals with matters related to money and the markets.

Literate: includes a person who can read and write, knowledgeable and educated in one or several fields.

Financial literacy: is the ability to understand finance. More specifically, it refers to the set of skills and knowledge that allows an individual to make informed and effective decisions through their understanding of finances. It refers to a person's ability to understand and make use of financial concepts.

Saving: the amount of money that is left over after personal expenses have been met can be positive when the meaning of saving from the operational sense here is concerned.

Saving Behavior: The ability and practice of putting aside the excess of the money or resources of the profits or income one earns; being able to use resources wisely; becoming thrifty.

1.8. Organization of the Thesis

This study is organized in five main chapters. Chapter one is an introductory part dealing with the background information of the research problem, statement of the problem, objectives of the study, research questions, significance of the study, scope and limitation of the study. Chapter two consists of the related literature. Chapter three is about the methods and materials employed in this study while chapter four is the section in which the results of the survey are briefly presented using descriptive analysis. Lastly, chapter five provides a concluding remark of the study results and the possible suggested recommendations.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

Introduction

Financial understanding is important to all people, but especially to groups like women who are traditionally more economically oppressed and vulnerable due to existing and historical societal discrimination, but are nevertheless playing an increasing role as breadwinner in families. In many homes women are responsible as the family providers for generating income and managing family finances. At the same time that women are increasingly the primary breadwinner in the family, they also often have primary responsibility for the care of children. However, women earn less than men; women have less lifetime earnings and retirement savings. It is clear that despite the financial recent gains made by women and their increasingly significant financial role, there is still a great deal of economic gender inequity. While women's financial responsibility is increasing, there is evidence that their financial literacy is not keeping pace.

Historically, women had limited legal rights in the financial spectrum in terms of owning land, having access to credit independent of their husbands, and even having equal opportunity to join the workforce. Currently, however, some progress has been made by women in Ethiopia, as they are just as likely as men to obtain credit, have equal opportunity to join the workforce and own farmland. Additionally, women are holding jobs with greater areas of responsibility, including management, professional, and related jobs. While women's recent gains such as reaching higher levels of education and professional achievement, can be viewed as surmounting a discriminatory financial barrier, the plethora of available credit products require at a minimum a basic understanding of finance, and more likely a financial savvy and sophistication to see through emotionally charged marketing techniques and predatory lending practices.

In examining individual financial understanding, in some surveys conducted in the western world, women have been found to be less financially literate than men even at the college level (Mandell Lewis, 2007). As adults, this status seems to continue with women engaging in less financially literate behavior. So while women have been legislated equal rights to the financial world, numerous studies indicate that women do not have equal financial knowledge. Women are more likely to live below the poverty line than men mainly due to a lack of women's financial understanding.

Research has demonstrated a link between financial knowledge and responsible financial behavior (Hilgert, Hogarth, & Beverly, 2003). What women may be lacking is a firm financial education that will give them the tools and the savvy to continue to build the wealth they need to adequately support themselves, their families, and their communities.

Consumers face increasingly complex financial decisions. While most households invest in a relatively narrow set of instruments, even day to day transactions involve complicated trade-offs. Poor financial decisions may be costly, even disastrous for households. For example, studies suggest that 12% of U.S. households will have insufficient wealth to finance retirement consumption above the poverty line and another 9% will be close to poverty (Smith, Love and McNair 2007). Woodward (2008) presents evidence that many consumers have trouble making sound financial decisions. Many households also carry large amounts of high-cost debt; in fact, nearly 50% of households carry outstanding credit card balances, with an average of \$7,300 (Bucks, Kennickell, Mach and Moore 2009). Financially illiterate households tend not to plan for retirement, borrow at high interest rates and acquire few assets

As a result, policy makers have touted the benefits of programs that increase financial literacy as a means to improving financial decision making.

Governments around the world are promoting financial education as a tool to improve financial decision-making. Even some governments have introduced financial education into primary and secondary school curriculum to promote financial literacy. Research has demonstrated that education has a causal effect on financial market participation and

sound financial decisions (Cole and Shastri 2010). Campbell (2006), for example, notes that educated households in Sweden diversify their portfolios more efficiently. However, the simple relationship between financial decisions and education levels omits many other important factors, such as ability or family background that likely influence the decisions. Years of schooling increases the probability that an individual reports earning any asset income by 7-8%, holding other factors constant.

It is obvious that increased financial awareness would be beneficial. However, most economic models assume that individuals have a basic level of financial literacy, understand financial markets, and know the risk-return characteristics of all assets. The influence of financial education on retirement goals and the impact of enhanced financial education on the likelihood of achieving the necessary savings to reach these goals have gone virtually unexplored.

Financial literacy can mean that one is literate in the issues of managing money (including saving, budgeting, investing, credit, insurance, and taxes), and utilizes that knowledge to gain personal welfare through financial security. Research has shown that women do not have strong financial literacy (OECD, 2005; Lusardi & Mitchell, 2005; Mahdavi & Lewis, 2006), and studies have also shown that financial knowledge can have a positive impact on behavior (Hilgert et al., 2003).

At the same time women's financial responsibility is increasing, women's financial literacy is not keeping pace. Societal discrimination, a rapid evolution of women's role as employee and head of household, and a recent history of women's independence in the financial world have been a barrier to women's ability to make decisions to take care of themselves financially (Lusardi & Mitchell, 2005; OECD, 2005). Making responsible decisions that lead to financial security is at the crux of the definition of financial literacy. While government financial policy has historically been insufficient for protecting consumers in all cases, government can play a role in helping to protect consumers through working to improve financial literacy through targeted financial educational programs.

Better financial knowledge can lead to improved financial behavior. However, part of the examination of financial education for women needs to explore women's specific financial understanding needs in order to determine which topics should be explored in their financial education. Closer examination of the type of financial understanding women need in order to be financially literate could yield a better understanding of how to increase women's financial literacy, and ultimately give them the tools to make better financial decisions for themselves and their families.

2.1 Defining Financial Literacy

A range of definitions exists that differ mainly in scope, ranging from broad concepts to specific skill sets. Financial literacy is obviously a composite and has sometimes been regarded as synonymous with numeracy or mathematical ability.

For some, financial literacy is seen as comprising numeracy and literacy but more than the sum of these. Lusardi and Mitchell (2008) note the ability to make sound financial decisions – i.e. to *apply* literacy and numeracy in a financial context. Others find numeracy to be an important component of financial literacy (Coben, Dawes, & Lee, 2005) while Bateman et al. (2011) concludes that numeracy is a separate domain. The basis of the content of financial literacy is finance and economics applied to life needs, and an essential component of the definition seems to be the application of the understanding of finance and economics for one's welfare. Most definitions have similar components. They refer to the importance of having skill sets and knowledge needed to make informed decisions in a changing economic environment. Some definitions of financial literacy provided by different scholars include:

- 'Personal financial literacy is the ability to read, analyze, manage and communicate about the personal financial conditions that affect material wellbeing. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future and respond competently to life events that affect everyday financial decisions, including events in the general economy' (Vitt et al., 2000);

- ‘Financial literacy is a basic knowledge that people need in order to survive in a modern society’ (Kim, 2001);
- ‘Financial knowledge is defined as understanding of key financial terms and concepts needed to function daily in the society’ (Bowen, 2003);

Thus, financial literacy is a combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve financial wellbeing.

2.2 Importance of Financial Literacy

Financial literacy is an important requirement for functioning effectively in modern society with status in retirement income policies, work patterns and demography suggesting its importance can only increase in the years ahead. With respect to financial literacy the Australian Securities and Investments Commission (ASIC) note that “*knowing how to make sound money decisions is a core skill in today’s world, regardless of age. It affects quality of life, opportunities we can pursue, our sense of security and the overall economic health of our society*”. Similarly at its 2010 Toronto Summit, the G20 emphasized the important role of financial literacy and financial capability in supporting financial inclusion, thereby enhancing community wellbeing.

Financial literacy is broadly defined as *the ability to make informed judgments and to take effective decisions regarding the use and management of money*; this was largely evaluated through an assessment of people’s financial knowledge and numeracy. The concept of financial literacy has evolved somewhat so that it takes more account of people’s financial attitudes, behavior and experiences as well as their financial knowledge and numeracy.

Financial literacy is considered to be important because it helps people make choices, protects them from unexpected events, fraud and scams, and enables them to have a voice

as consumers and citizens. At an aggregate level, personal financial wellbeing contributes to the efficiency and prosperity of the national economy. However at the risk of labouring, financial literacy is not enough on its own. Financially educated consumers are an important first line of defence in well-functioning markets. At the same time, it is important to recognize that financial education is not a panacea, and that there remains a need for effective regulation that is responsive to market evolutions to ensure that consumers are protected against abusive and fraudulent practices by unscrupulous players (Braunstein, 2008).

Educational content falls into several categories. For our purposes, the most important category concerns topics related to the level of saving. Specific subjects include retirement income sources and needs (including ‘retirement gap’ calculations), the establishment of goals, the importance of pension plan participation, the impact of preretirement withdrawals on retirement income, the advantages of early and regular saving (including the benefits of compounding), budgeting, and debt reduction. While emphasis varies, sizable majorities cover retirement income needs (73%) and general retirement strategies (88%), (Employee Benefit Research Institute, 1995). Topics related to asset allocation, including the concepts of risk, risk tolerance, diversification, and the characteristics of various assets, comprise a second category. Virtually all employer-based financial education programs include some coverage of these subjects (Employee Benefit Research Institute, 1995). Other common topics include basic investment terminology, the effects of inflation, the benefits of dollar cost averaging, and the role of the investor’s time horizon, tax issues, and details of the employer’s pension plan.

Practitioners also typically recommend that employers tailor the content, media, and frequency of financial education programs to the characteristics and needs of their employees. Employers are advised to select educational messages that pertain to employees’ concerns, to pitch these messages at an understandable level, and to select media that are most conducive to presentations that effectively attract and maintain attention. Whether employers actually follow this advice is an open question. In practice, relatively little is known about the manner in which educational programs vary with

employee characteristics. Bayer et al. (1996) find that, controlling for other factors, the use of seminars, summary plan descriptions, newsletters, and periodicals among 401(k) plan sponsors is not significantly related to whether the plan covers union employees. Since unionized and non-unionized workers differ with respect to a variety of factors (including average income and education), this finding suggests that the features of educational programs may vary relatively little with employee characteristics.

The potential effects of financial education are interesting and important from a policy perspective. There is a widespread perception that the rates of national and personal saving are too low, and the efficacy of Individual Retirement Accounts (IRAs) and other tax policies is controversial. Moreover, some observers speculate that the post-War increase in saving by Japanese households may have been at least partially attributable to an extensive educational and promotional campaign. The growth of employer-based financial education has therefore attracted attention within policy circles.

There is widespread concern that despite its importance, financial literacy is at very low levels in many countries and particularly among certain sections of the population, e.g. women (Hung, Yoong, & Brown, 2012; Noone, Stephens, & Alpass, 2010) and financial literacy levels differ along a range of other demographics, including age, income, education, and employment.

A lack of financial literacy can mean that women of a range of income levels do not have adequate tools to navigate the financial areas of their lives. A lack of financial understanding can mean that women and their children do not have an equal chance at becoming financially secure. It is necessary to understand the kind of financial understanding women need in order to begin to understand how to help women become more financially literate.

2.3 Lack of Financial Literacy

One reason why individuals do not engage in financial planning or are not knowledgeable about retirement pensions or the terms of their financial contracts is because they lack financial literacy. Bernheim (1998) was one of the first researchers to emphasize that

most individuals lack basic financial knowledge and numeracy. Several surveys covering the U.S. population or specific subgroups have consistently documented very low levels of economic and financial literacy.

The Council for Economic Education periodically surveys high school students and working-age adults to measure their financial and economic knowledge. The survey consists of a 24-item questionnaire on topics including “Economics and the Consumer,” “Money, Interest Rates, and Inflation,” and “Personal Finance.” When the results were tallied using a standard grading criterion in 2005, adults had an average score of C, while the high school population fared even worse, with most earning an F. These findings are confirmed by the Jump\$tart Coalition for Personal Financial Literacy survey, which also documents very low levels of basic financial knowledge among U.S. high school students (Mandell 2008). Hilgert, Hogarth, and Beverly (2003) examine data from the 2001 Survey of Consumers, where some 1,000 respondents (aged 18–98 years) were given a 28-question true/false financial literacy quiz, covering knowledge about credit, saving patterns, mortgages, and general financial management. Again, most respondents earned a failing score on these questions, documenting wide illiteracy among the entire U.S. population. Similar findings are reported in smaller samples or specific groups of the population (Agnew and Szykman 2005; Moore 2003).

A lack of financial education may cause workers to start saving too late in life to realize their stated retirement goals. As a result, they are unlikely to achieve an optimal balance between current consumption while working and future consumption in retirement.

In addition, a lack of information concerning the risk-return distribution of various investments might lead them to misallocate their retirement portfolios. Bernheim (1998) presents evidence that questions whether the typical household has enough financial literacy to make appropriate savings decisions in their employer-provided pension plans.

Lusardi and Mitchell (2006) devised a special module on financial literacy for the 2004 HRS. Adding these types of questions to a large U.S. survey is important not only

because it allows researchers to evaluate levels of financial knowledge but also and, most importantly, because it makes it possible to link financial literacy to a very rich set of information about household savings behavior.

Madrian and Shea (2001) examine the administrative records of a large employer in the health care and insurance industry. The only retirement plan offered by this company is its 401(k) plan. In 2000, the company offered one-hour financial education seminars at 42 different sites. They examined participation and savings behavior in the 401(k) plan before and after the seminar. Their estimates indicate that there are small but statistically significant effects of attendance at financial education seminars. Attendees tend to have increased rates of participation in the 401(k) plan and they tend to have greater diversification in their retirement plan portfolios. Lusardi (1999, 2000) uses data from the Health and Retirement Survey to examine the role of planning and the lack of financial literacy in retirement savings.

She finds that individuals who do not plan for retirement have lower net wealth and are less likely to invest in assets with higher expected returns such as equities. Lusardi (1999) states that extensive information is needed to plan adequately for retirement and that financial education programs are important to the planning process. Muller (2000) also estimates the effect of financial education seminars on the allocation of investments in defined contribution plans using the Health and Retirement Survey.

The financial education provided by employers can increase retirement savings and potentially alter the investment of assets in retirement accounts. The mechanism by which education alters retirement savings and investment decisions is unclear. Maki (2001) provides three possibilities. First, financial education could increase household savings by causing the family to reduce its discount rate. Second, increased knowledge could lead the household to become less risk averse and thus increase investment in assets with a greater level of risk and expected return. Finally, financial education programs could change the household's knowledge of its investment choice set. For example, the information may reveal to workers that it is impossible to achieve the

current goal of retiring at a specific age with a certain level of income using the existing saving and investment strategy. Maki dismisses the first two possibilities and argues that greater knowledge of what is possible is the primary mechanism through which these programs alter household decision-making. Thus, it's possible to conclude that financially literate individuals are better able to develop saving behavior and accumulate wealth.

2.4 Financial Literacy and Saving Behavior

The importance of wealth as a key indicator of economic well-being is becoming more recognized by researchers and the society alike. Oliver and Shapiro (1995) conclude that wealth is as important an indicator of social outcomes as the traditional measures of income, occupation and education. Unlike income, wealth is a broader measure of the resources that an individual, family or community has available. Wealth provides protection against short-term economic shocks, such as recessions and spells of unemployment. It provides long-term security in the form of retirement income. Individual wealth is also known to provide access to superior health, education, and other services; and as a community, relative wealth is also correlated with social and political influence (Kochhar, 2004). Experts tell us that the combination of income, and personal savings and investments are the requisite sources for accumulating wealth.

One of the main reasons trainings or some kind of awareness programs are organized by state or those concerned is to enable those who participate to develop an awareness as to the importance financial management or develop the skill of effectively managing one's own money properly. Good training programs enable women to change their saving behavior and manage their finances effectively. A lack of financial literacy may cause women to start saving too late in life to realize the financial resources required later in life to cover their expenses or retirement goals. As a result, they are unlikely to achieve an optimal balance between current consumption while working and future consumption in retirement. In addition, a lack of information concerning the risk-return distribution of various investments might lead them to misallocate their retirement portfolios. Bernheim (1998) presents evidence that questions whether the typical household has enough

financial literacy to make appropriate savings decisions in their employer-provided pension plans.

Having identified causal effects of education on financial market participation, it is important to understand the mechanisms through which education may matter. One possibility is that education increases participation through actual content: financial education may increase financial literacy. A growing literature has found strong links between financial literacy and savings and investment behavior. Lusardi and Mitchell (2007), for example, show that households with higher levels of financial literacy are more likely to plan for retirement, and that planners arrive at retirement with substantially more assets than non-planners. Other work links higher levels of financial literacy to more responsible financial behavior, such as writing fewer bounced checks, and paying lower interest rates on mortgages.

For these reasons, improving financial literacy has become an important goal of policy makers and businesses alike. Governments fund dozens of financial literacy training programs, aimed at the general population (e.g., high school financial education courses), as well as specific target groups (e.g., low-income individuals, first-time home buyers, etc.). Businesses provide financial guidance to employees, with an emphasis, but not exclusive focus, on how and how much to save for retirement. There is some evidence suggesting that financial literacy education can affect both levels of financial literacy and financial behavior. Bernheim and Garrett (2003) examine whether employees who attend employer-sponsored retirement seminars are more likely to save for retirement, and find they do, after controlling for a wide variety of characteristics.

However, as Caskey (2006) points out, it is difficult to interpret this evidence as causal, as stable firms tend to offer financial education and people who are most future-oriented in their thinking are attracted to stable firms. Indeed, any study that compares individuals who received training to those who did not receive training is likely to suffer from selection problems: unless the training is randomly assigned, the treatment and comparison groups will almost surely vary along observable or unobservable

characteristics. This may explain why other studies find conflicting effects of literacy training programs. Comparing students who participated in any high school program to those who did not, Mandell (2007) finds no effect of high school financial literacy programs. In contrast, FDIC (2007) attests that a Money Smart financial education course has measurable effects on household savings.

Good financial literacy training programs involving basic mathematics skills such as addition, subtraction and interest compounding. Trainings provided to women or other segments of the society improve financial literacy which in turn influences ones saving behavior. Saving is important for many reasons. For the household, saving facilitates asset accumulation and consumption smoothing, with potentially significant effects on welfare. For the financial system as a whole, the depth and breadth of saving and financial participation are important determinants of the equity premium and the volatility of markets, and household expenditure.

Participation may also affect the political economy of financial regulation, as those holding financial assets may have different attitudes towards corporate and investment income tax policy than those without such assets, as well as different attitudes towards risk-sharing and redistribution.

Moreover, many financial decisions require basic math skills: budgeting requires addition and subtraction; deciding how much to save or invest requires thinking about the effect of compound returns over a long period of time. Indeed, most tests of financial literacy include a substantial number of questions that require simple math skills. These math skills correlate strongly with good savings behavior, but the causal relationship is not clear. Individuals with better math skills are likely to come from better family backgrounds, have more education and work in different occupations than individuals with poorer math ability. To this effect Goodman (2009) asserts that an additional year of math in high school education significantly increases earnings for black men and women.

One of the most methodologically compelling studies that link financial education to savings behavior is the one conducted by Bernheim, Garrett, and Maki (2001). These researchers used the imposition of state-mandated financial education to study the effects of financial literacy training on household savings. The advantage of this study is that if the state laws are unrelated to status in household savings behavior, then the estimated effects can be given a causal interpretation. They note that between 1957 and 1982, 14 states imposed the requirement that high school students take a financial education course prior to graduation. They found that individuals who graduated following their imposition were more likely to save more than those who were not exposed to the trainings.

Their research provides strong and convincing evidence that financial literacy education is effective in influencing the saving behavior of those who participate in the training programs. It is obvious that increased financial awareness would be beneficial. However, most economic models assume that individuals have a basic level of financial literacy, understand financial markets, and know the risk-return characteristics of all assets.

Increasingly workers are responsible for making their own savings decisions in order to accumulate sufficient resources to retire at the desired age and have an adequate retirement income. Individuals must decide when to start saving, how much to save, and how to invest their account balances. Retirement savings and how individuals alter their retirement goals and their savings behavior in response to improved financial literacy is highly influenced by financial literacy. Survey results suggest that after completing a financial education program, individuals are likely to reevaluate their lifetime plans for work and retirement and savings and consumption. A greater understanding of retirement income needs and the savings process encourages many workers to increase their savings rate in order to achieve their modified retirement goals.

Where individuals have greater responsibility for determining their own retirement income, factors such as general financial knowledge, an understanding of the retirement savings process, and recognition of the need for adequate savings have become critical to successfully achieving one's retirement objectives. Most individuals seem to have

extremely limited knowledge of financial markets, the level of risks associated with specific assets, and how much they need to save to achieve a retirement income goal. Therefore, the need for financial education to improve the level of financial literacy of individuals is an important policy issue.

Allen et al. (2008) commented that helping Americans understand basic concepts about budgeting and financial markets through financial education programs should enable them to make more appropriate short and long-term savings decisions. Greenspan stated that:

...education can play a critical role by equipping consumers with the knowledge required to make wise decisions when choosing among the myriad of financial products and providers. In addition, comprehensive education can help provide individuals with the financial knowledge necessary to create household budgets, initiate savings plans, manage debt, and make strategic investment decisions for their retirement or children's education. Having these basic financial planning skills can help families to meet their near-term obligations and to maximize their longer-term financial well being. While data available to measure the efficacy of financial education are not plentiful, the limited research is encouraging.

It seems obvious that increased financial awareness would be beneficial. However, most economic models assume that individuals have a basic level of financial literacy, understand financial markets, and know the risk-return characteristics of all assets. The influence of financial education on retirement goals and the impact of enhanced financial education on the likelihood of achieving the necessary savings to reach these goals have gone virtually unexplored.

2.5 The Link between Knowledge and Behavior

The coupling of financial knowledge and responsible financial behavior yield financial literacy. Some would argue that there is an implicit belief that increases in knowledge will lead to improved financial behavior (Hilgert, Hogarth, & Beverly, 2003). While there is an inequity with regard to financial knowledge, it is still critical to understand the relationship between financial knowledge and financial behavior.

Some research has shown that emotional biases can make it difficult for people to make rational financial choices, even if they have adequate knowledge to do so (Willis, 2008). Some issues include intangible transaction costs like negative feelings during the process, overwhelming information and choices, high financial and emotional stakes, discomforting thoughts like dealing with aging and death, and uncertainty about the future. Other issues include decision makers opting to only partially evaluate a financial decision by focusing on the part that is the easiest to understand, and overcoming inertia and passivity to being to work on financial planning (Willis, 2008). Willis (2008) also notes a concern that the array of consumer financial products today requires a vast and ever-changing body of knowledge that would be difficult to provide through financial education.

As it turns out, many other researchers have found that financial knowledge can be statistically linked to financial practices like cash-flow management, credit management, saving, and investment, according to. However, the pattern viewed by the researchers in this study was significant in that it showed that learning and experience can both flow from each other. Effective financial education may require more than information; it may need a combination of information, motivation, and skills building (Hilgert et al., 2003).

Much research has been done in the field of investing and retirement savings, which can provide a window into how financial literacy translates into behavior. Lusardi and Mitchell (2007) find that people who have more financial knowledge are also much more likely to make plans for retirement. This implies that there is a positive connection

between financial knowledge and responsible financial behavior, and this association has been echoed by other researchers in the area of investing. For example, Calvet, Campbell, and Sodini (2005). Hilgert et al. (2003) and Hogarth (2006) were both able to find connections between financial knowledge and the way people behave.

Along those lines, Lusardi and Mitchell (2008) also discovered that older women in the United States have very low levels of financial literacy, and similarly, the majority of those women have undertaken no retirement planning. These research findings seem to indicate that financial knowledge and planning are interrelated. Lusardi and Mitchell (2008) also found that knowledge about risk diversification was a means of differentiating between the sophisticated and the unsophisticated respondents, and those who understand risk diversification are much more likely to plan for retirement.

So while financial knowledge may not always lead to better financial behavior, there is evidence that a linkage between the two does exist. At the same time, there may also be some emotional and psychological barriers that mute the relationship. But nevertheless, it seems evident that financial knowledge can provide the opportunity for better financial decisions, and similarly, low financial literacy has been shown to lead to less positive financial decisions. Because this relationship has been established in a number of studies, an examination of how to create financial programs that lead to improved financial knowledge is critical.

Individuals develop lifetime savings plans to ensure that they will have the desired level of income in retirement. These plans are based on individuals' current knowledge and their level of understanding of financial markets. Ignorance is not bliss and can lead to many individuals saving too little. Does financial education lead to different and better choices? While the conclusion seems obvious, very little is actually known about how education influences savings decisions. This paper provides significant findings on the impact of financial education on savings. Survey responses indicate that after an educational event, individuals might alter their retirement goals and/or change their savings behavior.

Initially women set younger retirement age goals and lower retirement income goals than men. Following seminar on financial literacy women are more likely to raise both these retirement goals. They are also more likely to start new tax deferred savings accounts, to increase contributions to existing retirement plans, and to change their investment allocations. Younger participants set earlier retirement age goals and higher income goals and are not likely to increase them after the seminar. But they do plan to make changes in their savings behavior in order to achieve these objectives. Married participants also plan to change their savings behavior as well as reallocate the investments in their pension plans. Secretarial, clerical, and maintenance personnel set lower retirement age goals and don't increase them. But they do plan to increase their retirement savings in order to increase the likelihood that they will attain their goals.

In the twenty first century, workers will be more responsible for their own retirement income. In order to make optimal retirement plans, an appropriate level of financial knowledge and understanding is necessary. Otherwise many individuals will make bad savings choices without recognizing the consequences of their actions. Financial education can improve their knowledge base and help future retirees enjoy their retirement years.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Study Area

Kolfe is located in the western edge of the Ethiopian Capital, Addis Ababa. It is considered as one of the semi-peripheral parts of the city recognized for its informal business activities. The study area is subdivided into a number of neighborhoods called Sefer and the residents identify the small physical units by different names.

Therefore, for this study, Woreda 12, known area in its number of enterprises in the sub city, was taken purposively (by the decision of the researcher) as the specific study site. However, it should be noted that the socio economic conditions related to women in the whole woreda was considered and the criteria to select the study area, woreda 12 of Kolfe Sub City, was accessibility, possibility of getting data and affordability in both time and cost.

3.2 The Research Method and Design

Under this study, descriptive survey design was employed to conduct the research, because it was aimed to examine the current status and relationship between financial literacy and saving behavior of women in the study area. It enabled the researcher to scratch wide area of the problem in the study area & both qualitative & quantitative data collection methods were implemented to collect data

3.3 Sources of Data and Data Collection Instruments

In order to realize the objective of the study and adequately answer the research questions, data were gathered from both primary and secondary sources of information. The study employed different instruments for the collection of data on the two variables to be examined. For the financial literacy variable the study subjects were asked to identify if they had any sort of financial literacy education or trainings provided to them.

In order to identify their saving behavior a questionnaire was prepared and administered to the study subjects.

The primary data were collected through Survey questionnaires and key informants interviews while the secondary sources of information were obtained from published and unpublished works or materials, journals, books and articles which related to adult literacy and saving behavior.

Survey questionnaires were used to generate quantitative data relevant to the demographic, social and economic characteristics of the sample respondents. For this purpose, the questionnaire was designed having both open-ended and close-ended questions. The questionnaires were translated into the local language, Amharic for the convenience of data collection and its use for medium of communication with the participants.

The **key informants'** interview was carried out to gain in-depth information on the general status of literacy and saving behavior of women in the study area.

3.4 Study Population

According to the information obtained from woreda women affairs office, the major occupations for women living in the geographical area were: working in government offices, Renting houses, Merchants, Selling used clothes, engaged in Petty trading, Working as a housemaid, Spinning, Selling vegetables, Selling cow milk, Begging, Commercial sex, Washing clothes and Parquet selling.

The population under the study (targeted population) was Women who have been registered in under the Sub City's enterprise, particularly located in woreda 12, locally around 'Asra simint' Area. Since the study was intended to assess the status of financial literacy and saving behavior of women, the whole women population with different age groups, education and wealth status (without prior isolation of some groups based on the above differences) were considered as the frame of the study population from the three purposively selected buildings located within the enterprise.

3.5 Sampling techniques and procedures

The researcher made a pilot survey of the enterprise and women affairs office in the study area where it was possible to get and talk with the secretary of enterprise and gender officer, respectively to have a generalized initial idea on the issue under study.

The total number of women currently registered in the Woreda women association and the enterprise office was 341. There were 11 different sub associations within the enterprise. From these, only eight were functioning with full-fledged human resource and materials while the rest three were not properly working because of absence of necessary materials and the initial capital during the survey.

The eight sub associations in Amharic, ‘Mahiber’ had also male members but for this study excluding the male members, all female members (107) were purposively (non probability method) taken as a sample for this study and the name of the association and female members are presented in the table below.

Table 3.1 study area sub associations and their female members

| Name (local) | No. of women | Responsibility | Building |
|--------------------------|--------------|------------------------------|----------|
| Endeg Libes Sefet | 28 | 3 leaders & the rest members | 1 |
| Selam ye bahil Tilf | 6 | 1 leader, the rest members | 2 |
| Ye Tigist Fire Tilf sera | 13 | 4 leaders, the rest members | 2 |
| Biruh Tesfa tilf sera | 9 | 3 leaders, the rest members | 2 |
| Tinsae Tilf sera | 21 | 1 leader, the rest members | 3 |
| Fire Tilf ena sefet | 19 | 4 leaders, the rest members | 3 |
| Tamra Libes sefet | 6 | 1 leader | 3 |
| Ehet Le fire Libes sefet | 5 | 2 leaders | 3 |
| Total | 107 | 19 leaders, the rest members | |

Source: Field Survey, 2013

Therefore, the total sample size of the study area were 107 females. Concerning the key informant interviews, the non-probability sampling method (purposive) was employed to select two members from the management of women affairs in the Woreda (1) and the secretary of the enterprise (1).

3.6 Data Collection Instruments and Procedure

3.6.1 Questionnaires

Prior to distribution of the questionnaires, they were checked by other people and modified based on their recommendation. Then the questions were corrected in order to make easy to collect reliable data, avoid misunderstanding of questions and to allow respondents explain their ideas without language barrier. The questionnaires were prepared to 107 women and oriented in open and close ended ways to invite respondents express their idea clearly.

3.6.2 Interview

Face to face personal interviews were conducted with selected 2 KITs. The interview was used to gather information that cannot be collected using questioners and those questions that need detail explanation. To keep interviewee comfort and increase their confidence, their voice was not recorded while interview is made.

3.6.3 Pilot Testing Result and Data Collection Procedure

The questionnaire was pre-tested at Woreda 5 women enterprise, Yeka sub city in Addis Ababa, and that was not included in the main study. This site was selected purposively for the pilot survey for its accessibility and the main study area was not selected for this purpose to avoid the probability of participating women that would be included in the sample.

Pretesting of the questionnaire was carried out to determine the clarity of instruction and to ensure the validity and reliability of the research instrument. There were 30 respondents involved in pilot test. Accordingly some irrelevant items were omitted and some others were added. For example, from the socio-economic part of the questionnaire,

the educational status options were corrected to a maximum of certificate after checking that there are no females holding after certificate during the pilot survey.

The finding of the pre-test was also used to revise arrangement of the questionnaire, i.e. order of questions, and skip patterns, and to clarify some questions. It also helped to see the care that should be taken during actual data collection like allowing them work while they fill the questionnaire as they need their time and they are not paid for the time they spent to respond the questionnaire. Moreover, the interview session that was done prior to the questionnaire was very helpful in shaping the quantitative questionnaire. Finally, the final questionnaire was prepared after the necessary amendment. Therefore, the data quality management was done by pre testing the questioner and translating it into Amharic and back translating into English to check for consistency. Then, after obtaining the consent of respondents, the data was collected and administered by the principal investigator.

3.7 Methods of Data Analysis

The data analysis was commenced right after the data were collected from field. Collected Quantitative data was edited, coded and entered into a computer and analyzed using the statistical package for social science (SPSS version 20).

Appropriate statistical techniques such as cross tabulation, frequency, percentage, mean scores and standard deviation within the group were adopted to compare the relationship of some variables like income with saving behavior and saving character and marital status.

3.8 Ethical consideration

A letter of support from the department was given to the woreda where the study was conducted. And in order to obtain an informed consent from the respondents the purpose of the study was explained clearly. Information obtained from the respondents was promised to be kept confidential. Necessary efforts were made so that the language in the data collection tools would consider the culture, religion and the comprehending level of the respondents.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

In this part the paper deals with the presentation, analysis and interpretation of the data obtained from respondents and relevant documents. The main sources of the data were females working in Kolfe sub city, Woreda 12 small micro enterprise. Since the data were mostly qualitative, the analysis and interpretation were also following the same procedure.

Questionnaire comprising closed and open ended questions were distributed to a total 107 subjects. Among the questionnaires administered to samples, all were collected and used for this study. Also the information obtained from the chair person and women affairs were used in the analysis of the study. Additionally, information from documents of the sub city women affairs and small micro enterprise offices were also included.

To make the flow of the study coherent, the discussions in this chapter are presented using the basic research questions; what other factors, beyond literacy, affect the saving behavior of Women in the selected Woreda of Kolfe Sub City? What does the financial literacy and saving habit in the study area look like? And What is the effect of financial literacy on saving behavior of women in the study area?

4.1 Description of Demographic and Socio-economic Characteristics of the Sample Households

Under this heading, descriptions of some basic demographic characteristics of sample respondents which were expected to have an impact on adult literacy and saving behavior were presented.

Table 4.1 Frequency and percentage distribution of sample demographic characteristics

| Variables | Category | Frequency | Percent | Total | % |
|------------------|---|------------------|----------------|--------------|----------|
| Age | 15-19 | 43 | 40.2 | 107 | 100 |
| | 20-24 | 47 | 43.9 | | |
| | 25-29 | 17 | 15.9 | | |
| Family size | 1-3 | 65 | 60.7 | 107 | 100 |
| | 4-6 | 42 | 39.3 | | |
| Residence | parents home | 26 | 24.3 | 107 | 100 |
| | rent house | 77 | 72 | | |
| | kebele house | 4 | 3.7 | | |
| Marital status | Single | 53 | 49.5 | 107 | 100 |
| | Married | 54 | 50.5 | | |
| Education | 1-8 | 81 | 75.7 | 107 | 100 |
| | 9-12 | 16 | 15 | | |
| | Certificate in technical and vocational | 10 | 9.3 | | |

4.1.1 Age of the Respondents

As it is displayed in the Table 4.1 above, most of the respondents were found in the age group 20-24 which accounted for 43.9 % of the sample respondents followed by the age group 15-19 accounting 40.2 % while the number of respondents at the other age group

was insignificant meaning those who were found at the age group of 25-29 years old constitute 15.9 % of the sample respondents. This means from the total respondents, about 84% of them were found in the age group 15-24. The implication of this is that the majorities of the study participants were potentially active (are economically active people as their age range was between 15 and 64 years old) and had a great probability of producing a large sum of money as well as saving their money leaving other factors aside.

4.1.2 Sex and Marital Status of the Sample Respondents

Among the sample respondents covered in the survey all, 100%, were female. In terms of the gender characteristics, since the study focused on the adult literacy and saving behavior of women, all of the study participants were females. Regarding to marital status of the household heads the single and married women were almost proportional, 53(49.5 %) and 54 (50.5%) respectively. However, there were no widowed and divorced women in the sample population.

4.1.3. Family Size

In this particular study, the data depicted that, the greater part of the respondents 65 (60.7 %), had 1-3 household members while 42 (39.3%) had 4-6 household members. The average household size of the sample respondents was 3.25.

4.1.4 Educational Level of Sample Respondents

The data on educational level of the sample respondents was collected by categorizing them in to primary (1-8), secondary (9-12) and certificate. This category is made purposively as there were no women in the small micro enterprise who hold diploma or above during the pilot survey. As indicated in table 4.1, the educational status of the participants of field survey result revealed that, 81(75.7 %) and 16 (15 %) of the respondents were at primary and secondary level of education, respectively.

The proportion of the respondents who hold a certificate in the completion of their grade 10 and 12 was almost the smallest one i.e.10 (9.3 %). This implies that through there

were no study participants above certificate (diploma or degree holders), all of them can be grouped under the broad category of literacy class which in one way or the other influences their knowledge to finance as well as saving behavior.

4.1.5 Residence of the Respondents

In this study, almost three fourths of the sample females 77, (72%) were currently living in rented houses paying a great some of money. Along with this item, a question was subsequently provided for the samples “If you live in rent house, how much you pay per month?” where 92, (86%) responded as they pay in the range of 600-800 birr as a monthly house rent while the other 15, (14 %) paying in the range between 1000-1200 birr per month. This had a downright effect as far as the financial power of women particularly of those who were not married yet was concerned which indirectly affects their saving character. Look at the following figure to compare the share of women living in a rented house to others.

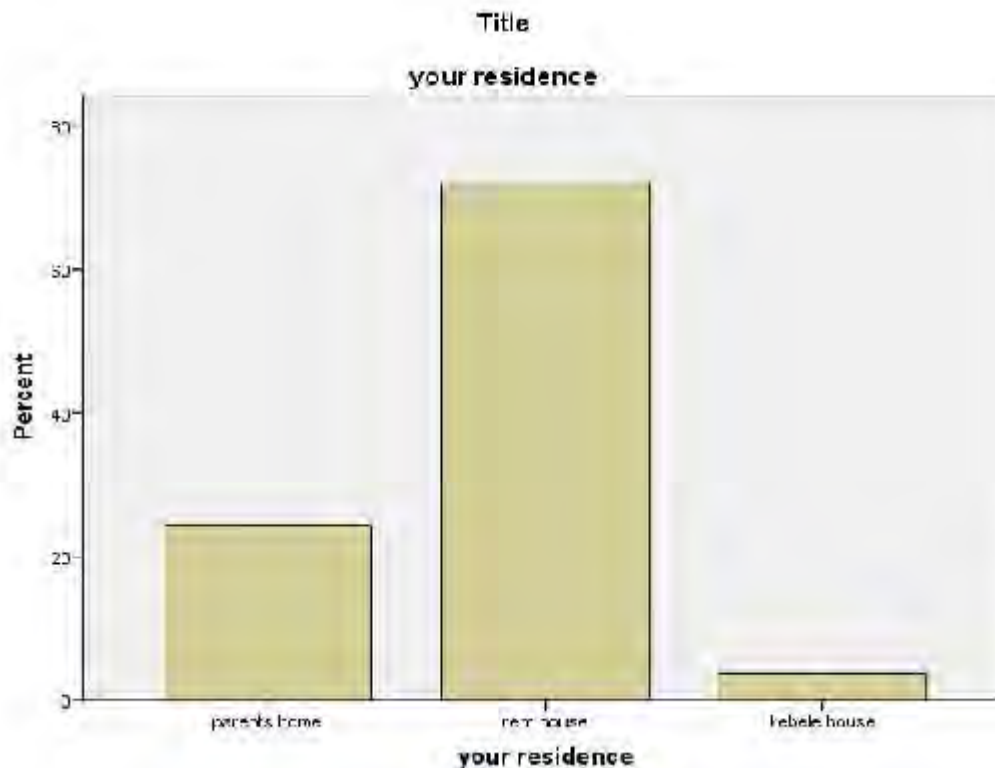


Figure 1. Residence of sample respondents

As it can be seen from this figure above, the majority of the respondents (72%) live in a rented house. The implication of this figure is its impact on their saving behavior as it takes out almost half of their monthly expenses.

4.2 The status of financial literacy and saving habit of women in the study area

The first issue that should be considered here is the average working hours per day. Accordingly, more than half of the participants 54, (50.5) % in this study area were working between 10-15 hours per day followed by the second dominant answer less than 10 hours as 49.5% of women in the study indicated. Working 10-15 hours per day (with an average of 12.5 hours) is such a tremendous strategy as there are habits of working 8 hours or less in most of the government and non government institutions in Ethiopia. The other implication here is that self employed people (mainly the entrepreneur) usually works longer hours and hence gradually accumulates more money than government employees.

In this regard, different scholars have stated and drawn similar conclusions. Some empirical studies such as Sinha (1998), Muradoglu and Taskin (1996) showed that self employed household has consistent saving because they have fear of work uncertainty in the future. Therefore, household work statuses directly affect household saving in terms of income certainty. Next, we can compare these vital events.

Table 4.2 Percentage distribution of Family income per month

| Variables | | Frequency | Percent |
|-----------|------------|-----------|---------|
| 1 | 1001-2000 | 46 | 43.0 |
| 2 | 3001-4000 | 48 | 44.9 |
| 3 | 4001-5000 | 6 | 5.6 |
| 4 | above 5000 | 7 | 6.5 |
| Total | | 107 | 100.0 |

As it is clearly described in table 4.2 above, the majority of the respondents, 48 (45%) had a monthly income in the range between 3001-4000 birr. The mean income level for 45% of the women is about 3500 birr per month. This was followed by the other large sum of respondents who earn a monthly income of 1001 -2000 birr per month (43%). On the other hand, there were insignificant numbers of women in the study area who earn an income of 4000-5000 birr (5.6%) and above 5000 birr (6.5%), respectively. Since the income level of the respondent was one of the determinant factors for saving status, majority of the respondents in the study area had the opportunity to save part of their income if they have easy access to training and awareness on money management

Table 4.3 Percentage distribution of Family expenditure per month

| Variables Birr/month | | Frequency | Percent |
|-------------------------|-----------|-----------|---------|
| 1 | 500 | 13 | 12.1 |
| 2 | 501-1000 | 11 | 10.3 |
| 3 | 1001-1500 | 33 | 30.8 |
| 4 | 1501-2000 | 37 | 34.6 |
| 5 | 2001-3000 | 13 | 12.1 |
| Total | | 107 | 100.0 |

Family expenditure included both expenses for consumable goods in the family plus net pay for house rent for those who were living in rented houses.

It is generally agreed that the larger the expense in the family level was the smaller the extra money needed to save for both the emergency and long range plans. In the table 4.3 above, about 35 % of the respondents had the largest monthly expenses, ranking the primary in expense, expending in the range of 1501 to 2000 birr per month. The second largest expenditure was the sum between 1001 to 1500 birr per month which accounted the expenditure of 31 % of the respondents. Here, it is possible to indicate the average expenditure for these two groups, a sum around 1500.5 birr per month meaning the average expenditure of 66% of the respondents (31+35). When we compare the results of the two figures, in the income part, many of the respondents secured attractive income and similarly in the expense part more than half of the respondents had an average expense of 1500 birr, almost half of the income for the majority of the respondents above. The implication is that had it been for consistent trainings, awareness and motivation, the majority of the respondents could have saved a large amount of money than they have now in their account. This also raises the need to give great emphasis to adult literacy be it formal or informal.

According to the interview with the chair and head of women's affairs in the small micro enterprise, there was no formal saving and credit association in the small micro enterprise. However, informal institutions of saving and credit, such as Ikub and Idir were common where most women save their money and borrow when needed.

“We have a formal agreement with Addis saving and credit association, they seldom come to our small micro enterprise and give a short term training and awareness on how to manage, save and borrow money. It is due to the assistance of this institution that many women started their business” head of women's affairs (March 14/14,001)

As to the discussion with the chair, the system of money transfer between Addis saving and credit association and the small micro enterprise women would be validated after the woman in charge of borrowing had become a formal member of the small micro enterprise and got a formal letter from office for her membership. Besides, she had to provide three people who were permanent members of the small micro enterprise as a witness to receive a 5000 birr loan from the association.

Table 4.4 Items related to the nature of financial knowledge and saving behavior

I. A Knowledge on financial management

| <i>No</i> | <i>Items</i> | <i>Mean Value</i> | <i>Standard deviation within the group</i> |
|-----------|--|-------------------|--|
| <i>1</i> | How do you rate your current financial knowledge (credit, debit, loan, money management) | <i>1.45</i> | <i>0.35</i> |

Range of mean values: ≤ 0.5 = "poor" ; between 0.5 & 1.5 = "fair"; 1.5-2.5="good"; between 2.5 and 3.5, = "Very good"; 3.5-4.5 = "Excellent"

II. Saving Behavior

| Variables | Category | Frequency | Percent | Total | % |
|--|-------------------------------|-----------|---------|-------|------|
| Do you/your spouse have bank account/ savings account | yes | 68 | 63.5 | 107 | 100 |
| | No | 39 | 36.4 | | |
| If yes, which type of bank/ savings account is it? | CBE | 47 | 43.9 | 107 | 100 |
| | Private bank | 17 | 15.8 | | |
| | Saving and credit association | 4 | 3.7 | | |
| | Missing (No) | 39 | 36.4 | | |
| How much money do you save per month? | 100-300 | 54 | 50.5 | 68 | 63.5 |
| | 301-500 | 14 | 13 | | |
| If registered in Housing project, specify the category | 20/80 | 77 | 72 | | |
| Do you know interest rate? | yes | 4 | 3.7 | 107 | 100 |
| | No | 103 | 96.3 | | |

Survey result regarding “How do you rate your current financial knowledge (credit, debit, loan, money management)” as indicated in table 4.4 above was computed where the majority of the respondents responded with mean value of 1.45 and minor disparity among themselves (Standard deviation of 0.33) accepted their knowhow as faire. The surprising thing here was there was no any respondent who rated herself to have excellent knowledge of the financial events mentioned above rated their awareness and knowledge as a very good one. This could be seen from the perspective of the literacy (formal education) status of the majority of the participants as it was briefly discussed in table 4.1 above.

According to the in depth interview with the chair of women small micro enterprise in the study area, the status of saving behavior was not encouraging one at the current time, the reasons for this were the relatively low level of income and low literacy level. However, this didn't mean that there were no women in the study area who were at a very good rate of their saving behavior though their number was not significant as compared with the majority of the women in the small micro enterprise.

“.....there are several factors associated with this problem. Some of these are the low level of the daily and monthly income, the low level of education and financial literacy, high domestic expenditure particularly for those women who are living in rented houses and have a large family size and the high inflation level from outside” interview with women's affairs head (March 14/14, 001)

The item “Do you know interest rate?” could also be treated here where almost all of the respondents, 103 (96.3%) didn't not have an idea as well as follow up (for those who have a bank account) of the interest rate. This was directly related with the low level of their educational status in general and financial literacy in particular. Had it been for continuous awareness, trainings and workshops on how to manage money and make a profit (as it has been started by Addis saving and credit association though it is given rarely), women in the enterprise would have acquired a rich knowledge of saving system and interest rate.

The other issue related to the status of financial literacy and saving behavior of women in the study area was decision to have bank/credit account of all or at least one member with in a family. Accordingly, about 68 (63.5%) of women in the study area reported that they had a bank/credit account. On contrast 39 (36.4%) of women or their husband didn't open the bank/credit account yet. As a general principle, though not a guarantee, having a bank account is one major motive for a person particularly of women in the small micro enterprise to save their money and hence introduce and custom with money management. In line with this, from those females who owned a bank account, the dominant destination for their exchange has been the Commercial bank of Ethiopia (43.9%) followed by Private commercial banks (15.8 %).

The experience in the income and expenditure of the sample respondents in this study had been treated in the second and third tables the implication of which could be related here with the item “How much money do you save per month?” where about 54 (51%) of the respondents save 100-300 birr per month and only 14 women (13%) can save an amount of 301-500 birr per month.

However, as to the discussion with the KIT, this was an average money not a regularly saved one. This was because instead of saving this sum in a regular basis, most of them have the habit of expecting and depositing money (once in three to twelve months) that might be received from Ikub (as many of them to save in Ikub than formal institutions) or other indirect sources. Here, we could raise a question why do the women reserve themselves from saving in formal institutions? It was clear that there were little or no systems of training and awareness about the importance of saving and money management in the study area.

4.3 The Factors Affecting the Saving Behavior of Women in the Study Area

4.3.1 Women Marital Status

Here attempt is made to compare the degree of marital status and the amount of money saved per month. Accordingly, study participants in the group married were found to be the dominant one to save their money while the group of women under the single marital status was found to be subordinate in their saving behavior as compared to their counterparts.

There were so many reasons for this one, for example; majority of unmarried women would commit unplanned expenditure mainly in favors of their own interest more over unmarried women financial planning scope is narrow and designed in self-oriented way because of these reasons their saving behavior is weak. But married women are morally and socially responsible for collective interest especially in financial sphere. Married women’s financial plan is also somewhat broader in scope than single women. Because

of this reason the married women saving behavior was better than unmarried and marital status was a significant factor for the saving behavior of households.

The argument above can be compared with the general literature as stated by Collins (1991) and Sinha (1998), which shows the family value plays an important role in the saving behavior of household and economic development. In their study, marriage was important for saving performance since married households save more than singles due to their multiple source of income (the income of the partners) and economies of scale with respect to basic expenditure.

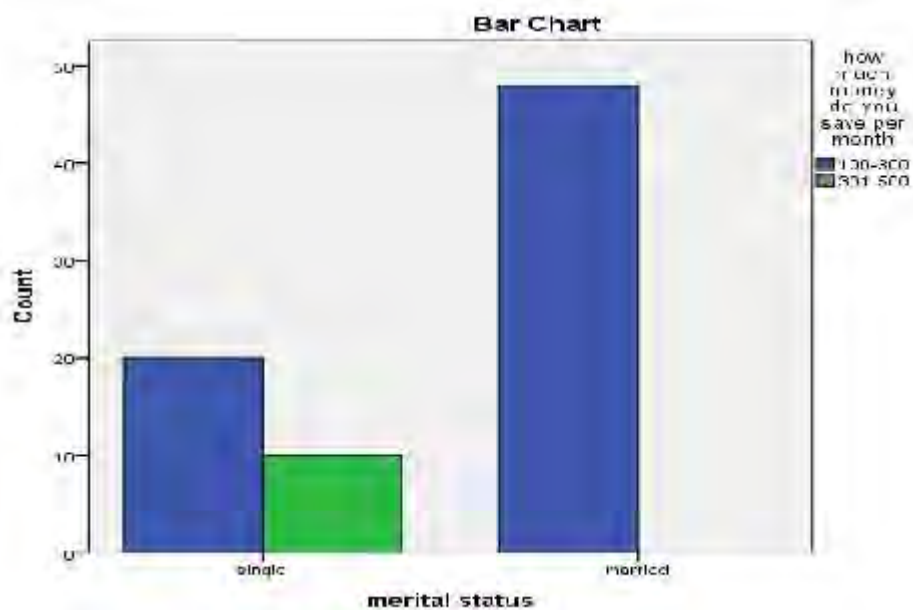


Figure 2. The marital status and the amount of money saved; cross tabulation.

4.3.2 Respondents income level

It was possible to dig information related to the factors and problems associated with the lower status of the current saving behavior in the study area. Among those factors, many of the study participants focused on their lower income level as a major predicament to experience the lower level of income. The items “what are the major factors that can affect the saving behavior of Women and how do you explain the status of financial literacy in this small micro enterprise?” were clearly discussed with each of the women participants in the study area. The repeated answer for the first item was their lower

income level which would not even cover their daily and monthly expenses particularly for those who have the largest number of families in the household. Besides, there were repeated answers of good, poor and faire level of current saving status for the second item. It was also tried to probe the respondents as to why their status of financial behavior has become lower and their response was their lower level income. This is due to the fact that if we have excess money after fulfilling our expenditures the last option will be saving that money.

4.3.3 Other factors

Look at the table below to compare the respondents attitude towards the effect of financial knowledge, home responsibility (burden at domestic activities), less opportunity to education, job and property, high level of debit and low income on the saving culture.

Table 4.6 The factors and Barriers affecting the saving behavior of women

I. Factors affecting Saving behavior of women

| <i>No</i> | <i>Item</i> | <i>Mean Value</i> | <i>Standard Deviation Within the group</i> |
|-----------|---|-------------------|--|
| <i>1</i> | The level of Financial knowledge affects the saving behavior of Women | <i>2.89</i> | <i>0.26</i> |
| <i>2</i> | low access and opportunity to education, job and property affects saving behavior | <i>2.99</i> | <i>0.25</i> |
| <i>3</i> | Home responsibility is a challenge for women's saving | <i>3.00</i> | <i>0.15</i> |
| <i>4</i> | Low income level and high level of debit affects saving | <i>2.94</i> | <i>0.31</i> |

Note: Range of mean values: <1.5 = "Not Sure" between 1.5 &2.5 = "Disagree"; above 2.5="Agree";

There were different factors affecting women’s saving behavior. Accordingly as it can be seen from the item one under the first table above, the respondents with mean value of 2.89 and minor deviation among their responses indicated that financial knowledge had been influencing their saving habit. Additionally, the respondents with the mean value of 2.99 and insignificant differences among themselves pointer that still they agree that low access and opportunity to education, job and property had been affecting their saving behavior.

The researcher also tried to investigate the effect of home or domestic responsibilities, economic level and level of debt on the saving culture of the women.

Accordingly, the respondents shown their agreement, with little variation among their responses, that Home responsibility (mean = 3.00) , low income level (mean of 2.94) and high level of debit (mean of 2.94) was influencing the saving habit of the women.

II. Barriers to Women’s’ financial decisions

| Variables | Category | Frequenc y | Perce nt | Total | % |
|--|---|-----------------------|---------------------|--------------|----------|
| Which has been a barrier to women’s’ financial decisions | Societal discrimination | 101 | 94.4 | 107 | 100 |
| | women’s role as employee | 3 | 2.8 | | |
| | women’s independence in the financial world | 3 | 2.8 | | |

For the item, “which of the following has been a barrier to women’s’ financial decisions” almost all, 101 (94.4%) of women selected societal discrimination as a major barrier affecting the financial decisions and the saving character of women in the study area. This can be seen from different perspectives, the first is the problem related to the “rule

of masculinity” where in our tradition, males are considered to be the breadwinners and holders of the property. It is a very recent phenomenon to see women running the economy, a property and an account by their own name. There is no doubt that this is one of the vital social stigmas that can bring unfair treatment and a tremendous affect on saving characteristics of women.

As it is stated above, the level of financial knowledge , low access and opportunity to education, job and property, home responsibility, low income level and high level of debit were the major challenges for women’s saving behavior. In addition to these, attitude of many women towards saving, lack of appropriate saving association in the small micro enterprise, lack of incentives and motives to save, low interest rate, low income of the small micro enterprise, and high inflation rate were repeatedly reported by the majority of women participants (in the open ended question) as major bottlenecks affecting the saving character of women in the small micro enterprise.

4.4 Relationship between Financial Literacy and Saving Behavior

In the table below, some variables reflecting the relationship between financial literacy and saving behavior are presented followed by the brief description.

Table 4.7 Items related to the relationship of financial literacy and saving behavior

I. Relation between saving character and financial literacy

| <i>No</i> | <i>Item</i> | <i>Mean Score</i> | <i>Standard Deviation</i> <i>Within the group</i> |
|-----------|---|-------------------|--|
| <i>1</i> | Saving character and financial literacy are highly interwoven | 2.85 | 0.22 |

Note: Range of mean values: <1.5 = “Not Sure” between 1.5 &2.5 = “Disagree”; above 2.5=”Agree”;

In the table above, the respondents with mean value of 2,85 and minor dispersion among their responses (standard deviation of 0.22) reported that they agreed the fact that financial literacy and saving character are highly interrelated. This shows that being literate in financial terms like saving and credit, borrowing, banking etc were important bases to saving character of women in the study area. It also indicated women with set of skills and knowledge that allows them to make informed and effective decisions through their understanding of finances was directly related to the status and experience of their savings. It also means when they understand and made use of financial concepts, they would have an easy access to saving institutions like banks and saving and credit associations.

According to the interview result again, the person in charge reported that financial literacy and saving behavior were, in general terms, highly interconnected events.

“I see women who had access to short term trainings on how to take loan and save their money and those association members who completed their secondary education and who hold a certificate are better experienced in terms of their link to formal and informal saving institutions than those of the newly comers and first cycle primary level” (March 14/14, 002)

Research indicates that people who have had financial education participate more often in retirement programs, make larger contributions to the program and have a much higher savings rate than others. Following endogenous growth theory, education has been included as a proxy for human development which increases the human productivity and capabilities, thereby increasing personal income as well as savings (Zhang et al., 2003). This is to indirect positive effect of education on saving through increased income. Education can affect saving directly through financial literacy. Higher financial literacy also will result in higher saving (Browning & Lusardi, 1996). Financial literacy enable people to know the risk and return characteristics of different financial products and it also enable them to understand the complex procedures used in accessing financial products

II. The Effect of Financial Literacy

| Variables | Category | Frequency | Percent | Total | % |
|---|---|-----------|---------|-------|-----|
| Lack of financial literacy may cause women to | Start saving too late in life | 2 | 1.87 | 107 | 100 |
| | Disproportionate the current and future consumption | 3 | 2.8 | | |
| | Women and their children will not have an equal chance at becoming financially secure | 1 | 0.93 | | |
| | Multiple responses (the three above) | 101 | 94.4 | | |

The other Item related with the relationship of financial literacy and saving behavior was “Lack of financial literacy may cause women to” almost all of the respondents, 104 (94.4%) accepted the multiple choice option implying that starting saving too late in life, disproportionate the current and future consumption and women and their children would not have an equal chance at becoming financially secure are the key determinant problems that can appear as a result of women’s lack of financial literacy.

On the other hand, interview session with both the chair and women’s affairs indicated similar results. Both interviewees agreed that lack of knowhow about financial terms like saving, credit, how to borrow and return money from financial institutions has overall influence on women’s economic life.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The main objective of this study was to assess the effect of financial literacy on saving behavior of women living in woreda 12 of Kolfe Sub City. To realize this objective, the study was designed to answer the following basic questions;

1. What factors ,beyond litracy, affect the saving behavior of Women in the selected Woreda of Kolfe Sub City?
2. What does the financial literacy and saving habit in the study area look like?
3. What is the effect of financial literacy on saving behavior of women in the study area?

To gather data on the topic, the study was carried out in Woreda 12 ,on small micro enterprise, of Kolfe sub city. The study used primary source of data. In order to answer the above basic research questions, the relevant data were gathered through survey questionnaire, and key informant interviews. The study pursued descriptive survey research design where a structured questionnaire was prepared and administered to 107 inclusively selected women from the existing association.

In the analysis of the data, both quantitative and qualitative methods were employed and the collected data were analyzed using SPSS version 20 statistical software. Specifically different descriptive statistical tools such, frequency distribution, percentage and cross tabs were used to analyze the collected data. The period of the study was from January 2006 to May 2006 according to E.C

The majority of the respondents in the study area (72%) indicated that they live in a rented house the figures also showed that about 84 % of them pay in the range of 600-800 birr as a monthly house rent. Paying this sum of money and living in a rented house had its own influence on saving character of women in the study area.

The monthly family income of the majority of the respondents in the study area 48(45%) was such an encouraging one as the mean income of these women indicated the figure 3500 birr per month. However, there were also a large number of the respondents (43%) who receive the mean family income of birr 1500 per month. In terms of monthly expense, the majority of women in the study area, on average, (66%) burn up about 1500.5 birr per month as a family expenditure.

Respondents' attitude to their current financial knowledge was also assessed where the result from both the questionnaire and the KIT for the majority of women in the study area indicated that it was either fair or poor. The other surprising answer related to this one was the respondents knowledge on interest rate where almost all of the respondents, 103 (96.3%) did not have any idea or follow up about interest rate. This can also be compared with the number of women/their husband who have opened a bank/savings account. Accordingly, about 68 (63.5%) of women have a bank/credit account. On contrast 39 (36.4%) of women or their husband didn't open the bank/credit account yet.

Factors affecting the saving behavior of women in the study area were also treated. Accordingly, the level of financial knowledge (90%), low access and opportunity to education, job and property (99%), home responsibility (100%), low income level and high level of debit (95%) had been identified as the major challenges for women's saving behavior.

As to the nature of relationship the two major variables, the majority of the respondents 88, (82.2%) agreed that financial literacy and saving character are highly interrelated; the more women become financially literate, the higher access she can have to visit financial institutions.

Finally, almost all of the respondents, 104 (94.4%) accepted that starting saving too late in life, disproportionate the current and future consumption and women and their children would not have an equal chance at becoming financially secure were the major consequences for women's lack of financial literacy.

5.2 Conclusions

The following conclusions were made based on the major findings obtained from the study results.

The computation of the income and expenditure of women in the study area showed the availability of opportunities to save but could not be saved to the expected standard by the women in the enterprise. Hence, as to the findings of the study, this standard can be achieved when the current literacy level of women is improved through both formal and non formal trainings.

The study indicated that literacy in general and adult literacy in particular has a very close relationship to acquire financial literacy and financial knowledge. In general, as the academic level of women increase, their saving behavior showed improvement however, the saving culture of the women in the small micro enterprise was found to be poor despite the performance improvement of saving rate.

As to the income and expenditure, the finding indicated that if women are introduced with the principles of balancing their income and expenditure through adult literacy program, they can easily change their life style and contribute a lot to the country's development endeavor.

The study indicated that several factors affect the saving behavior of Women in the study area. Housing status which revealed that households who have not their own home save more than house owner's especially those who registered in the current housing project; income level which shows that when the income level of households increase the saving rate will also increase and vice versa. Marital status which shows that the saving behavior of married women is better than unmarried; number of dependences which shows that when the number of dependences increase the saving behavior of households will be decreased. Besides, attitude of women towards consumption than saving has a very great influence on saving behavior.

The study indicated that those women who had a certificate and taken few short term trainings have been found acquiring extra knowledge of such financial terms like saving and credit associations, bank/savings account and interest rate. Hence, literacy level of women has an influence on their knowledge of financial terms.

5.3 Recommendations

Education and saving culture of the society, among others, are the vital factors affecting the individual and national economy in general. In this regard, all the stakeholders, including the sub city, the Woreda and the government have to take the major role in installing the saving culture through financial literacy.

The need to implement adult literacy program is due to the vision to create a literate society. Literate society (be it self-employed or employee) has ample opportunity and access to financial knowledge. Hence, government should implement the non-formal education system, side by side with the formal education system, to fulfill the fast growing educational needs of the people, particularly the young entrepreneurs who do not get the chance to learn in formal schooling.

Some critical problems facing women's effort to raise their current income level like the issue of fund, housing problems and the need to get attention and encouragement need to be addressed. In this regard, it is the responsibility of trade and small micro enterprise institutions, women's affairs, economic development offices and others at all levels to give an assistance, technical aid and training for the workers of the small micro enterprise in general and the association of women in the small micro enterprise in particular.

The Woreda, need to work in collaboration with different saving and credit institutions and other organizations working in fund raising and technical aid. This could potentially help women in the small micro enterprise to be financially and technically powerful which indirectly improves the saving culture in the small micro enterprise.

Government has to take the major role in installing the saving culture through financial literacy. In addition the government stabilization of inflation, implementing forced saving, modernization and accessible the saving institution, stabilization of the income level of women and reviewing the saving interest rate is vital to see adult financially literate and economically able in the near future. This could be implemented through continuous awareness program, fulfilling the necessary materials in the enterprise and intervening in the matter of marketing and principles of saving and credit associations.

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Appendices

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Questionnaire to be completed by selected women in Woreda 12 of kolfe Sub city Women Small micro enterprise

This questionnaire is prepared with the aim to study the financial literacy and saving behavior of women and its implication on adult literacy in Woreda 12 of kolfe Sub city for the partial fulfillment of MA Degree in Curriculum and Teachers' Professional Development Studies; Adult and Life Long Learning. Reminding you that your genuine response is highly valuable and great contribution for the success of study being conducted, please provide an appropriate answer or write your comment /s on the space provided. If the space provided is not sufficient you may use the back page.

Finally I express my gratitude in advance for your cooperation

Questionnaire Number _____

Part I: Respondents' Demographic Characteristics

1. Sex: 1= Male 2= Female

2. Age (in years) _____

3. Marital status: 1=single 2=married 3= divorced

4=widowed

4. Family size: Number of permanent family members (including household head)

Male _____ Female _____ Total _____

5. Educational Background

1. Primary (1-8) 2. Secondary (9-12) 3. Certificate

6. Your residence, you currently live in

1. Your own home 2. Parents home 3. Rent house 4. Kebele house 5. Others
(specify)_____

7. If you live in rent house, how much you pay per month?

1. 400-600 2. 6001-800 3. 8001-1000 4. 1001-1200 5. Above 1200

8. On average, how many hours do you work per week?

1. Less than 10 hours per week 2. 10-20 hours per week
3. 21-35 hours per week 4. More than 35 hours per week 5. I do not know

9. Family income per month-----

10. Family expenditure per month (for home consumption and other basic services)_____

Part II: Financial Knowledge

11. Do you have awareness of financial literacy and saving behavior?

1. Yes 2. No

12. If your answer for question number 1 is yes, how do you rate your current financial knowledge? 1 Excellent 2. Very good 3. Good 4. Faire 5. Poor

13. Do you/your spouse have bank account/ savings account?

14. If yes, to question No.13, which type of bank/ savings account is it?

1. Government commercial bank
2. Private commercial bank
3. Saving and credit association

4. Others (specify) _____
15. When did you open your account (year)? _____
16. Do you want to improve your financial Knowledge and skills based on your own interest at formal or non formal schools, currently? 1. Yes 2. No

III. Saving behavior

17. How much money do you save per month?
1. 100-300 2. 300-500 3. 500 -600
18. If you are registered in the current Housing project, specify the category
1. 40/60 2. 20/80 old 3. 20/80 new 4. 10/90
19. If you are registered in one of the above categories, for how many months have you deposited your money so far-----
20. If you have interrupted your deposit, please mention the reason

21. Do you have the knowledge of interest rate in your savings/bank account?
1. Yes 2. No
22. If yes, how much is the monthly interest rate? -----
23. Are you a member of Ekub?
1. Yes 2. No
24. If yes, how much do you save per month?
1. 100-300 2. 300-500 3. 500 -600 4. If other, please specify-----
25. Have you received any types of credit in the last 12 months? 1=Yes 2= No

26. If yes, how much money you received? -----
27. If yes, from which institution you received this money?
28. Suppose you borrow birr 1000 from a money lender at interest rate of 2% per month with no repayment for 2 months. After 2 months, how much do you owe?
1. Less than birr 1,020 2. Exactly birr 1,020 3. More than birr 1,020
29. What are the factors affecting the saving behavior of women? (multiple response possible)
1. literacy level
2. social attitude
3. domestic work
4. less opportunity to education and job
5. less access to property ownership
6. other(specify)_____
30. If you think that now you have learned about personal finance (money management), where do you think that you learned the most?
1. Formal school
2. Parents
3. Work place
4. Friends
5. Other (specify)
31. Your financial knowledge and saving character is increasing from time to time
1. Strongly agree 2. Agree 3. Not sure 4. Disagree 5. Strongly disagree
32. If your answer is 1 or 2 above, what do you think the reason is? -----

33. When you were in high school, did your parents/step-parents provide you information about any of the following financial tasks? (1. Strongly agree 2. Agree 3. Not sure 4.

Disagree 5. Strongly disagree)

a. Budgeting 1 2 3 4 5

b. Managing credit 1 2 3 4 5

c. insurance coverage 1 2 3 4 5

d. Applying for student loans 1 2 3 4 5

e. Taxes 1 2 3 4 5

34. Every time you check your credit history and saving account.

1. Strongly agree 2. Agree 3. Not sure 4. Disagree 5. Strongly disagree

IV. Literacy level

35. I think the community should have to contribute financial and other resources to fulfill facilities and make women financially literate?

1. Strongly agree 2. Agree 3. Not sure 4. Disagree 5. Strongly disagree

36. Is it the sole responsibility of the government to provide resources to literate women?

1. Strongly agree 2. Agree 3. Not sure 4. Disagree 5. Strongly disagree

37. Women need to learn the literacy skills because _____ (multiple answers are possible)

1 They have the right to learn.

2 They hold important responsibilities at home.

3 They could practice the lesson easily at home

4 They do have enough free time to attend the lesson

5 They could transfer the lesson they obtained to other individual

38. The saving character and financial literacy of women are highly interwoven events, at normal condition; the more financial literate woman can have better saving behavior

1. Strongly agree 2. Agree 3. Not sure 4. Disagree 5. Strongly disagree

39. Which of the following do you think has been a barrier to women's ability to make decisions to take care of themselves financially?

1. Societal discrimination
2. A rapid evolution of women's role as employee and head of household
3. A recent history of women's independence in the financial world
4. All of the above
5. If any _____

40. Knowing how to make sound money decisions is a core skill in today's world as it affects quality of life, opportunities we can pursue, our sense of security and the overall economic health of women

1. Strongly agree
2. Agree
3. Not sure
4. Disagree
5. Strongly disagree

41. Lack of financial literacy may cause women to

1. Start saving too late in life
2. Disproportionate the current and future consumption
3. Women and their children will not have an equal chance at becoming financially secure
4. All of the above
5. if any _____

42. What are the major factors that can affect the saving behavior of Women?

43. How do you explain the status of financial literacy in this small micro enterprise?

44. How do you explain the relationship between financial literacy and saving behavior? positive or negative? Justify your response please

45. If you think that most women in this small micro enterprise are poor or intermediate in their financial literacy status:

45.1 Who is accountable for this one? _____

45.2 What are the major factors associated with this problem? _____

45.3 What should be done to improve the status? _____

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**Interview Guides to be completed by Key Informants in Woreda 12 of kolfe
Sub City Women Small micro enterprise**

1. What does the status of financial literacy of women in Woreda 12 of kolfe Sub City Women Small micro enterprise look like?
2. What does the condition of saving behavior of women in Woreda 12 of kolfe Sub City Women Small micro enterprise look like?
3. Do you think that there is significant relationship between financial literacy and saving behavior?
4. What do you think is the effect of financial literacy on the saving behavior of women in Woreda 12 of kolfe Sub City Women Small micro enterprise?
5. Is there any saving association organized by the small micro enterprise here? If yes, mention the name.
6. How do in general evaluate the level of financial literacy among women in this small micro enterprise?
7. How do in general evaluate the level of saving behavior among women in this small micro enterprise?

Declaration

I, the undersigned, here by declare that this thesis is my original work and has not been presented for a degree in any other university, and that all the source materials used for the thesis have been duly acknowledged.

Name :Tsigereda Ashenafi

Signature_____

Date_____

This thesis have been Submitted for examination with my approval as a University advisor.

Name: Temesgen Fereja (PHD)

Signature_____

Date_____