MAKERERE UNIVERSITY

MAKERERE UNIVERSITY BUSINESS SCHOOL

FINANCIAL LITERACY, SAVING CULTURE AND SUSTAINABILITY OF COMMUNITY BASED SAVING AND CREDIT GROUPS

BY

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PLAN A

DECLARATION

This dissertation is my original work and has not been presented for a degree in any other university.

Signed ……..Date……..

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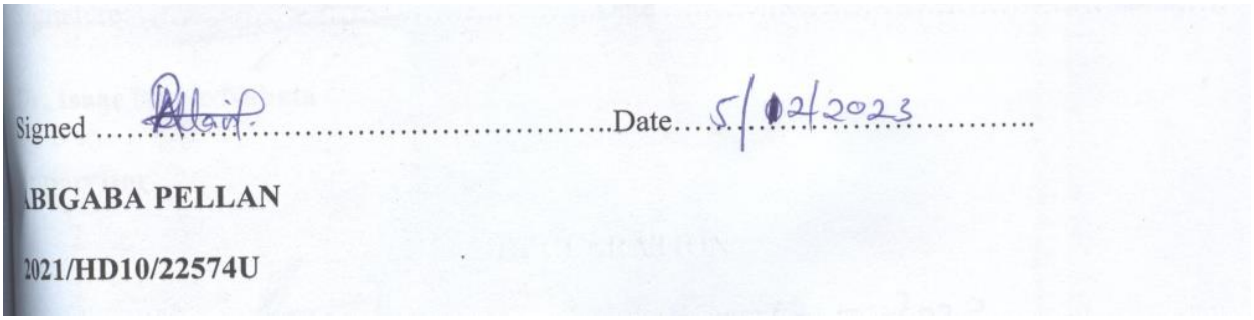

APPROVAL

This research report has been submitted for examination with the approval from the following academic supervisors.

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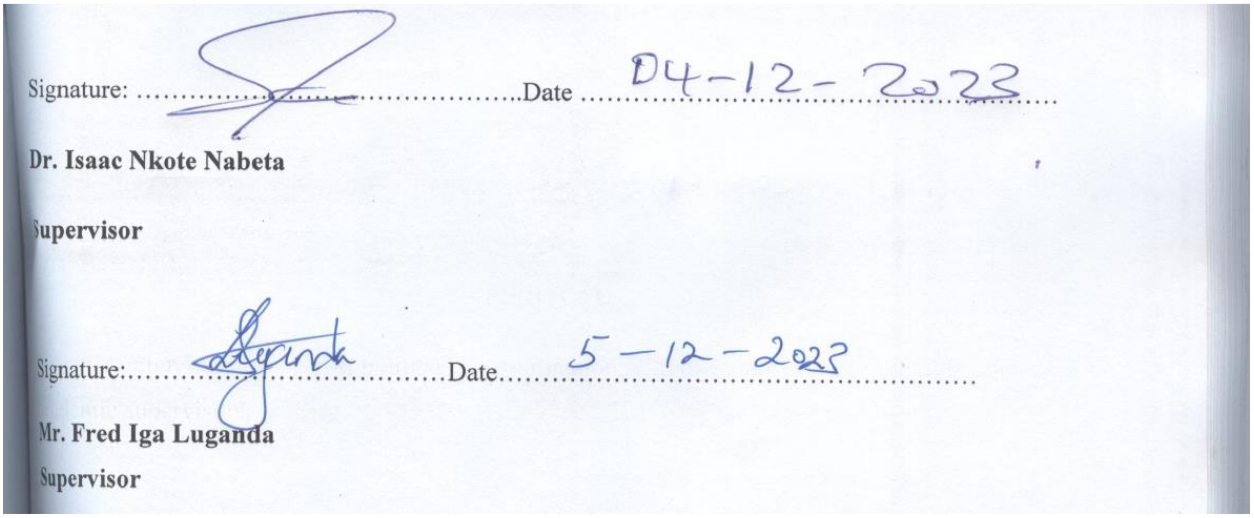

DEDICATION

I dedicate this work to my family that has supported me morally and materially. May God bless you abundantly.

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My sincere gratitude goes to the Almighty God for enabling me to reach this far.

Special thanks go to my supervisor; Dr. Isaac Nabeta Nkote and Mr. Fred Iga Luganda whose valuable commitment in guiding me through the research process made this research a success.

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ABSTRACT

The study was set to examine the relationship between financial literacy, saving culture and sustainability of community-based saving and credit groups in Kampala. The study was guided by three objectives namely To examine the relationship between financial literacy and sustainability of community based saving and credit groups in Kampala, To establish the relationship between Financial literacy and saving culture and To determine the relationship between saving culture and sustainability community based saving and credit groups in Kampala

The study adopted a cross sectional design because the researcher collected data at one point in time. The study followed a quantitative approach since it is meant to test rather than generate theory and focused on describing and drawing inferences from the relationships of the variables. Quantitative research was used because it is conclusive in its purpose, as it tries to quantify a problem and understand how prevalent it is by looking for projectable results to a larger population. The unit of analysis for this study focused on community-based savings and credit groups in Kampala Nakawa Division, specifically targeting 463 groups (ReachOut, 2020). A sample size of 210 groups were selected from to participate in the study s as determined by Krejcie and Morgan (1970) and from each group one members of the management committee was selected. Purpose sampling was used to select the respondents. The researcher selected participants who share common characteristics to gain an in-depth understanding of a specific group or population preferably the chairperson and treasurer of the group.

The study findings established that there was a positive and significant relation between financial literacy and sustainability of community savings and credit groups. The findings indicated a strong positive relationship between financial literacy and saving culture. This implies that that as financial literacy levels increase, individuals are more likely to have a positive saving culture. Findings revealed a significant positive relationship between saving culture and sustainability community-based saving and credit groups in Kampala. Findings also revealed that "Financial Literacy" and "Savings Culture" are significant predictors of the sustainability of community-based savings and credit groups.

In conclusion, this study delved into the intricate dynamics that underlie the sustainability of Community-Based Savings and Credit Groups in Kampala. Findings highlight the pivotal role played by Financial Literacy and Savings Culture in shaping the destiny of these groups. Financial Literacy emerged as a potent force, significantly associated with increased sustainability. Its influence extended beyond mere knowledge and encompassed the practical application of financial principles, emphasizing its importance as an empowering tool. In light of the findings it is proposed the development and implementation of comprehensive financial literacy programs tailored to the specific needs and challenges of these communities. These programs should not only impart knowledge but also instill the skills and attitudes necessary for sound financial decision-making.

CHAPTER ONE
INTRODUCTION

1.1 Introduction

Chapter one highlights the background information, statement of the problem, objectives, scope, significance, and conceptual framework. It also provides a basis on which other chapters are built.

1.2 Background of the Study

Sustainability is an important issue when it comes to community-based savings and credit groups. These groups are often established in rural and underserved areas with limited resources and access to traditional banking services (Tan,& Savani, 2022). Sustainability is the ability to maintain a certain level of performance or activity over a long period of time. It is an approach that considers the environmental, economic, and social aspects of a given activity (Dupas and Robinson, 2018). Community-based saving and credit groups (CBSCGs) are an important component of microfinance and financial inclusion efforts, particularly in low-income and rural areas where access to formal financial institutions is limited (Gingrich, 2015). The issue of sustainability has drawn more scholarly and professional attention as savings groups have become recognized institutions in the delivery of financial services to the poor. A larger body of literature looks at the sustainability of microfinance, Kayembe *et al.,* (2021). However, the availability of such resources is often limited and uncertain, making it difficult for CBSCGs to continue their activities in the long run (Swaans *et al.,* 2017). Sustainable funding mechanisms need to be explored, such as partnerships with financial institutions, government support, and innovative financing models.

However, in Africa and East Africa, CBSCGs face specific sustainability challenges. One of the key issues is the vulnerability to external shocks, such as climate change and economic instability. Climate change impacts, such as droughts and floods, can disrupt agricultural activities, which are often the main source of income for CBSCG members (Kimenyi, 2018). Similarly, economic instability, such as inflation or market fluctuations, can affect the repayment capacity of CBSCG members and the overall sustainability of the groups (Makame & Mago, 2021). In Uganda, CBSCGs face unique sustainability challenges that require attention. One of the key issues is the limited financial literacy and management skills among CBSCG members. Lack of financial knowledge and skills can hamper the effective management of group finances, leading to mismanagement, loan default, and ultimately, the collapse of CBSCGs (Musoke et al., 2019). Therefore, providing financial education and training programs to CBSCG members is crucial for their long-term sustainability. In response to this concern, several studies have been conducted to investigate the factors that contribute to the sustainability of SCGs. Among which was financial literacy and the saving culture of the members have greatly affected the sustainability of the Community-based saving and credit groups (CBSCGs) (Ksoll, et al, 2016). Financial literacy, financial knowledge and financial education often are used interchangeably. Financial literacy is the knowledge and skills required to manage personal finances effectively. It includes the ability to understand and use financial products and services, such as banking, credit, loans, investments, and insurance. Financial literacy also involves the ability to make informed decisions about budgeting, saving, investing, and managing debt (Lusardi, & Mitchell, 2015). The saving culture of community based savings and credit groups is an important factor in their success (Carolan, 2017). The saving culture of community-based saving and credit groups is characterized by regular savings, saving discipline, collective responsibility, trust and transparency, and financial education

(Santos, & Silva, 2022). By promoting and nurturing these features, these groups can continue to play an important role in promoting financial inclusion and economic empowerment in communities around the world. It is important to provide incentives that motivate members to participate in the group and to save consistently. A strong saving culture is essential for the sustainability of CBSCGs, as it encourages members to consistently save money and contribute to the group's financial resources.

Uganda has a fast-growing population with over 60% of the total population being unbanked (World Bank 2018). There is enormous potential to boost the areas of economic and social development with this vibrant population through encouraging the saving behavior, an area Uganda is lagging (UBOS, 2014: Bank of Uganda, 2014). Through community mobilsation by government and NGOs individual form Community-based saving and credit groups of with aim of poverty reduction however these community groups have come under threat due to divided attention from member and parallel saving culture hence the sustainability of these groups comes into question thus this study seeks to examine the relationship between financial literacy, saving culture and sustainability of community-based saving groups in Kampala.

1.3 Problem statement

Despite efforts to provide financial literacy training, VSLA members have limited literacy skills, making it difficult for them to understand financial concepts and terminology used this has hindered their comprehension and engagement as on 18% of the members understand the financial concepts such as budgeting, among others. On the other hand, trainings focus too much on theory and not enough on practical application. This makes it difficult for members to apply what they have learned in real-life situations, limits members' ability to improve their financial wellbeing. Majority of VSLAs either do not maintain records or, if they do, they are not easily understandable to the groups' members. A troubling finding of the quantitative data is the low level of attendance

at regularly held VSLA meetings. Only 44% VSLAs have an established relationship with a formal financial institution. Moreover, 58% of VSLAs have experienced a financial loss due to theft of group savings (Care, 2020). It is also evident that there is inability to create a savings culture, high default rates, and low capital accumulation as obstacles to successful VSLA operation. Therefore, there is a need for concerted efforts from all stakeholders, including government, non-governmental organizations, and financial institutions, to promote financial literacy, encourage a saving culture, and improve the sustainability of VSLAs in Uganda. Thus, this study seeks to examine the relationship between financial literacy, saving culture and sustainability of community-based saving and credit groups in Kampala.

1.4 Purpose of the study

The purpose of the study was to examine the relationship between financial literacy, saving culture and sustainability of community-based saving and credit groups in Kampala.

1.5 Objectives of the study

i. To examine the relationship between financial literacy and sustainability of community-based saving and credit groups in Kampala
ii. To establish the relationship between Financial literacy and saving culture community-based saving and credit groups in Kampala
iii. To determine the relationship between saving culture and sustainability community-based saving and credit groups in Kampala

1.6 Research questions

i. What is the relationship between financial literacy and sustainability of community-based saving and credit groups in Kampala?
iv. What is the relationship between financial literacy and saving culture community-based saving and credit groups in Kampala

ii. What is the relationship between saving culture and sustainability of community-based saving and credit groups in Kampala?

1.7 Scope of the study

1.7.1 Content Scope

The study focused on financial literacy and saving culture on sustainability of community-based saving and credit groups in Kampala

1.7.2 Geographical Scope

The study was carried among members of community saving groups in Kampala specifically focusing on Nakawa division. The study was carried out because of the existence of several CBSCGs organized under Reach out

1.7.3 Time Scope

Study was carried out between January and August 2023

1.8 Significance of the study

The study's findings can inform policymakers about the challenges faced by CBSCGs in Uganda, such as limited financial sustainability, high loan default rates, and lack of formal institutional support. By understanding these issues, policymakers can design targeted interventions and supportive policies to enhance the sustainability and effectiveness of CBSCGs.

Managers of CBSCGs can benefit significantly from the study's insights. Understanding the challenges and barriers to sustainability can help managers identify areas for improvement within their groups. They can implement strategies to enhance financial management, improve loan recovery mechanisms, and foster greater engagement and cooperation among group members. Moreover, managers can use the research findings to advocate for legal recognition and formal institutional support, which can enhance the credibility and resilience of their CBSCGs.

The findings will also be beneficial to academicians to investigate further about the impact of financial literacy by providing literature. Academicians can use the research findings to deepen their understanding of the challenges faced by CBSCGs in Uganda and other similar contexts. The

study can also inspire further research on the effectiveness of different interventions and policy measures to improve the sustainability of CBSCGs.

1.9 Conceptual Framework

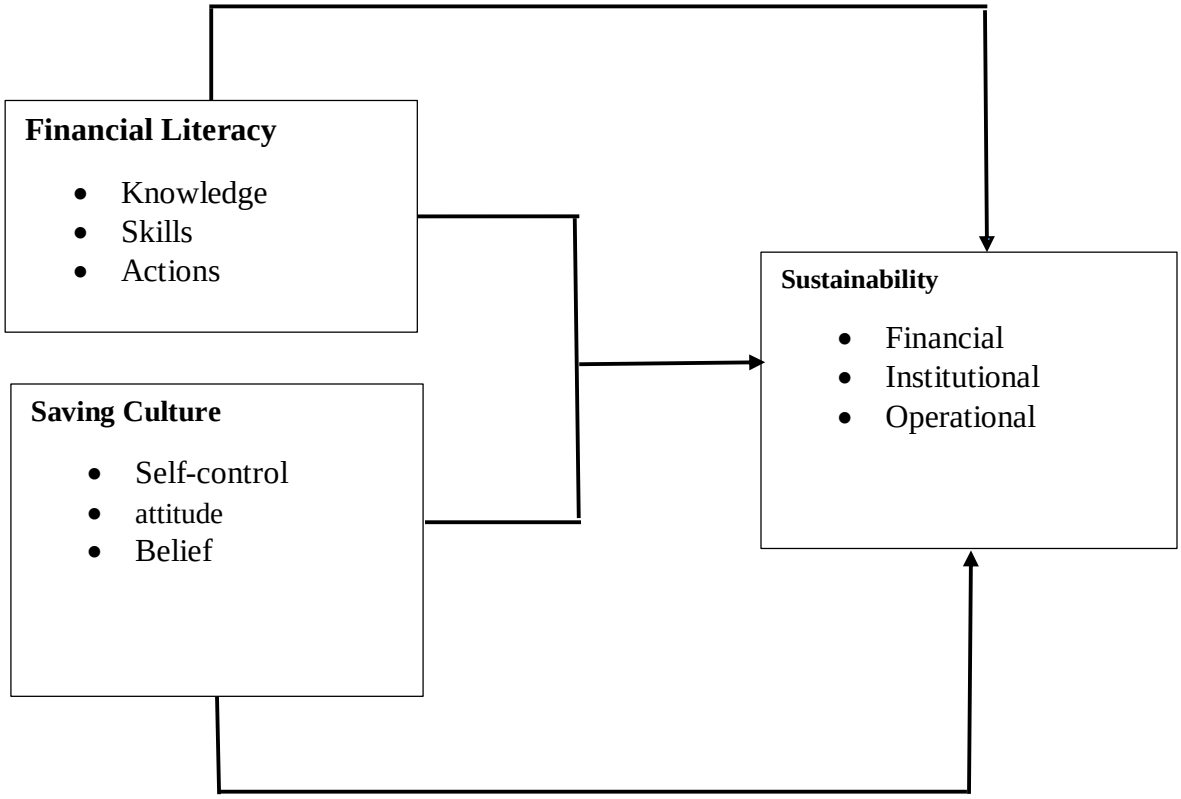

Figure 1: Conceptual Framework

Financial Literacy was measure using knowledge, skills, and actions - that are necessary for individuals to effectively manage their personal finances. Knowledge refers to an understanding of financial concepts and terminology, while skills involve the ability to apply that knowledge in real-life situations. Actions refer to the ability to make informed decisions and take steps to achieve financial stability and security. Saving Culture will be measured using self-control, attitude, and belief - that are essential for promoting a culture of saving. Self-control refers to the ability to delay gratification and resist impulsive spending, while attitude refers to one's overall mindset and

beliefs about saving. Belief refers to the perception that saving is a worthwhile activity and can lead to positive financial outcomes. Sustainability of Community-Based Savings and Credit Groups: This component includes three elements - financial, institutional, and operational - that are necessary for ensuring the long-term sustainability of community-based savings and credit groups. Financial sustainability refers to the ability of the group to generate and manage financial resources effectively. Institutional sustainability refers to the legal and regulatory frameworks that support the group's operations, while operational sustainability refers to the group's ability to manage its internal processes effectively.

Overall, this conceptual framework highlights the importance of financial literacy and a saving culture for the sustainability of community-based savings and credit groups. By promoting financial literacy and a culture of saving, these groups can better manage their finances and achieve long-term sustainability.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This section covers the literature of the study regarding the relationship among the variables of the study; financial literacy, saving culture, and suitability of Community-Based Saving and credit groups/ Village Savings and Loan Associations (CBSCGs/VSLAs). This section presented the theoretical review, a discussion of literature sequenced according to the study thematic objectives and a summary of literature review is also highlighted.

2.2 Social Capital Theory

The social capital theory states that social relationships and networks can provide invaluable resources to the participants involved and leads to development ((Burt, 1992). That is the aim of building social capital development, productivity, and overall growth. When people with the same goals come together as a group, they can pool their resources, share information, and collaborate at a community level (Savage and Kanazawa 2004).

Social capital theory is highly relevant to the sustainability of community-based savings and credit groups (SCGs) (Vitt et al. 2005). SCGs are typically formed by individuals who share common social ties and values, and these social relationships are critical to the success of the group. Social capital theory suggests that the trust, norms, and values shared by members of SCGs create a social network that can facilitate cooperation, reduce transaction costs, and increase the likelihood of successful collective action (Volpe, Kotel, and Chen 2002). The strong social ties within the group also promote accountability and help members to monitor each other's activities, reducing the risk of default.

Moreover, social capital theory suggests that social relationships can provide access to information, knowledge, and resources that can contribute to the sustainability of SCGs. For

example, members of SCGs may share information about new income-generating opportunities, market trends, or financial management practices that can enhance the group's performance (Marcolin and Abraham 2006). Social relationships may also facilitate the mobilization of external resources, such as loans from formal financial institutions or grants from development agencies, which can help to sustain the operations of SCGs (Huston 2010). In addition, social capital theory emphasizes the importance of social norms and values that support collective action and mutual trust. SCGs that promote transparency, accountability, and equitable distribution of benefits are more likely to attract and retain members and achieve sustainability in the long term (Volpe, Kotel, and Chen 2002).

Overall, social capital theory suggests that the social relationships, networks, and norms that underpin SCGs are critical to their sustainability. By fostering cooperation, reducing transaction costs, providing access to resources, and promoting social norms and values that support collective action, social capital can contribute to the long-term success of SCGs.

2.3 Financial literacy

Financial literacy is a fundamental aspect of modern life. It refers to the ability to understand and manage one's finances effectively. In an era of complex financial products and ever-changing economic landscapes, financial literacy has become essential for individuals to make informed decisions regarding their money (Goyal, & Kumar, 2021). Financial literacy encompasses a wide range of knowledge and skills related to personal finance. At its core, it involves understanding financial concepts, such as budgeting, saving, investing, debt management, and retirement planning. It also entails the ability to apply this knowledge to make sound financial decisions (Lyons, & Kass-Hanna, 2021). Financial literacy extends beyond basic arithmetic; it involves financial decision-making, risk assessment, and the ability to navigate the complex world of

financial products and services (Garg, & Singh, 2018). It is important to stress that financial literacy programmes are not designed to make people financial experts, rather, the aim is to empower individuals like the youth with sufficient skills and knowledge to form financial decisions and allow them to be more in control of their circumstances (Garg, & Singh, 2018).

Financial literacy in VSLAs is typically defined as the knowledge, skills, and attitudes necessary to make informed financial decisions within the context of VSLA operations (Lusardi and Mitchell 2014). This includes an understanding of VSLA rules and regulations, as well as financial concepts and products, such as interest rates, loan repayment, and savings. Financial literacy in VSLAs also encompasses behaviors and attitudes related to VSLA participation, such as attendance at meetings and adherence to group rules.

Financial literacy in VSLAs also encompasses behaviors and attitudes related to VSLA participation, such as attendance at meetings and adherence to group rules (Karakurum-Ozdemir, Kokkizil, & Uysal, 2019). Education has consistently been found to be positively related to financial literacy in VSLAs (Oduro & Domfeh, 2017; Adedeji et al., 2019). Age has also been identified as a determinant of financial literacy, with older individuals tending to have higher levels of financial literacy (Adedeji et al., 2019). Gender has been found to be associated with financial literacy, with women typically having lower levels of financial literacy in VSLAs than men (Oduro & Domfeh, 2017). Finally, VSLA experience, such as length of membership, has been found to be positively associated with financial literacy (Adedeji et al., 2019).

2.4 Saving Culture

Saving culture is defined as a behavior that involves saving a portion of one's income or resources for future use (Alemayehu, 2019). This behavior involves a conscious effort to reduce spending on immediate wants and desires and diverting those resources towards savings for long-term

financial goals. A study by Kumar and Srivastava (2020) found that individuals with higher incomes tend to save more compared to those with lower incomes. This suggests that individuals with higher incomes have more resources to allocate towards saving, making it easier for them to develop a saving culture.

In the present context culture could involve savings levels (Cox, 2017), consumer decisions on purchases of financial services products (Anis, Susanto& Mardiani, 2021), the use of non-bank organisations for banking activity (Leiser et al., 2018), longevity of relationship with financial services organisations, public word of mouth (Anis, et al, 2021), and shareholders' willingness to purchase equity in the banking sector (Mulatu, 2020).

According to Silva, & Santos, (2023).savings is the money which is kept in an account in a bank or similar financial organization. Saving culture within community groups plays a pivotal role in enhancing financial resilience, social cohesion, and economic development. Saving culture in community groups refers to a collective commitment among group members to regularly set aside a portion of their income or resources for future use, emergencies, or community development initiatives (Kimani, & Njenga, 2019).. It encompasses both the individual commitment to save and the communal support and mechanisms that facilitate saving within the group. Promoting and sustaining a saving culture within community groups is essential for improving financial resilience, fostering community development, and empowering individuals economically (Develtere, & Pollet, 2018).

2.5 Sustainability of Community Saving and credit groups

Sustainability can be considered at several levels of institutional, group, and individual and can relate to organizational, managerial, and financial aspects (Adongo, et al 2018). The concept of

sustainability of Community Saving and credit groups can be divided into four interrelated ideas; namely, financial viability, institutional viability and operational viability.

Financial viability relates to the fact that a group should at least equate the cost per each unit of currency lent to the price it charges its borrowers (i.e. the interest rate). Economic viability relates to meeting the economic cost of funds (opportunity cost) used for credit and other operations with the income it generates from its lending activities (Lucena, Schneider, & Leydens, 2022). Regarding indicator of financial sustainability, Sa-Dhan (2018) pointed out that loan repayment (measured by default rate) could be another indicator for financial sustainability of Saving groups; because, low default rate would help to realize future lending (Henock, 2019).

Lucena, et al, (2022) noted that the poor needed to have access to financial service on long-term basis rather than just a onetime financial support. Short-term loan would worsen the welfare of the poor (Navajas et al., 2017). Lucena, et al, (2022) also stated that the financial un-sustainability in the MFI arises due to low repayment rate or un-materialization of funds promised by donors or governments. Lucena, et al, (2022)) indicated, "Measuring financial sustainability requires that VSLAs maintain good financial accounts and follow recognized accounting practices that provide full transparency for income, expenses, loan recovery, and potential losses (Bouman, 2019).." Previous studies on village banking and micro-finance have strongly indicated that the village micro-finance programs, which target more poor people, more rural inhabitants, the more uneducated people, and more women than are found in the general population, tend to be less sustainable especially when they are initiated by Apex Non-Governmental Organizations, in which case they crumble once the NGOs exit (Ozili, 2018).).

In addition to financial self-sustainability, institutional self-sustainability is also important for the long-term viability and success of Village Savings and Loan Associations (VSLAs) (Lucena, et al,

2022). Institutional self-sustainability refers to the ability of a VSLA to maintain and improve its organizational structure, governance, and management practices over time, without relying on external support or subsidies (Henock, 2019).. There is a growing body of literature on institutional self-sustainability of VSLAs. Some of the key findings and recommendations from this literature are discussed below:

Good governance and leadership: Strong leadership and good governance are essential for institutional self-sustainability of VSLAs. Studies have found that VSLAs with effective and accountable leadership, clear rules and regulations, and transparent decision-making processes are more likely to be sustainable in the long term (Oyugi et al., 2021; Bwambale et al., 2019).

Member ownership and participation: VSLAs that promote member ownership and participation in decision-making tend to be more sustainable than those that do not. Studies have found that VSLAs with high levels of member participation, trust, and commitment are more likely to continue operating even after external support has ended (Mudege et al., 2018; Oyugi et al., 2021).

Diversification of services and products: VSLAs that offer a range of financial and non-financial services are more likely to be sustainable than those that offer only basic savings and loan products. Studies have found that VSLAs that provide additional services such as business training, health education, and agricultural inputs tend to have higher levels of member satisfaction and retention (Kanyangarara et al., 2018; Choudhury et al., 2019).

Partnerships and linkages: VSLAs that establish partnerships and linkages with other institutions, such as banks, microfinance institutions, and government agencies, are more likely to be sustainable than those that operate in isolation. Studies have found that VSLAs that have access to external resources, technical assistance, and market opportunities are more likely to be successful in the long term (Mudege et al., 2018; Bwambale et al., 2019). Thus institutional self-sustainability

of VSLAs is a complex and multifaceted issue that requires attention to a range of factors, including leadership, governance, member participation, service diversification, and partnerships. By addressing these factors, VSLAs can increase their chances of achieving long-term success and impact in their communities.

Operational sustainability is another important aspect of the long-term viability and success of Village Savings and Loan Associations (VSLAs). Operational sustainability refers to the ability of a VSLA to effectively and efficiently manage its day-to-day operations, including financial management, loan processing, and member services, while also adapting to changing circumstances and market conditions.Several studies have identified key factors that contribute to the operational sustainability of VSLAs, including:

Strong management and leadership: Effective management and leadership are essential for the operational sustainability of VSLAs. Studies have found that VSLAs with competent and committed managers and leaders are better able to manage their finances, maintain good member relations, and adapt to changing market conditions (Nkundabanyanga et al., 2018; Uwizeyimana et al., 2020).

Quality control and risk management: VSLAs that have strong quality control and risk management systems are more likely to be operationally sustainable. This includes having clear procedures for loan processing and repayment, monitoring loan delinquency rates, and maintaining accurate financial records (Nkundabanyanga et al., 2018; Bwambale et al., 2019).

Technical assistance and training: VSLAs that receive technical assistance and training are better equipped to manage their operations effectively and sustainably. This includes training on financial management, record-keeping, and risk management, as well as technical assistance in areas such as product development and marketing (Bwambale et al., 2019; Uwizeyimana et al., 2020).

Market linkages and diversification: VSLAs that are able to diversify their services and products, and establish linkages with external markets and institutions, are more likely to be operationally sustainable. This includes expanding their product offerings beyond basic savings and loans, and establishing partnerships with banks, microfinance institutions, and other service providers (Mudege et al., 2018; Choudhury et al., 2019).

Overall, the literature suggests that operational sustainability of VSLAs is closely linked to factors such as management and leadership, quality control and risk management, technical assistance and training, and market linkages and diversification. By addressing these factors, VSLAs can improve their ability to effectively and efficiently manage their operations, adapt to changing circumstances, and achieve long-term sustainability.

2.6 Financial literacy and sustainability

Several studies have highlighted the relationship between financial literacy and the sustainability of community VSLA. A study by Gebregziabher and Bezabih (2017) found that members with higher levels of financial literacy were more likely to participate in VSLA activities, save more, and access credit from the group. The study suggested that improving the financial literacy of VSLA members can lead to increased participation, improved savings behavior, and better access to credit, which can contribute to the sustainability of the group.

Similarly, a study by Ndiema et al. (2021) found that financial literacy is positively associated with the sustainability of community-based microfinance institutions, including VSLAs. The study suggested that financial literacy can enhance the capacity of members to understand and manage financial risks, thereby increasing the likelihood of the group's sustainability.

In contrast, a study by Gebremeskel et al. (2021) found that a lack of financial literacy among VSLA members can lead to over-indebtedness, defaults, and the collapse of the group. The study

suggested that inadequate financial literacy programs can limit the group's capacity to manage credit effectively, which can lead to the group's unsustainability.

Financial literacy empowers the CBSCGS members, making them knowledgeable about finance in a way that is relevant to their lives and allowing them to use this knowledge to evaluate products and make informed decisions. Those who are financially literate are more likely to save and engage in safe financial products (Besley, T., S. Coate & G. Loury 1993). There is widespread agreement that levels of financial literacy worldwide are low, especially in developing countries, and that MFI members tend to overestimate their financial skills and knowledge (Besley, T. et al 1993). Financial literacy amongst the CBSCGS members is important in enabling them have basic knowledge on record keeping of their savings and the accountability of the loan lending and repayments. The CBSCGS members through financial literacy are able to account for their household income (Sebstad, J & M. Cohen, 2000).

Financial literacy is an important factor that can contribute to the sustainability of community VSLAs. This literature review has highlighted the relationship between financial literacy and the sustainability of community VSLAs, including the benefits of improving the financial literacy of VSLA members. Future research should explore effective interventions to improve the financial literacy of VSLA members and enhance the sustainability of community-based microfinance institutions.

2.7 Financial literacy and saving culture

Several studies have shown that financial literacy is positively related to saving culture. For example, a study by Kim and Lyons (2011) found that individuals with higher levels of financial literacy were more likely to save for retirement. Similarly, a study by Lusardi and Mitchell (2014)

found that individuals with higher levels of financial literacy were more likely to save for emergencies and retirement.

Financial literacy can also influence the attitudes and behaviors of individuals towards saving. A study by Eze et al. (2021) found that financial literacy was positively associated with saving behavior among university students in Nigeria. The study suggested that financial literacy programs can help to promote a saving culture among young people.

Furthermore, financial literacy can help individuals to make better financial decisions and avoid financial mistakes that can undermine their savings goals. For example, a study by Lu and Chen (2019) found that financial literacy was negatively related to debt burden among Chinese consumers. The study suggested that improving financial literacy can help individuals to avoid excessive debt, which can undermine their savings goals. While there is a growing recognition that being financially aware, literate or capable requires more than a knowledge base, the mechanisms by which increased knowledge and skills translate into behavioural change are not well understood (Way and Ang 2010). Behavioural research suggests that people bring nonfinancial factors, such as values, emotions, early-life experiences, psychological characteristics, and misperceptions; to their financial decisions and that these should be considered along with knowledge in financial literacy efforts (Hilgert et al. 2003; Holden 2010).

2.8 Saving culture and sustainability

The relationship between saving culture and sustainability is a complex one. Social capital theory suggests that culture and the environment of a community can influence the way that people save and use resources (Beaman et al., 2014). Community-based saving and credit groups can help to foster a culture of saving and using resources in sustainable ways. These groups often promote environmental and economic sustainability by providing members with access to credit and

encouraging them to save and invest in their communities (Savage and Kanazawa 2004). Additionally, saving and credit groups can help to promote social responsibility by encouraging members to contribute to the development and well-being of the community (Kotel, and Chen 2002). This can help to create stronger bonds between members, which in turn can help to foster a culture of saving and sustainability.

Several studies have highlighted the importance of saving culture for the sustainability of community-based saving and credit groups. For example, a study by Gatzweiler et al. (2013) found that VSLAs in rural Tanzania that emphasized a saving culture among their members were more likely to sustain their activities over the long term. The study suggested that the promotion of saving culture can help to build trust and social cohesion among group members, which is essential for the sustainability of community-based saving and credit groups. Similarly, a study by Yaron and Benjamin (2016) found that the saving behavior of members was a key factor in the success of VSLAs in Uganda. The study suggested that the adoption of a saving culture among members can lead to increased savings, which can in turn increase the pool of funds available for lending and promote the sustainability of the group.

In addition, saving culture can also contribute to the financial resilience of community-based saving and credit groups. A study by Daley-Harris and Dearden (2018) found that VSLAs in Kenya that promoted a saving culture among their members were better able to cope with unexpected expenses and shocks, such as illness or crop failure. The study suggested that a saving culture can help to build financial resilience among group members and reduce the risk of default on loans, which can enhance the sustainability of the group.

2.9 Conclusion

In conclusion, the literature suggests a positive relationship between saving culture and the sustainability of community-based saving and credit groups, such as VSLAs. A saving culture can lead to increased savings among group members, enhance financial resilience, and promote social cohesion, which are all essential for the long-term sustainability of these groups. Promoting a

saving culture among members of community-based saving and credit groups can have significant benefits for the economic resilience and well-being of individuals and communities in developing countries. Further research is needed to identify effective interventions to promote a saving culture and enhance the sustainability of community-based saving and credit groups.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter includes the research design, population to be studied, sampling method and size, measurement of variables, data processing and analysis, how reliability and validity was established. The section also presented the data collection methods and the limitations that may be encountered throughout the study.

3.2 Research design

The study adopted a cross sectional design because the researcher collected data at one point in time. The study followed a quantitative approach since it is meant to test rather than generate theory and focused on describing and drawing inferences from the relationships of the variables. Quantitative research was used because it is conclusive in its purpose, as it tries to quantify a problem and understand how prevalent it is by looking for projectable results to a larger population.

3.3 Population

The unit of analysis for this study was 463 Community-based savings and credit groups in Kampala Nakawa Division, (ReachOut, 2020).

Table 3.1: Population

Parish	**No. of Groups**
Mbuya	218
Kinawataka	127
Banda	118
Total groups	**463**

Source: ReachOut, 2020

3.4 Sample Size and Sampling Method

A sample size of 210 groups were selected from to participate in the study s as determined by Krejcie and Morgan (1970) and from each group one members of the management committee was selected. Purpose sampling was used to select the respondents. Purposive sampling was used to select the respondents. The researcher selected participants who share common characteristics to gain an in-depth understanding of a specific group or population preferably the chairperson or treasurer of the group.

3.5 Data Sources

Primary data was obtained using a self-administered questionnaire following systematic procedures. The questionnaires were used for the collection of data from respondents. The questionnaire instrument was used because it was simple to administer, could be easily filled out by the respondents, and was cost-effective.

3.6 Data Collection Instrument

A self-administered structured questionnaire was used to measure the perception of the respondents since they help in gathering data over a large sample and saves time. If a structured questionnaire is self-administered, detailed instructions on how to complete the questionnaire are usually given to the respondents ((Amin, 2005). The questions in the questionnaire was close-ended because they were exhaustive and mutually exclusive. The questionnaires was administered with the help of research assistants. Questions were rated using a 5-point Likert Scale of strongly agree (5), agree (4), uncertain (3), disagree (2) strongly disagree (1). The questionnaire was divided into sections to address specifically all the variables in the model.

3.7 Measurement of variables

Financial literacy, saving culture and sustainability was measured through their indicators based on a 5-point Likert Scale of strongly agree (5), agree (4), uncertain (3), disagree (2) strongly disagree (1) as shown in the table 1 below:

Table 3.2 : Measurements of the Research Variables

Variable	Author	Measures
Financial Literacy	(Kefela, 2010). Lusardi and Mitchell (2014); (Oduro & Domfeh, 2017)	• Knowledge • Skills • Actions
Saving Culture	Bernheim *et al.*, (2000); Kargwell, *et al.*, (2017).	• Self-control in spending • attitude towards saving • Belief in financial planning
Sustainability of Community based Savings and Credit Groups	Kayembe et al., (202) Nkundabanyanga, Mugabe, and Mugisha, (2018). Mudege, Wambui, and Kimani, (2018)	• Financial • Institutional • Conceptual

Source: Secondary Data

3.8 Validity and reliability

Reliability is the ability of a measure to produce consistent results when the same entities are measured under different conditions (Field, 2009). The Cronbach Alpha coefficient was used to test for reliability of the instrument and if the Cronbach's alpha coefficient is above 0.70, the instrument will be considered reliable (Amin, 2005).

Validity determines whether the research instrument truly measures what it was intended to measure or how truthful the research results are (Golafshan, 2003). The questionnaire scale for expert validity was used to establish this. The questionnaire was pretested before it administered to the respondents The questionnaire was given to a number of experts to evaluate the relevance

of each item in the instrument to the objectives and how well scores on one measure predict scores on another measure of interest. In this study, the researcher concentrated on content validity to ensure that the content of the questionnaire is appropriate and relevant to the study purpose.

Table 3.3: Reliability and Validity Test Results.

Variable	Anchor	Cronbach Alpha Value	Content Validity Index
Financial Sustainability	5 Point	.752	.723
Saving Culture	5 Point	.775	.767
Sustainability of Community based groups	5 Point	.897	.821

Source: Primary Data 2023

3.9 Ethical Consideration

The researcher gave attention to the ethical issues associated with carrying out the study by adhering to the following procedures:

Permission of the respondents was sought to conduct research involving them. This was done by seeking permission from individuals through an introductory letter from the university and allowing the respondents to choose to be a part of the study or not. Written or verbal informed consent from all respondents was sought before the questionnaires were distributed and the purpose and objectives of the study was carefully explained to the respondents.

The researcher took into consideration the privacy and confidentiality of the respondents by safe guarding the information of the respondents and providing explanation for the relevance of the information they provide as well as who it was shared with. The researcher ensured that there was anonymity of the respondents by requesting the respondents not to provide their names, designations and contacts. Here the researcher designed the tools in such a manner that the

respondents were not required to provide personal details. The major ethical problem in this study was privacy and confidentiality of the respondents.

3.10 Data Processing and Analysis

The data was coded, cleaned, edited and computed using Statistical package for social scientists (SPSS) version 25. The descriptive statistics such as frequency units, percentages and inferential statistics such as Pearson correlating coefficient, multiple regression were conducted.

CHAPTER FOUR

PRESENTATION, ANALYSIS, AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter analyzes and presents the findings of the study. The findings are presented in tables showing frequencies, correlations and regression analysis. Results are guided by the following research objectives;

i. To examine the relationship between financial literacy and sustainability of community-based saving and credit groups in Kampala
ii. To establish the relationship between Financial literacy and saving culture community-based saving and credit groups in Kampala
iii. To determine the relationship between saving culture and sustainability community-based saving and credit groups in Kampala

4.1 Response rate

Table 4.1 below is about the respondents who participated in the study. It analyses the number of questionnaires distributed, the numbers of questionnaires returned and used and the number of questionnaires that were distributed but not returned by the respondents.

Table 4.1: Response rate

Item	Number of questionnaires	Percentage
Distributed questionnaires	210	100
Used questionnaires	202	96.2
Unreturned questionnaires	8	3.9

Source: primary data

Out of 210 questionnaires distributed, only 202 questionnaires were returned and used giving rise to a percentage of 96.2% which is suitable to draw valid and reliable conclusions. According to Mugenda and Mugenda (2003), a 50% response rate is adequate, 60% good and above 70% rated very good. This also concurs with Kothari (2004) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertion; the response rate in this case of 96.2% is very good. This reasonable response rate was achieved after the researcher made personal calls and physical visits to remind the respondent to fill-in and return the questionnaires.

4.2 Background information

The respondents' gender, age, level of education, of the members of the community-based saving and credit groups in Kampala were all considered. The findings are indicated in Table 4.2.

Table 4.2 demographics of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	93	46.0	46.0	46.0
	Female	109	54.0	54.0	100.0
	Total	202	100.0	100.0	
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employed	90	44.6	44.6	44.6
	In business	112	55.4	55.4	100.0
	Total	202	100.0	100.0	
Education		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	69	34.2	34.2	34.2
	Diploma	100	49.5	49.5	83.7
	Degree	33	16.3	16.3	100.0
	Total	202	100.0	100.0	

Source: Primary Data

According to the results in table 4.2, female respondents made up the majority of those who participated in this study (54%) compared to male respondents (46%). This implies that majority of the members of the VSLAs visited were female this can be attributed to the honesty and trustworthiness of women thus often voted for the

Table 4.2 reveals that majority of the respondents (55.4%) were in business and (44.6%) were employed. This implies that all respondents had a source of income and were in position to save with VSLA.

According to the results in table 4.2 (49.5%) of the respondents had a diploma, (34.2%) had a certificate, and (16.3%) had a degree. This implied that the respondents possessed the ability and qualifications to respond to the questionnaire's questions.

4.3 Demographics of the Savings Groups

This section looks at the characteristics of the saving groups that took part in study looks at the number of members in the groups, and how often the meet.

Table 4.3 Demographic characteristics of community based saving and credit groups in Kampala

No. of Members		Frequency	Percent	Valid Percent	Cumulative Percent
Members	10- 20 members	69	34.2	34.2	34.2
	21 – 30 Members	100	49.5	49.5	83.7
	31 and above	33	16.3	16.3	100.0
	Total	202	100.0	100.0	
Periodic Meeting		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weekly	110	54.5	54.5	54.5
	Monthly	92	45.5	45.5	100.0
	Total	202	100.0	100.0	

Source: *Primary Data*

From table 4.3 above majority of the groups (49.5%) had members between 21 – 30 members, (34.2%) had between 10 – 20 members and (16.3%) had 31 and above members. This implies that the saving groups had several members.

Table 4.3 shows that majority of the respondents (54.5%) revealed that they meet weekly while others (45.5%) meet monthly. This implies that the savings groups regularly meet.

4.3 Correlation

The main objective of the study was to figure out and understand how consumption values, consumer attitude and product usage are related. To achieve this, a Pearson correlation matrix was used to test the relationship that exists between the independent variables (financial literacy, saving culture) against the dependent variable (sustainability of community-based saving and credit groups) the results of the study are shown in the table 4.4below;

Table 4.4 Correlation Anaysis

	1	2	3	4	**5**	6	7	8	**9**	10	11	12
Financial Literacy (1)	**1**											
Knowledge (2)	.607**	1										
Skills (3)	.565**	.355**	1									
Actions (4)	.676**	.325**	.267**	1								
Saving Culture (5)	**.590****	**.107**	**.098**	**.256****	**1**							
Self-Control (6)	.454**	.302**	.318**	.369**	.309**	1						
Attitude (7)	.291**	.210**	.179*	.272**	.212**	.859**	1					
Belief (8)	.413**	.283**	.292**	.297**	.269**	.616**	.230**	1				
Sustainability (9)	**.396****	**.216****	**.329****	**.278****	**.249****	**.672****	**.289****	**.489****	**1**			
Financial (10)	.439**	.263**	.340**	.325**	.248**	.445**	.218**	.436**	.503**	1		
Institutional (12)	.356**	.255**	.294**	.233**	.152*	.356**	.168*	.351**	.416**	.807**	1	
Operational (13)	.273**	.135	.222**	.231**	.229**	.287**	.183**	.178*	.326**	.613**	.256**	1

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

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

4.3.1 financial Literacy and sustainability

Results in table 4.4 revealed that there was a significant positive relationship between financial literacy and sustainability of community-based savings and credit groups in Kampala ($r = .396^{**}$ P-value<0.01). The positive correlation coefficient indicates that there is a tendency for higher levels of financial literacy to be associated with greater sustainability of community-based saving and credit groups in Kampala. In other words, individuals who have higher financial literacy are more likely to participate in and support these community-based financial initiatives.

4.3.2 Financial literacy and saving culture

The results in table 4.4 above indicated that there exists a significant and positive relationship between financial literacy and saving culture ($r = .590^{**,}$ P<.01). The findings indicate that as financial literacy levels increase, individuals are more likely to have a positive saving culture. In other words, those who are more financially literate tend to save more, manage their finances more effectively, and make better decisions about saving for the future.

4.3.3 Saving Culture and sustainability

The results in Table 4.4 above indicated a significant and positive relationship between consumer attitude and product usage ($r = .249^{**}p<.01$). The findings show that a strong saving culture within a community can contribute to the formation of a substantial pool of savings. This pool of savings can serve as the capital base for community-based saving and credit groups, enabling them to provide loans and financial services to members.

4.4 Regression Model Analysis

The results in Table 4.5 below show the prediction model which was presented to examine the level to which financial literacy and saving culture can account for variances in sustainability of Community Based Savings and Credit Groups.

Table 4.5 Regression Model Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.079	1.831		6.596	.000
	Financial Literacy	.232	.033	.391	6.963	.000
	Savings Culture	.307	.050	.346	6.170	.000
	R=.714, R^2=.510, Adjusted R^2=.507, F=160.722, Sig=.000, e=.42316					

a. Dependent Variable: sustainability of Community Based Savings and Credit Groups

From the model, financial literacy and saving culture accounted for a variance of 50.7% in sustainability of Community Based Savings and Credit Groups (Adjusted R Squared value = .507), implying that other factors contribute 47.4%. The best predictor of product usage was saving culture (r = .307, Sig. <.01) followed by financial literacy (r = .232, Sig. <.01) and all values were significant. The F-statistic of 160.722 with a significance level of 0.000 indicates that the overall model is statistically significant. In other words, at least one of the independent variables in the model is a significant predictor of the dependent variable.

CHAPTER FIVE

DISCUSSION OF FINDINGS CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter provides a discussion, conclusion of the analysis and interpretation of the results, and strategic recommendations. The discussion explains in detail the results compared to other scholars and the conclusion addresses the final observations regarding the study objectives goals. The chapter ends by raising the limitations of the study and raises areas of further research consideration.

5.1 Discussion of findings

5.1.1 financial literacy and sustainability

The study findings established that there was a positive and significant relation between financial literacy and sustainability of community savings and credit groups. The positive correlation coefficient of 0.396^{**} indicates that as financial literacy levels increase, the sustainability of community-based savings and credit groups tends to improve as well. This means that individuals or communities with higher financial literacy are more likely to establish and maintain successful savings and credit groups. Financial literacy encompasses financial knowledge and skills, which are essential for effective participation in savings and credit groups. People with higher financial literacy are better equipped to understand the principles of saving, borrowing, and investing, which are vital for the success and sustainability of these groups. This agrees with Gebregziabher and Bezabih (2017) who found that found that members with higher levels of financial literacy were more likely to participate in VSLA activities, save more, and access credit from the group. The study suggested that improving the financial literacy of VSLA members can lead to increased participation, improved savings behavior, and better access to credit, which can contribute to the sustainability of the group. Ndiema et al., (2021) found that financial literacy is positively associated with the sustainability of community-based microfinance institutions, including VSLAs. The study suggested that financial literacy can enhance the capacity of members to

understand and manage financial risks, thereby increasing the likelihood of the group's sustainability.

5.1.2 Financial Literacy and Saving Culture

The findings indicated a strong positive relationship between financial literacy and saving culture. This implies that that as financial literacy levels increase, individuals are more likely to have a positive saving culture. In other words, those who are more financially literate tend to save more, manage their finances more effectively, and make better decisions about saving for the future. Financial literacy includes knowledge about financial concepts, such as the importance of saving, the benefits of compound interest, and various saving and investment options. People with higher financial literacy are more aware of these concepts and are more likely to put them into practice by saving money. This is in agreement with Kim and Lyons (2011) who found that individuals with higher levels of financial literacy were more likely to save for retirement. Similarly, a study by Lusardi and Mitchell (2014) found that individuals with higher levels of financial literacy were more likely to save for emergencies and retirement.

5.1.3 Saving culture and sustainability

Findings revealed a significant positive relationship between saving culture and sustainability community-based saving and credit groups in Kampala. A strong saving culture within a community can contribute to the formation of a substantial pool of savings. This pool of savings can serve as the capital base for community-based saving and credit groups, enabling them to provide loans and financial services to members. Communities with a robust saving culture may be more resilient in the face of economic shocks or unexpected challenges. When community members are accustomed to saving, they are better prepared to weather financial crises, which can indirectly contribute to the sustainability of community-based groups. This is in line with Gatzweiler et al. (2013) found that VSLAs in rural Tanzania that emphasized a saving culture among their

members were more likely to sustain their activities over the long term. The study suggested that the promotion of saving culture can help to build trust and social cohesion among group members, which is essential for the sustainability of community-based saving and credit groups. Similarly, a study by Yaron and Benjamin (2016) found that the saving behavior of members was a key factor in the success of VSLAs in Uganda. The study suggested that the adoption of a saving culture among members can lead to increased savings, which can in turn increase the pool of funds available for lending and promote the sustainability of the group.

5.1.4 Financial literacy and saving culture on sustainability

The regression analysis suggests that both Financial Literacy and Savings Culture are significant predictors of the sustainability of community-based savings and credit groups. The model was reasonably good fit and explains a significant portion of the variability in the dependent variable. This implies that both Financial Literacy and Savings Culture significantly influence the sustainability of Community Based Savings and Credit Groups. The positive coefficients suggest that higher levels of Financial Literacy and Savings Culture are associated with greater sustainability. In agreement with Daley-Harris and Dearden (2018) found that groups that promoted a saving culture among their members by educating them were better able to cope with unexpected expenses and shocks, such as illness or crop failure. The study suggested that a saving culture and literacy can help to build financial resilience among group members and reduce the risk of default on loans, which can enhance the sustainability of the group.

5.2 Conclusion

In conclusion, the positive and statistically significant correlation between financial literacy and the sustainability of community saving groups suggests that efforts to improve financial literacy can play a role in enhancing the long-term viability and success of these groups. This finding underscores the importance of financial literacy in the context of community saving groups. Individuals or communities with higher financial literacy are more likely to make informed

financial decisions, manage their resources effectively, and contribute to the long-term sustainability of these groups.

On the relationship between financial literacy and saving culture suggests that enhancing financial literacy can be an effective way to encourage and promote a culture of saving. Financial education and literacy initiatives can play a vital role in helping individuals and communities develop the knowledge and habits necessary for successful saving practices and long-term financial security. Financial literacy can lead to behavioral changes. As people become more financially literate, they are more likely to adopt behaviors that prioritize saving for the future. This may include setting savings goals, budgeting, and avoiding excessive debt, all of which contribute to a stronger saving culture. Therefore, enhancing financial literacy can lead to more informed financial behaviors and, ultimately, greater financial stability and success for individuals and communities.

While there is a logical alignment between saving culture and sustainability in terms of principles and resource management, the specific relationship can be complex and context-dependent. Promoting a saving culture within communities may have the potential to contribute positively to sustainability efforts, but this relationship should be further explored and researched to better understand its dynamics. Efforts to promote a saving culture within communities should consider how these practices align with and can support sustainability goals. Furthermore, interdisciplinary research and collaborative initiatives may provide insights and strategies for enhancing both saving culture and sustainability to create more resilient and responsible communities.

This study delved into the intricate dynamics that underlie the sustainability of Community-Based Savings and Credit Groups in Kampala. Findings highlight the pivotal role played by Financial Literacy and Savings Culture in shaping the destiny of these groups. Financial Literacy emerged as a potent force, significantly associated with increased sustainability. Its influence extended

beyond mere knowledge and encompassed the practical application of financial principles, emphasizing its importance as an empowering tool. Equally compelling was the impact of Savings Culture, a collective ethos within the community. This cultural inclination towards saving not only fostered financial resilience but also acted as a beacon guiding the path towards sustainable Community-Based Savings and Credit Groups.

5.3 Recommendations

In light of the findings it is proposed the development and implementation of comprehensive financial literacy programs tailored to the specific needs and challenges of these communities. These programs should not only impart knowledge but also instill the skills and attitudes necessary for sound financial decision-making.

Furthermore, community-wide initiatives should be devised to foster a Savings Culture that encourages regular savings and collective responsibility. By embracing these cultural values, communities can lay the foundation for resilient and self-sustaining Savings and Credit Groups.

Launch community-wide initiatives to foster a savings culture. Encourage regular saving and collective responsibility within families and communities, emphasizing the long-term benefits of saving.

Promote community engagement and participation in savings and credit groups. Encourage the active involvement of community members and provide opportunities for them to take ownership of these initiatives.

By implementing these recommendations, stakeholders can contribute to the sustainability and prosperity of Community-Based Savings and Credit Groups in Kampala. These initiatives have the potential to empower individuals, strengthen communities, and promote financial well-being for all.

5.4 Limitations of the study

The data collection instrument was a standard questionnaire which was limited the ability to collect views about information outside asked question this was handled by making extensive statements in the questionnaire.

Some respondents were willing to give all the required information because of fear. This was mitigated by explaining to the respondents the sole purpose of the study.

Another limitation of this study was time and financial resource constraints which affected coverage of the study. This was solved by using the most convenient data collection methods and tool. .

Fear of giving confidential information. Here the researcher assured the respondents of utmost good faith with supporting documents for undertaking the study

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APPENDIX

QUESTIONNAIRE

MAKERERE UNIVERSITY BUSINESS SCHOOL

GRADUATE AND RESEARCH CENTER

Dear respondent,

I am undertaking a research study to determine the relationship between *Financial Literacy, Saving Culture And Sustainability Of Community Based Saving And Credit Groups in Kampala.* This is entirely for academic purposes. I kindly request you to complete this short questionnaire which will take a few minutes of your precious time. All responses will be treated with a high level of confidentiality.

SECTION A: BACKGROUND INFORMATION

This section captures the information concerning you. Please tick the best option and provide an answer where the options do not exist.

1. **Gender**

Male	Female

2. **Education level**

Certificate	Diploma	Degree

3. **Age**

18-24	25-32	33-39

4. **Employment status**

Employed	In business

Section B: Characteristics of the Saving Group

5. Number of Members in the groups

10 – 20 members	21 – 30 members	31 and above

6. Periodic meeting

Weekly	Monthly

SECTION C

This section has statements about financial literacy, financial attitudes and saving behavior. You are provided with a scale of five options, that is;

Kindly tick (✓) one choice that best suits the statement in the space provided:-

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

1.	**FINANCIAL LITERACY**	**1**	**2**	**3**	**4**	**5**
A	**KNOWLEDGE**					
KN1	Am aware of the financial opportunities					
KN2	I have practical knowledge to make informed financial decisions.					
KN3	I regularly attend seminars or workshops relating to savings					
KN4	I usually consult a financial advisor on saving					
KN5	I stay informed on different savings products in the financial institutions					
B	**SKILLS**					
SK1	I have basic numeracy skills on how to calculate my savings					
SK2	I have the ability to assess the risks of savings products before making a final decision.					
SK3	I possess a range of financial analytical skills.					
C	**ACTIONS**					
AC1	I have realistic income aspirations and wise financial habits.					
AC2	I am confident in making financial decisions					
AC3	I prepare budgets and plan for my finances accordingly.					
AC4	I have concrete financial goals towards which I am working.					

2	**SAVING CULTURE**	**1**	**2**	**3**	**4**	**5**
A	**Self-Control**					

SC2	I am clear about my need to save for future					
SC3	I am concise about what I can afford when buying					
SC4	I possess good spending habits					
SC5	I am always less likely to save regularly					
C	**Attitude**					
V1	I have strong saving beliefs					
V2	I find it more satisfying to spend money than to save it					
V3	I believe my income is too little to consider saving					
V4	I always target savings which are for a specific purpose					
D	**Belief**					
BE1	I have confidence in my ability to manage my finances					
BE4	I always stick to my financial plan					
BE5	I have created a financial budget for this year					
BE6	I find it hard getting solutions when face with financial challenges					

	Sustainability Of Community The Community-Based Savings And Credit Groups	**1**	**2**	**3**	**4**	**5**
E	**Financial**					
FS1	savings and credit group is able to attract new members and retain existing ones					
FS2	savings and credit group can manage its risk and handle unexpected financial challenges					
FS3	the savings and credit group has a strong financial management system in place					
FS4	he savings and credit group is able to meet its financial obligations in the future					
F	**Institutional**					
IS1	The group provides regular training and capacity building opportunities for its members.					
IS2	The group has established partnerships with other organizations and stakeholders to support its sustainability					
IS3	The group has a strong leadership team that is committed to the sustainability of the group					
IS4	The savings and credit group has a clear mission and objectives that are communicated to all members.					
G	**Operational**					
OP1	The VSLA has a clear financial management system in place.					
OP2	The VSLA has well-defined rules and regulations that guide its operations					

OP3	The VSLA regularly conducts financial audits to ensure transparency and accountability.					
OP4	The VSLA has effective leadership and management practices in place..					