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Financial Literacy and Performance of Savings and Internal Lending Communities in Kamuli District, Uganda.

The purpose of this study was to assess the effect of financial literacy on the performance of savings and internal lending communities (SILCs) in Kamuli District in Uganda. The objectives of the study were; to examine the effects of savings literacy on performance of (SILCs); to assess the influence of financial planning literacy on the performance of (SILCs); and to examine the relationship between credit management literacy and performance of (SILCs). Using both the quantitative and qualitative approaches, the researcher adopted a case study design using a questionnaire survey on a sample of 230 respondents. Quantitative data was analysed using descriptive and inferential analyses respectively. Specifically, descriptive statistics included frequencies, percentages, means and standard deviations. Inferential analyses included correlation and multiple regressions which were used to test the hypotheses. Hence, the main findings were that: savings literacy had a positive significant effect on performance of SILCs; financial planning literacy had a positive significant effect on performance of SILCs while credit management literacy had a positive but insignificant effect on performance of SILCs. It was, therefore, concluded that savings literacy was the most probable prerequisite for the performance of SILCs; financial planning literacy was a priority in the requirements for the performance of SILCs; and credit management literacy was not the most important prerequisite for the performance of SILCs. Hence, the following recommendations were made in order to enhance performance of SILCs. First, the government, management and stakeholders of credit organisations such as SILCs should ensure that promoting savings literacy should be their primary target in their financial literacy campaigns. Second, the government, management and stakeholders of credit organisations such as SILCs should make financial planning literacy a priority in their financial literacy programmes. Third, in the promotion of financial literacy, the government, management and stakeholders of credit organisations such as SILCs should not over emphasise credit management literacy of other financial literacy programmes. Therefore, financial literacy is important for the performance of savings and internal lending communities.

Key Words: Financial Literacy, Savings, Kamuli District