

**INFLUENCE OF FINANCIAL LITERACY ON THE FINANCIAL BEHAVIOUR OF
SUB-URBAN TRADERS IN OVIA NORTH LOCAL GOVERNMENT AREA OF EDO
STATE.**

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UNIVERSITY OF BENIN

BENIN CITY.

MAY 2024.

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**RESEARCH WORK WRITTEN AND SUBMITTED TO THE DEPARTMENT OF
ADULT AND NON FORMAL EDUCATION, FACULTY OF EDUCATION,
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REQUIREMENTS FOR THE AWARD OF BACHELOR OF EDUCATION (B.Ed) IN
ADULT EDUCATION**

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APPROVAL PAGE

We the undersigned, assert that this project was carried out by Faustina Anwuli OSAKWE with the matriculation number EDU1902835 in the Department of Adult and Non-Formal Education, Faculty of Education, university of Benin, Benin city, and approve of its adequate in scope and quality, in partial fulfilment of the requirements for the award of Bachelor of Education Degree (B.Ed) in Adult Education.

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CERTIFICATION

We the undersigned hereby certify that this research report was carried out by
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DEDICATION

This research work is dedicated to almighty God for making it possible to complete this project work, as well as communities and groups for their supports.

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ABSTRACT

This study examined the Influence of Financial Literacy on the Financial Behaviour of Sub-Urban Traders. It aimed to determine the extent to which being financially literate can affect the choices and decisions of sub-urban traders when it comes to dealing with finance.

In line with the convention in research, five research questions were raised for investigation on the basis of the purpose and basic assumptions of the study. The research questions are;

1. What is the level of financial literacy of sub-urban traders in Ovia North east local government of Edo State?
2. What is the financial behaviour of sub-urban traders in Ovia North east local government of Edo State?
3. What factors influence the financial behaviour of sub-urban traders in Ovia North east local government of Edo State?
4. Is there a relationship between financial literacy and financial behaviour of sub-urban traders in Ovia North east local government of Edo State?
5. Is there a difference in financial behaviour between male and female of sub-urban traders in Ovia North east local government of Edo State?

The design adopted for the study is the descriptive research design which provided the researcher the opportunity to conduct a general assessment of opinions, attitudes or feelings of respondents. The population was drawn from male and female sub-urban traders and in all, 250 respondents were involved. The stratified and proportionate sampling technique was used to select 125 respondents. The research instrument that was used for data collection was a questionnaire titled “Financial Literacy and Financial Behaviour Questionnaire” which was validated by the project’s supervisor and two other experts from the department of Adult and Non-Formal Education. The instrument was pilot-tested in a sample of 20 respondents who

were not part of the study sample to determine the reliability of the study. The method of data collection was through the administration of the instrument to the respondents. The data was analyzed using descriptive and inferential statistics which analyzed the hypotheses formulated.

The study revealed that some sub-urban traders does not have financial literacy skill as they are not aware about savings, credits insurance, investments, etc and in return, they tend to have poor negative behaviour financially. Although, some of them make a lot of sales but it does not guarantee a balanced financial behaviour as their businesses can be at risk when issues that relates to finance arises.

Based on the findings of this research, the following conclusions were reached as yielded by the data analysed;

- There is a low level of financial literacy among sub-urban traders in Ovia North east local government area of Edo State. Also, Sub-urban traders have poor financial behaviour in Ovia North east local government area of Edo State.
- The factors influencing the financial behaviour of sub-urban traders in Ovia north east local government area of Edo State are inflation and currency rates, access to current and reliable information, psychological biases such as overconfidence, and traders' attitudes towards investments and savings.
- More so, there is a significant relationship between financial literacy and financial behaviours of sub-urban traders in Ovia North East local government area of Edo State.
- And finally, there is no significant difference between male and female sub-urban traders in Ovia North east local government area of Edo State.

CHAPTER ONE

INTRODUCTION

Background to the Study

Literacy is a continuum of learning and proficiency in reading, writing and using numbers throughout life and is part of a larger set of skills, which include digital skills, media literacy, education for sustainable development and global citizenship as well as job-specific skills. When we think of literacy, we usually think of the ability to read and write. However, the understanding of literacy that we possess is often restricted by our educational experiences. In a broad sense, literacy has gone beyond reading and writing. Those of us in the field of education know that there are numerous types of literacy, all of which help us navigate life and fully engage in our democratic society. Of these types of literacy are: health literacy, computer literacy, digital literacy, media literacy, recreational literacy, content literacy, civic literacy, financial literacy amongst others. However, the focus of this study is financial literacy.

Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing. Financial literacy is the foundation of one's relationship with money. According to Programme for International Student Assessment (PISA) (2017), "financial literacy is knowledge and understanding of financial concepts and risk, and the skills, motivation, and confidence to apply such knowledge and understanding in order to make effective decisions across arrange of financial contexts, to improve the financial well-being of individual and society, and to enable participation in economic life". The International Network on Financial Education has defined financial literacy as "a combination of awareness, knowledge, skills, attitude, and

behavior necessary to make sound financial decisions and ultimately achieve individual wellbeing (Atkinson and Messy, 2012).

It can therefore be inferred that a financially literate individual is one who understands and manages variety of financial skills including personal financial management, budgeting and investing and being able to make wise decisions with money. Such a person understands certain financial principles and generalizations or ideas, such as the time value of money, being able to manage debt and financial planning. A business person who is financially literate will not pay for services he/she will not be using and he/she is aware of the risks involved in over spending.

Importantly, financial literacy helps individual to ensure prolonged financial stability, helps to improve the quality of financial services and contribute to the economic growth and development of a country. It helps in better understanding of information that is provided to them, better understanding of the workings of insurance, and being more comfortable using basic financial instruments. Financial literacy is one of the essential skill a business person should have as it helps to prevents business or financial fraud, helps to support one in achieving life's goal as well as managing a business. Some of the benefits of financial literacy include the fact that financial literacy prevents devastating mistakes, financial literacy prepares people for emergencies, financial literacy can help individuals reach their goals through a better understanding on how to budget and save money, individuals can create plans that set expectations, hold them accountable to their finances, and set a course for achieving seemingly unachievable goals.

A crucial aspect of an individual's life is their financial conduct. It describes how an individual handles financial difficulties, make financial decisions and manages their finances. Financial behaviour is defined as how good an individual or household manages their finances, such as savings, budgeting and investments. Hasibuan et al (2018) financial

behaviour of an individual is influenced by a wide range of factors, such as personal experiences, education, culture, upbringing, personality and level of income. A number of common financial behaviours are noted along with how they affect individual financial situations such as setting budget, enabling the culture of saving, effective debt management, earmarking for future investment as well as avoidance of impulse expenditures. Therefore, long term financial security can be attained by people who adopt sound financial practices like investing, managing debt, saving, budgeting and refraining from impulsive purchases. An individual can take charge of their finances and make wise decisions that help them reach their financial objectives if they are aware of and adhere to these behaviours.

Sub-urban traders refer to those traders who sell goods and services in a residential area outside the city center, regardless of administrative boundaries. Sub-urban traders sell goods and offer services in broadly defined public spaces, including open air spaces, transport junctions and construction sites. The sub-urban traders sell a wide range of goods such as fish, fruits, vegetables, pepper, onions, clothes and books. Sub-urban traders are traders located in market areas that sell articles and wares. They are integral part of urban economies around the world that belong to the informal sector (self-employed) offering easy access to a wide range of goods and services in public areas. The businesses they run are personal business, family business and are also regarded as itinerant traders (those that sell small articles) some sell close to market areas, busy areas, busy street location. They do not really have a big store where they sell their goods. They sell or expose the offering of sale for any article on the street for gain or reward.

The sub-urban traders have different levels when it comes to financial literacy. Some of them have zero knowledge about financial literacy as they are not aware about savings, credit insurance, investments, etc. while some of them are financially literate when it comes to handling finance. Most of the sub-urban trader's highest education is primary school.

Some of them do not even have bank accounts or registered accounts, all they are after is sales and profits so that they can fend for their families as well as themselves. The popularity behind sub-urban trading is that it requires low initial investment with minimal education. On this ground, the traders do not feel the need to have financial literacy skill, so far they can sell their markets based on price tags and can make use of money value.

Although, sub-urban traders make a lot of sales based on their strategic places but it does not justify the fact that some of them lack the skill of proper money management. Since most of them do not have bank accounts, it is difficult for them to have personal savings as they either put up every of their daily earnings or profit to use. They find it difficult to access different financial services provided by the government thereby depending on loan sharks who charge high interest rates. Since financial literacy influences financial behaviour, the level of financial literacy the sub-urban traders possess will determine how their attitudes will be when it comes to finance. Therefore, for a proper management of finance, the sub-urban traders will need to acquire the skill of financial literacy as it will prevent their businesses from running at loss.

Financial behaviour is a core factor in the development of a country's economic progress. Financial behaviour can be measured through indicators, including financial goals, financial planning, and finance for the future, financial forecasting, budget planning, financial problems, and saving. According to Komara et al (2017), financial literacy has a significant positive influence on financial behaviour. Many studies have shown that persons with higher financial literacy are more likely to participate in desirable financial behaviours. In order to manage financial assets, individuals need a foundational understanding of finance. A person must possess adequate financial literacy due to the ever evolving complexity of financial products and their unique needs. It is noteworthy that individuals have a mastery of knowledge and skills in finance to encourage individuals to understand and engage national

issues in the financial sector such as health care costs, taxes, investments and access to the financial system. It can be concluded that individuals need to have sufficient financial knowledge in order to have a proper financial behaviour.

Studies revealed that women's sociometric resources are lower, as is evident wealth and income. There are notable gender disparities in financial capability as well, which is a prerequisite for financial resources and wellbeing. A growing body of literature identifies gender gaps in financial capability (Okamoto & Komamura, 2021; Robson & Peetz, 2020). For example, empirical research shows that women tend to have more positive financial behaviours than men, but men tend to outperform women in financial knowledge (Kadoya & Khan, 2020). Men and women tend to have different levels of financial literacy, with men typically having higher financial literacy. For instance, men outscored women by 7.8% and 8% in the sum scores of objective financial literacy tests, based on the report from the 2015 National Capability Study of adults aged 18 and above (Al-Bharani et al., 2019). It can therefore be denoted that although, the level of men's financial literacy is higher than that of the women but the women have more responsible and appropriate financial behaviours than the men.

From the foregoing discussion, it is obvious that there is a link between financial literacy and financial behaviour. It is against this background that this study is investigating the influence of financial literacy on the financial behaviours of sub-urban traders in Ovia North east local government area of Edo State.

Statement of the Problem

The sub-urban traders contribute to the human sector enormously in that they feed themselves, and their families. From preliminary observation, most of these traders business are not stable and this instability is occasioned by inadequate financial knowledge. More often than not, they keep requesting for financial support from families and friends because

the articles that they sell get exhausted without replacing them in earnest, probably because they are eating up their capitals and this can be as a result of lack of financial literacy. As a result, they are not able to meet basic needs and meet their obligations as they fall due. It is as a result of this that this study is investigating the influence of financial literacy on the financial behaviour of sub-urban traders.

Research Questions

The following research questions were raised to guide the study:

1. What is the level of financial literacy of sub-urban traders in Ovia North east local government area of Edo State?
2. What is the financial behaviour of sub-urban traders in Ovia North east local government area of Edo State?
3. What factors influence the financial behaviour of sub-urban traders in Ovia North east local government area of Edo State?
4. Is there a relationship between financial literacy and financial behaviour of sub-urban traders in Ovia North east local government area of Edo State?
5. Is there a difference in the financial behaviour between male and female sub-urban traders in Ovia North east local government area of Edo State?

Research Hypotheses

The research questions four and five (4 & 5) will be reformulated into null hypotheses and will be tested at 0.05 level of significance. The null hypotheses are stated as follows:

Ho₁: There is no significant relationship between financial literacy and financial behaviours of sub-urban traders in Ovia North east local government area of Edo State.

Ho₂: There is no significant difference in financial behaviours between male and female of sub-urban traders in Ovia North east local government area of Edo State

Purpose of the Study

The main aim of this study is to investigate the influence of financial literacy on the financial behaviour of suburban traders in Ovia North east local government area of Edo State. However, the specific objectives of the study include to:

1. find out the level of financial literacy of sub-urban traders in Ovia North east local government of Edo State.
2. determine the financial behaviour of sub-urban traders in Ovia North east local government area of Edo State.
3. examine the factors that influence the financial behaviour of sub-urban traders in Ovia North east local government area of Edo State.
4. evaluate the relationship between financial literacy and financial behaviour of sub-urban traders in Ovia North east local government area of Edo state.
5. assess the difference in the financial behaviour of sub-urban traders of male and female in Ovia North east local government area of Edo State.

Significance of the Study

The findings of the study will be of immense benefit to a number of individuals or stakeholders including, sub-urban traders, adult educators, government policy makers, microfinance institutions and future researchers or students.

The study will benefit sub-urban traders in the sense that it will help them to make better financial decisions, effectively manage money and debt, equipped to reach financial goal and reduction of expenses through better regulations.

To the adult educators, the study will enable them to equip the adult learners with the necessary basic mathematics and other skills that will improve their self-sufficiency and also develop engaging ways to make learners take financial decisions.

The study will also help government policy makers in that it will enable policy makers to empower the citizens to make informed financial decisions. They can decide to make policy that will support financial literacy of traders.

Microfinance institutions can decide to organize programmes for suburban traders where they can easily access financial support for their businesses.

Finally, future researchers will be able to understand the need for financial literacy when carrying out their investigations.

Scope/Delimitation of the Study

The scope of this study is to investigate the influence of financial literacy on the financial behaviour of sub-urban traders in Ovia North east local government of Edo State. However, this study is delimited to the level of financial literacy of sub-urban traders, the financial behaviour of sub-urban traders, the factors influencing the financial behaviours of sub-urban traders, the relationship between financial literacy and financial behaviour, as well as the difference in the financial behaviour of sub-urban traders by gender.

Definition of Terms

Financial literacy: it is the possession of skills, knowledge and behaviours that allows an individual to make informed decisions regarding money.

Financial behaviour; it refers to the way a person manages their money, make financial decisions and deal with financial issues.

Sub-urban traders; they are integral part of urban economies around the world that belong to the informal sector and offer easy access to a wide range of goods and services in public areas.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter deals with the review of literature considered important to this study. The

literature review is discussed under the following sub-headings:

- Concept of Literacy
- Concept of Financial Literacy
- Concept of Financial Behaviour
- Sub-urban Traders
- Level of Financial Literacy of Sub-urban Traders in Nigeria
- Financial Behaviour of Sub-urban Traders in Nigeria
- Factors Influencing the Financial Behaviour of Sub-urban Traders in Nigeria
- Relationship Between Financial Literacy and Financial Behaviour of Sub-urban Traders
- Financial Behaviour of Male and Female Traders
- Summary of the Reviewed Literature

Concept of Literacy

The concept of literacy has evolved over time, encompassing more than just the ability to read and write. It now extends to encompass various forms of communication, critical thinking, and digital skills essential for participation in modern society. The United Nations

Educational, Scientific and Cultural Organization (UNESCO) defines “literacy as the ability to identify, understand, interpret, create, communicate, and compute using printed, written, and visual materials associated with varying contexts” (UNESCO, 2018). Literacy involves a continuum of learning that enables individuals to achieve their goals, develop their knowledge and potentials and empowers them to participate fully in their community and wider society (UNESCO, 2005). As a continuum of learning, literacy is a lifelong process. The International Literacy Association (ILA) further clarifies the UNESCO definition of literacy by adding more meaning to the media of literacy as visual, audible, and digital materials across disciplines and in any context (Literacy Worldwide.org). Furthermore, literacy include numeracy, the ability to make simple arithmetic calculation (Srivastava, 2017). Therefore, to be literate means being able to use several skills to comprehend, build knowledge, and communicate ideas. Some researchers have defined literacy as individual skills acquisition and empowerment, while other characterize literacy as a social development (Benavot, 2015). For example, some Asian countries view literacy as a process where an individual acquires language and numeracy (Govinda & Biswal, 2014). As such, literacy is mainly print-based and considered separate from its context (Govinda & Biswal 2014).

As articulated in the "Beijing Declaration on Literacy," UNESCO defines literacy as the capacity to comprehend, analyze, and produce a wide range of textual forms, including print and digital (UNESCO, 2010). In a world where false information and fake news are common, this definition emphasizes the need for people to critically interact with information in order to determine its veracity and applicability. The National Assessment of Adult Literacy (NAAL) in the United States defines literacy as "using printed and written information to function in society, to achieve one's goals, and to develop one's knowledge and potential" (Kutner , Greenberg, Jin, Boyle, Hsu & Dunleavy 2007). This definition underscores the

functional aspect of literacy, emphasizing its role in enabling individuals to effectively participate in various aspects of life, from personal to professional domains.

According to the National Center for Education Statistics (NCES), literacy is defined as "the ability to understand, evaluate, use, and engage with written text to participate in society, to achieve one's goals, and to develop one's knowledge and potential" (NCES, 2018). Digital, media, and information literacy are all part of the modern definition of literacy, which goes beyond traditional print media. While media literacy focuses on understanding and assessing media messages critically, digital literacy entails being able to handle digital tools successfully. The abilities required to locate, assess, and use information in an ethical and efficient manner are all included in information literacy. According to Hobbs (2010), being literate in the twenty-first century means that people must ethically produce and distribute information in addition to consuming it. This change emphasizes the value of critical thinking, creativity, and teamwork in addition to the fundamentals of writing and reading. Moreover, UNESCO (2019) highlights the importance of literacy in fostering economic growth, social inclusion, and democratic engagement, emphasizing its role in accomplishing sustainable development goals.

Literacy over the years can be viewed in different dimensions. It does not just focus or narrow its meaning to the ability to read and write. Numerous people have stated different meaning and different types of literacy. Some of which are;

- *Traditional literacy;*

The term "traditional literacy" places special emphasis on the fundamentals of writing and reading. It frequently relates to the capacity for both reading and writing in written language. UNESCO (2010).

- *Functional literacy:*

Functional literacy is the capacity to apply literacy abilities in practical contexts, such as following directions, completing forms, and deciphering written content. It goes beyond simple reading and writing. The National Center for Education Statistics (2011).

- *Digital Literacy:*

In the digital age, literacy extends to encompass the ability to navigate, evaluate, and create digital content. It involves skills related to using digital tools, accessing information online, and understanding digital communication platforms. Fraillon, Ainley, Wolfram and Schulz (2019)

- *Media Literacy:*

With the proliferation of media platforms, media literacy refers to the ability to critically analyze, evaluate, and create media messages. It involves understanding how media shapes perceptions and influences society. Hobbs, and Jensen (2018)

- *Critical literacy:*

The definition of critical literacy places special emphasis on the capacity to evaluate written, visual, and digital texts. It challenges people to consider the biases, power dynamics, and underlying meanings in texts. Luke, (2012)

- *Information literacy:*

Information literacy is the capacity to identify, assess, and make appropriate use of data from a variety of sources. It places a strong emphasis on abilities like research, citation, and selecting reliable sources. Association of American Libraries. (2000).

- *Health Literacy:*

This definition focuses on the ability to obtain, understand, and act upon health-related information. It involves navigating the healthcare system, understanding medical terminology, and making informed health decisions. Sorensen, Van den, Fullam, Doyle and pelikan (2012).

Concept of Financial Literacy

Financial literacy refers to the ability to understand and effectively use various financial skills and knowledge to make informed decisions about personal finance matters. In today's complex financial landscape, financial literacy has become increasingly important for individuals to navigate effectively. The capacity to successfully comprehend and manage a variety of financial elements is referred to as financial literacy. It includes information and abilities about borrowing, investing, saving, managing debt, and budgeting. To reach their financial objectives and make wise financial decisions, people must increase their financial literacy.

Financial literacy is a fundamental aspect of personal finance management, encompassing knowledge and skills essential for making informed financial decisions. As individuals navigate an increasingly complex financial landscape, the importance of financial literacy has garnered significant attention in academic research and policymaking (Lusardi & Mitchell, 2014). A study by Fernandes, Lynch, and Netemeyer (2014) found that financial literacy is positively associated with various financial behaviours such as retirement planning, investment decisions, and debt management. This suggests that individuals with higher levels of financial literacy are more likely to make sound financial decisions that contribute to their overall financial well-being. Education and awareness play crucial roles in promoting

financial literacy. The Organization for Economic Co-operation and Development (OECD) emphasizes the role of education in improving financial literacy, stating that investment in financial education equips citizens with the skills to manage financial risks and make informed choices (OECD, 2016).

In addition, the OECD (2016) also noted that "Financial literacy is a combination of awareness, knowledge, skill, attitude, and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being. JumpStart Coalition. (2011) defined it as the "ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being." World Bank (2012) says "Financial literacy is the ability to understand financial management concepts, utilize financial products effectively, and make informed decisions regarding personal finance." Lusardi, and Mitchell, (2014) sees financial literacy as "the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources."

According to corporate Finance Institute (2013) "financial literacy is the cognitive understanding of financial components and skills such as budgeting, investing, borrowing, taxation, and personal financial management." The absence of such skills is referred to as being financially illiterate. According to the Financial Industry Regulatory Authority (FINRA) (2003) about 66% of the American population is considered financially illiterate. Being financially literate allows an individual to be better prepared for specific financial roadblocks, which, in turn, decreases the chances of personal economic distress. Achieving financial literacy is crucial in today's society due to everyday facets of life, such as student loans, mortgages, credit cards, investments, and health insurance. Financial literacy consists of several financial components and skills that allow an individual to gain knowledge regarding the effective management of money and debt. A number of experts have identified several components of financial literacy which includes;

- *Budgeting:*

In budgeting, there are four main uses for money that determine a budget: spending, investing, saving, and giving away. Creating the right balance throughout the primary uses of money allows individuals to better allocate their income, resulting in financial security and prosperity. In general, a budget should be composed in a way that pays off all existing debt while leaving money aside for saving and making beneficial investments.

- *Investing:*

A person has to become financially literate by learning about the essential elements of investing. To guarantee profitable investments, one should become knowledgeable about a number of factors, including interest rates, price ranges, diversification, risk management, and indices. By becoming knowledgeable about essential components of investments, people can make more informed financial decisions that could lead to a rise in income.

- *Borrowing:*

Virtually everyone has to take out a loan at some point in their lives. Understanding interest rates, compound interest, time value of money, payment terms, and loan structures is essential to ensuring effective borrowing. A person's financial literacy will rise if they fully comprehend the aforementioned requirements, which will offer helpful borrowing advice and lessen long-term financial strain.

- *Taxation:*

Financial literacy requires an understanding of the various taxation systems and how they affect an individual's take-home pay. Every type of income—employment, investments, rentals, inheritances, and unanticipated—is subject to a distinct tax rate. Understanding the

various income tax rates promotes financial performance through income management and allows for economic stability.

- *Personal Financial Management:*

The most crucial criterion, personal financial management, combines every element mentioned previously. In order to strengthen and grow investments and savings while lowering borrowing and debt, financial security is achieved by striking a balance in the mixture of financial components mentioned above. Gaining a thorough understanding of the financial elements covered above ensures that a person's financial literacy will rise.

Concept of Financial Behaviour

Financial behaviour encompasses the actions and decisions individuals undertake concerning their financial resources, including spending, saving, investing, borrowing, and budgeting. Understanding financial behaviour is crucial for both individuals and policymakers as it influences economic stability, wealth accumulation, and overall well-being. Financial behaviour refers to the actions and decisions individuals make regarding their personal finances. It is influenced by various factors such as knowledge of personal financial issues, economic factors, policy structures, demographics, socio-economic factors, psychological factors, social factors, cultural factors, financial experience, financial literacy, and technological factors. (Access on <https://typeset.io/questions/what-is-financial-behavior-1lqpnhz1na> 2018)

The definition of financial behaviour is rather complex. Analyzing financial behaviour aids in understanding the price trends across various industries and sectors. The

efficient market hypothesis assumes that the financial behaviour of investors is rational. Price movements are dependent on market conditions and are not influenced by the financial behaviour of investors. On the other hand, behavioral finance assumes that investors are not rational, investment decisions are subject to psychological biases. Also, behavioral finance presumes a degree of normalcy and self-control tendencies amongst investors. The following five concepts broadly cover the concepts of behavioral finance:

- *Mental Accounting:*

Mental accounting refers to the tendency or inclination for a specific investment purpose. For example, a risk-averse investor may be wary of investing in aggressive funds.

- *Herd Behaviour:*

The form of behaviour is when an investor imitates the investment decisions of a majority of investors. Herd behaviour leads to sudden rallies in stock markets. An example of herd behaviour is when stock market legend Rakesh Jhunjhunwala shares his stock market tips. Being one of the most successful stock traders in India, many investors follow in his path, which has been often witnessed and is a classic sign of herd behaviour.

- *Emotional Gap:*

Decisions taken under extreme emotional duress such as fear, anxiety, etc. are on account of an emotional gap. Emotions tend to impact the rationality of investors. Panic selling at the advent of the pandemic is an example of an emotional gap.

- *Anchoring:*

Anchoring refers to budgeting. This is when investment decisions are based on the liquidity available after factoring in miscellaneous needs.

- *Self-Attribution:*

Decisions made based on excessive dependency on the investor's knowledge lead to self-attribution. Objectivity takes a back seat and overconfidence in one's expertise facilitates decision making. This can often lead to losses or a profit in a few cases. (access on <https://www.indiaonline.com/knowledge-center/online-share-trading/what-is-financial-behaviour> 2018)

Financial behaviour refers to the management of funds through activities such as spending, saving, and borrowing. It involves planning and budgeting, controlling and supervising finances, as well as searching for and allocating daily financial resources. Financial behavior is influenced by factors such as financial literacy, income, self-control, and financial attitude. It is important for individuals and businesses as it can impact firm performance and financial well-being. Unwise financial behavior can lead to financial distress and lower life quality. However, individuals do not always make optimal financial decisions and may need to rely on willpower, suppression, resolve, and habit to improve their financial choices. Understanding financial behavior can help guide individuals and businesses in managing their funds effectively. (Access on <https://typeset.io/questions/what-is-financial-behaviour-9a8a9594-e899-df47-3ff4-9856caf6ab9d> 2018).

Sub-Urban Traders

Sub-urban traders are people that conduct a variety of commercial operations, including retail, wholesale, and service delivery, within suburban communities. These traders may include a variety of establishments, such as eateries, service providers, retail stores, and more. Suburban traders are essential to local economies because they provide residents' demands and influence the socioeconomic dynamics of suburban areas.

Sub-urban traders work in dynamic markets that are influenced by pressures of competition, consumer preferences, and population demographics. According to Kotler and Armstrong (2017), sub-urban traders must comprehend the specific market characteristics in order to properly customize their products and marketing plans. Traders may stay relevant and competitive in their local sectors by catering to the specific demands and preferences of their suburban consumer. Armstrong and Kotler (2017).

Sub-urban traders frequently modify their products to fit suburban dwellers' tastes and lifestyles. For instance, they might carry family-friendly merchandise including convenience stores, home goods, and clothes for kids. Furthermore, suburban traders might offer services like home maintenance or pet grooming that are tailored to the needs of their particular clientele. According to Smith (2018), Sub-urban merchants make major economic contributions to the community, in addition to producing tax income and job possibilities, they also boost the local economy in suburban neighborhoods. In many nations, suburban retail centers accounted for a significant share of overall retail sales.

Sub-urban traders are an integral part of urban economies around the world, offering easy access to a wide range of affordable goods and services in public spaces. They sell everything from fresh vegetables to prepared foods, from building materials to garments and crafts, and from consumer electronics to auto repairs to haircuts. (Access on <https://www.wiego.org/street-vendors-and-market-traders> 2020). Sub-urban traders are people who work in a particular area and usually cater to the needs of the neighborhood. These traders who provide goods and services customized to the tastes and needs of their immediate surroundings, are frequently firmly established members of the social and economic fabric of their community. The role that local merchants play in maintaining local economies and promoting community cohesiveness is becoming increasingly apparent.

In one noteworthy study, Phillips (2017) looked at the function of neighborhood merchants in metropolitan areas, emphasizing how they add to the life and personality of these places. The study focused on how suburban traders give locals a sense of location and belonging in addition to convenience. The study emphasized how sub-urban traders not only offer convenience to residents but also create a sense of place and belonging. Phillips (2017) explored the role of sub-urban traders in fostering social cohesion and community resilience in marginalized urban neighborhoods in a research carried out by Gomez, Andy Lindloff & Georgina (2018). The study underscored how sub-urban traders often serve as focal points for social interaction and mutual support, particularly in areas with limited access to formal institutions and services (Gomez et al., 2018). Sub-urban traders are an important source of innovation and entrepreneurship in urban areas. In order to contact new clients and grow their enterprises, suburban traders used digital technology as part of their entrepreneurial strategies, according to a study by Patel and Kisht (2020). The results demonstrated how adaptable suburban traders are to shifts in consumer preferences and technology disruptions.

Level of Financial Literacy of Sub-Urban Traders in Nigeria

Depending on variables including education, exposure, and availability to financial resources, traders in Nigeria have varying degrees of financial literacy. Many sub-urban traders could be familiar with the fundamentals of financial principles that are relevant to their day-to-day dealings, such managing expenses and calculating profits. But the level of literacy could be lower when it comes to longer-term financial planning or more complicated financial instruments.

Due to a number of factors, including limited access to financial education, bad financial planning, and insufficient financial management, Nigerians have relatively low levels of financial literacy. A survey carried out by the Central Bank of Nigeria (CBN)

indicates that the percentage of financially literate adults in Nigeria is only 38%. This indicates that more than 60% of people do not possess the knowledge and abilities needed to make wise financial decisions, ([Access on https://www.linkedin.com/pulse/financial-literacy-nigeria-yellow-cowries](https://www.linkedin.com/pulse/financial-literacy-nigeria-yellow-cowries) 2023). Nigerian traders have continually shown a low degree of financial literacy, according to several surveys done between 2010 and the present. For example, Olatunji, Ajagbe, and Falola (2015) study discovered that a large number of sub-urban traders lacked basic understanding of financial services and products, such as investment options, banking, and insurance. Adeleke and Olokoyo's (2018) research brought to light the difficulties sub-urban traders encounter while trying to comprehend financial concepts including risk diversification, inflation, and interest rates. This ignorance may make it more difficult for them to make wise financial decisions. The degree of financial literacy among traders has also been found to be influenced by socioeconomic characteristics, including income, education, and access to financial services. Studies conducted in 2016 by Aluede, Ogege, and Imhonde showed that sub-urban traders with more education had a tendency to be more financially literate than dealers with less education. In Benin City, Nigeria, traders have plans for retirement and are financially literate. According to research by Olowe, Moradeyo, and Babalola (2013), a sizable percentage of Nigerian traders demonstrated low levels of financial literacy, with little comprehension of fundamental financial concepts such as interest rates, inflation, and risk diversification. The absence of financial literacy was ascribed to many elements, such as restricted availability of official financial instruction and dependence on unofficial financial customs in nearby communities (Yemisi, Adekunle, and Olowe (2013)). While there has been some increase in merchants' financial literacy, there are still differences between urban and rural areas, with rural traders typically having lower levels of financial literacy than their urban counterparts, according to a study by Adeyemi and Adedokun (2019). The study also emphasized the significance of

focused financial education initiatives that are sensitive to cultural differences and catered to the requirements of certain groups Adeyemi and Adelokun, (2019).

Furthermore, the advent of digital financial services has presented both opportunities and challenges for improving financial literacy among traders. While mobile banking and digital payment platforms offer convenient access to financial services, there is a need to ensure that traders have the necessary knowledge and skills to use these technologies effectively and safely (Lemo, 2018).

In summary, the spread of digital financial services and a number of educational efforts have helped sub-urban traders in Nigeria become more financially literate in recent years. To achieve greater financial inclusion and empowerment among Nigerian sub-urban traders, it is still imperative to address enduring issues like unequal access to formal education and the gap between urban and rural communities.

Financial Behaviour of Sub-Urban Traders in Nigeria

In Nigeria, there is a sizable informal economy, with most trade occurring outside of official channels. Traders frequently make cash transactions in markets and at street stalls, depending on their personal networks to do business. Approximately 65% of Nigeria's Gross Domestic Product (GDP) in 2019 came from the informal sector, according to an International Monetary Fund (IMF) assessment (IMF, 2019). In order to safeguard their interests, traders frequently use a variety of risk management techniques due to the inherent uncertainties in the Nigerian business environment. Using options or forward contracts to hedge against currency risk, diversifying product offerings, and keeping enough cash on hand to weather economic shocks are a few examples (Oyelaran-Oyeyinka & Lal, 2018). Analyzing the financial behaviors of sub-urban traders over the past decade involves

understanding various trends, strategies, and psychological aspects that influence their decisions

- *Risk Appetite*

Depending on the state of the market and their own preferences, sub-urban traders frequently display a range of risk appetites. Risk aversion tends to rise during uncertain economic times. Individual investors show a preference for stocks with high idiosyncratic volatility, suggesting a willingness to accept risk, according to a 2013 study by Barber and Odean.

- *Algorithmic Trading:*

Since algorithms execute trades in accordance with pre-established rules and parameters, the emergence of algorithmic trading has had a substantial impact on market dynamics. A 2019 study by Tabb Group states that algorithmic trading contributes to greater efficiency and liquidity by accounting for a sizeable amount of trade activity in key financial markets.

- *Social Trading:*

These systems are becoming more and more popular, enabling traders to communicate, exchange ideas, and even mimic the moves made by profitable investors. In 2020, Alessandretti, Aslak & Lehmann conducted a study to investigate how social trading platforms help sub-urban traders make decisions and share information.

- *Behavioural Finance Insights:*

Research on behavioral finance has shed light on the psychological prejudices that affect sub-urban traders' decisions. Research conducted in 2015 by Thaler and Shiller emphasizes how behavioral aspects should be included in conventional finance models to enhance our comprehension of market dynamics.

- *Herding Behavior:*

Traders frequently engage in herding behavior, particularly in erratic markets, when they follow the moves of others instead of conducting their own independent research. Guarino, and Cipriani (2014).

Factors Influencing the Financial Behaviour of Sub-Urban Traders in Nigeria

Sub-urban traders in Nigeria exhibit complex financial activities that are shaped by a multitude of elements, including as prevailing economic situations, news and information, the regulatory framework, psychological aspects, and cultural influences. Policymakers, financial institutions, and market players attempting to negotiate Nigeria's intricate trading environment must comprehend these dynamics.

- *Economic Conditions:*

A trader's conduct is greatly influenced by economic factors such as inflation, interest rates, currency rates, and general market performance. For example, Afolabi's (2017) study discovered that Nigerian sub-urban traders typically modify their trading tactics in reaction to fluctuations in currency rates and inflation rates.

- *News and Information:*

Having access to current, reliable information is essential for influencing sub-urban traders' choices. According to research by Obembe, Segun & Clement (2019), when making investment decisions, Nigerian sub-urban traders mostly rely on market updates, financial news, and advice from peers or specialists.

- *Regulatory Environment:*

Modifications to laws, rules, and government initiatives may have an impact on how sub-urban traders behave. For instance, research has indicated that trading patterns and investor confidence are impacted by regulatory improvements in Nigeria's financial sector (Adelgan, 2015).

- *Psychological Factors:*

Traders' judgments are also influenced by psychological biases such risk aversion, herd mentality, and overconfidence. The influence of behavioral biases on the trading habits of Nigerian investors is brought to light by Oseni, Akpa & Aberu (2018).

- *Cultural Influences:*

Sub-urban traders' attitudes toward investing, saving, and taking risks can be influenced by cultural norms, beliefs, and traditions. Okwo, Sergius & Ifeoma (2020) talk about how cultural influences affect Nigerian traders' financial habits.

Relationship between Financial Literacy and Financial Behaviour of Sub-Urban Traders

When it comes to influencing people's financial decisions and behaviors, financial literacy is essential. It's critical to comprehend the connection between sub-urban traders' financial behaviors and financial literacy in Nigeria, where a sizable segment of the populace is involved in trading. Numerous scholarly investigations have emphasized the significance of financial literacy in shaping people's financial conduct (Lusardi & Mitchell, 2014; Klapper, Lusardi & Van, 2015). People that are financially literate typically budget, save, invest, and

manage debt with more knowledge (Hastings and Sauve 2013). However, there are differences in financial literacy between various demographic groups and geographical areas, with developing nations like Nigeria frequently exhibiting these differences (Osei-Assibey, Reiter & Peprah 2015).

The term "financial literacy" describes the knowledge and comprehension of financial concepts, such as risk management, investing, budgeting, and money management. On the other side, financial behaviors include the ways in which people manage their money, including borrowing, spending, investing, and saving. Financial habits and financial literacy are known to be correlated, with more financially literate people exhibiting more responsible financial practices.

- *Enhanced Savings and Investing:*

Several research studies have indicated that those with better financial literacy have a tendency to save and invest more wisely. Long-term savings, investment diversification, and retirement planning are among their more common activities. According to Lusardi and Mitchell's (2011) study, for example, there is a positive correlation between financial literacy and retirement planning, indicating that people who are financially educated are more likely to have retirement plans.

Debt Management:

People with a better understanding of finance are more likely to handle debt sensibly. Their comprehension of the ramifications of debt enables them to make more educated choices regarding borrowing and debt repayment. According to research by Fernandes, Lynch, and Netemeyer (2014), those who are more financially literate typically have lower debt levels and are less inclined to borrow money riskily.

- *Financial Decision Making:*

Stronger financial decision-making skills have been connected to financial literacy. Higher financial literacy increases a person's likelihood of making well-informed choices regarding financial goods and services including credit cards, insurance, and mortgages. They are also more likely to compare and comprehend financial goods, which will enable them to make wiser decisions. Numerous researches back this up, including research by Lusardi and Tufano (2015).

- *Retirement Planning:*

Being financially literate is essential to being prepared for and enjoying retirement. More financially aware people are more likely to participate in retirement planning activities and to recognize the value of saving for retirement. Research by Hung, Yoong, and Brown (2012) and Lusardi and Mitchell (2011) has shown that retirement planning practices and financial literacy are positively correlated.

- *Risk management:*

People with a greater understanding of finance are better able to recognize and control financial hazards. They are also more likely to understand the risks associated with investments, have the right insurance, and make decisions that are consistent with their risk tolerance. Van, Lusardi, & Alessie's (2011) study discovered a favorable correlation between risk diversification and insurance coverage and financial literacy.

Financial Behaviour of Male and Female Traders

Research on the financial behaviours of males and females has been a subject of interest for researchers, economists, and sociologists for years.

- *Investing Behaviour:*

Research indicates that men are typically more proactive and self-assured than women when it comes to investing. Barber and Odean's (2013) study, for example, discovered that women tend to be more buy-and-hold investors, generating higher returns over time, whereas males are more inclined to trade equities often, resulting to poorer returns overall.

- *Risk Tolerance:*

Research indicates that when it comes to making financial decisions, men frequently show a higher risk tolerance than women. In contrast to women who often place a higher priority on wealth preservation, men are more willing to take risks when making investing decisions, which can result in both higher returns and greater losses, according to a study by Dwyer, Gilkeson, List, and Wu (2002).

- *Financial Planning and Budgeting:*

Studies suggest that women are typically more concerned with these areas than males are. According to a 2011 study by Lusardi and Mitchell, women are more likely to make sensible financial decisions since they have higher levels of financial literacy and to participate in budgeting activities.

- *Investment in Education and Salary Negotiation:*

Research frequently shows that women are less inclined than males to invest in higher education and are more cautious when negotiating salaries. According to research done in 2007, Babcock and Laschever, women are less likely than men to bargain for better pay,

which contributes to the gender wage gap that still exists today. Furthermore, societal expectations and other reasons may discourage women from pursuing higher education.

- *Behaviour during Economic Downturns:*

Studies have shown that men and women may react differently to economic downturns. Research by Benz and Lachance (2008) suggests that women tend to be more risk-averse during financial crises, preferring safer investment options, whereas men may continue to take on higher risks, potentially exacerbating financial losses.

Summary of the Reviewed Literature

This chapter has carefully reviewed some literature related to this study. This research study is based on the influence of financial literacy on the financial behaviours of Sub-urban traders. Financial literacy is the ability to understand financial management concepts, utilize financial products effectively, and make informed decisions regarding personal finance (World Bank, 2012). While financial behavior refers to the actions and decisions individuals make regarding their personal finances. It is influenced by various factors such as knowledge of personal financial issues, economic factors, policy structures, demographics, socio-economic factors, psychological factors, social factors, cultural factors, financial experience, financial literacy, and technological factors (<https://typeset.io/questions/what-is-financial-behavior-1lqpnhz1na>). The rationality of this is that the study tried to examine how financial literacy can affect the financial behaviours of traders, especially in the sub-urban areas.

Most of the related studies have reported the positive impact of financial literacy on the financial behaviours of sub-urban traders. It is also noteworthy that despite the benefits of being financially literate, a lot of sub-urban traders still do not have the interest to acquire financial literacy due to some reasons that may be lack of funds, lack of interests and discouragement from other traders. This study was therefore conducted to assist those sub-

urban traders in ensuring that they acquire the skill of financial literacy so that they can contribute maximally to the improvement of themselves, families, communities, groups as well as the nation as a whole.

CHAPTER THREE

METHODOLOGY

This chapter contains the entire procedure the researcher adopted in gathering and analyzing data for the study. It was carried out under the following sub-headings:

- Design of the Study
- Population of the Study
- Sample and Sampling Technique
- Research Instrument
- Validity of the Instrument
- Reliability of the Instrument
- Method of Data Collection
- Method of Data Analysis

Design of the Study

The research design adopted for this study is the descriptive research design. This method was considered the most appropriate for the research, because it provides the researcher the opportunity to conduct a general assessment of opinions, attitudes or feelings of respondents about the variables under investigation.

Population of the Study

The target population of this study included all the male and female sub-urban traders in Ovia North East local government area of Edo State. Specifically, the target population were these traders that sells in the open space(s) in a relatively permanent location within Ovia North east local government area. Therefore, all owners of supermarkets, hyper stores and major stores were excluded from the study. From personal observation, the population was found to be two hundred and fifty (250) participants.

Sample and Sampling Technique

The sampling size of the study was a total of one hundred and twenty five (125) participants. They were selected using a stratified and proportionate sampling method, whereby, the population was initially stratified into the major business hubs of Ovia North East sub-urban areas, and thereafter, 50% of the sample were selected. The breakdown of the population and sample of the study is presented in Table 1;

Table 1: Breakdown of the Population and Sample of the Study

S/N	Business Hub	Population	Sample (50%)
1	Evobuomore	50	25
2	Ekosodin/ Uniben Back gate	50	25
3	Oluku	50	25
4	Ovbiogie	50	25
5	Iyowa	50	25
Total		250	125

Source: Field Survey (2024)

Research Instrument

The instrument adopted for data collection of this study is a questionnaire. The questionnaire was titled: Financial Literacy and Financial Behaviour Questionnaire (FLFBQ). The questionnaire was divided into two sections (A and B). Section A focused on the biographic or personal data of the respondents such as gender, age, marital status, educational

qualification. While section B focused on the objective of this study. The questionnaire consisted of four-points rating scale of Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD). SA=4, A=3, D=2, SD=1. Furthermore, the instruments contained twenty (20) items constructed to answer the research questions and hypothesis formulated to guide the study.

Validity of the Instrument

The questionnaire was presented to the project's supervisor and two (2) other lecturers who are experts in the field to confirm content validity. Necessary corrections were made and after which, it was re-written before it was fully approved. This process was to ensure that the instrument measured what it intend to measure.

Reliability of the Instrument

To ensure the reliability of the Instrument the researcher adopted the Cronbach's alpha Procedure. In carrying out the reliability of the study, 20 copies of the instrument were administered to the respondents who were not part of the final sample. After computation, a Cronbach alpha coefficient of 0.67, 0.72, 0.67 and 0.73 respectively was produced for each of the four (4) domains as they were designed in the instrument. The average weight was determined by summing each of the weights and divided by the number of domains expressed as: $0.67+0.72+0.67+0.73/4$ and thus, a Cronbach alpha coefficient of 0.69 was obtained.

Method of Data Collection

The researcher administered the questions to the respondents, showed them how to go about providing responses and waited for them to complete the processes, after which the researcher collected the questionnaire from the respondents.

Method of Data Analysis

The collected data was analyzed using descriptive and inferential statistics. The descriptive statistic was used to analyze the research question which involved the use of frequency counts, simple percentages, mean score and standard deviation. A criterion mean of 2.50 was used for decision making. Furthermore, the inferential statistic was used to analyze the hypothesis formulated to guide the study. Specifically, the null hypothesis 1 was

analyzed using Pearson Correlation Co-efficient (Pearson's r). The null hypothesis 2 was tested using the Independent Sample t-test. All the hypothesis were tested at a 0.05 level of significance.

CHAPTER FOUR

PRESENTATION OF RESULTS AND DISCUSSION OF FINDINGS

This study investigated the influence of financial literacy on the financial behaviour of sub-urban traders in Ovia North East Local Government Area of Edo State. This chapter contained the presentation of the data that were analyzed and it was followed by the discussion of the findings.

Research Question 1

What is the level of financial literacy of sub-urban traders in Ovia North east local government area of Edo State?

Table 2: Data on the Level of Financial Literacy of Sub-urban Traders in Ovia North East Local Government Area of Edo State

S/N	Items	Mean	SD	Remarks
1	I understand terms like "income," "expenses," and	2.72	0.93	Accepted

	“savings”			
2.	I have knowledge of the concept of interest rates	1.38	0.85	Rejected
3	I have understanding of the difference between assets and liabilities	2.52	0.41	Accepted
4.	I am familiar with the concept of inflation and its impact on purchasing power	1.83	0.96	Rejected
5	I am aware of scams or fraudulent in financial schemes	2.57	0.38	Accepted
	Grand Mean		2.20	Rejected

Source: Researcher’s Field Survey, (2024)

Table 2 revealed the participants’ position on the level of financial literacy of suburban traders in Ovia North east local government area of Edo State. It was found that sub-urban traders understand terms like “income,” “expenses,” and “savings” with the mean score and standard deviation of 2.72 and 0.93 respectively. The participants disagreed that they have knowledge of the concept of interest rates with a mean score and standard deviation of 1.38 and 0.85 respectively. The respondents agreed that they have understanding of the difference between assets and liabilities with a mean score and standard deviation of 2.52 and 0.41 respectively. The respondents however, disagreed that they are familiar with the concept of inflation and its impact on purchasing power with a mean score and standard deviation of 1.83 and 0.96 respectively. Finally, they respondents agree that they are aware of scams or fraudulent in financial schemes with a mean score and standard deviation of 2.57 and 0.38 respectively. Since the grand mean of 2.20 is less than the criterion mean of the study, it was therefore concluded that there is a low level financial literacy among suburban traders in Ovia North east local government area of Edo State.

Research Question 2

What is the financial behaviour of suburban traders in Ovia North east local government area of Edo State?

Table 3: Data on the Financial Behaviour of Suburban Traders in Ovia North East Local Government Area of Edo State

S/N	Items	Mean	SD	Remarks
1	I have the skill to maintain and organize my financial records	2.12	0.54	Rejected
2.	I know the importance of keeping vital financial documents	2.18	0.75	Rejected
3	I can reconcile bank statements and receipts	1.62	0.41	Rejected
4.	I can use financial software or tools for record keeping	1.83	0.96	Rejected
5	I have knowledge of strategies to reduce unnecessary expenses	1.71	0.95	Rejected
Grand Mean		1.89		Rejected

Source: Researcher's Field Survey, (2024)

Table 3 revealed the respondents' opinion on the financial behaviour of suburban traders in Ovia North east local government area of Edo State. It was found that suburban traders disagreed that they have the skill to maintain and organize any financial records with the mean score and standard deviation of 2.12 and 0.54 respectively. The participants disagreed that they know the importance of keeping vital financial documents with a mean score and standard deviation of 2.18 and 0.75 respectively. The respondents also disagreed that they can reconcile bank statements and receipts with a mean score and standard deviation of 1.62 and 0.41 respectively. The respondents also disagreed that they can use financial software or tools for record keeping with a mean score and standard deviation of 1.83 and 0.96 respectively. Finally, they respondents disagree that they have knowledge of strategies to reduce unnecessary expenses with a mean score and standard deviation of 1.71 and 0.95 respectively. Since the grand mean of 1.89 is less than the criterion mean of the study, it was therefore concluded that suburban traders have poor financial behaviour in Ovia North east local government area of Edo State.

Research Question 3

What factors influence the financial behaviour of suburban traders in Ovia North east local government area of Edo State?

Table 4: Data on the Factors Influencing the Financial Behaviour of Suburban Traders in Ovia North East Local Government Area of Edo State

S/N	Item	Mean Score	Std.	Decision
16	Trader's conduct is greatly influenced by economic factors such as inflation and currency rates	2.9	.105	Agree
17	Access to current and reliable information has a great influence in Sub-urban Trader's choices	3.4	.214	Agree
18	Trader's judgments are influenced by psychological biases such as overconfidence	2.8	.792	Agree
19	Cultural norms affects traders attitudes towards investments and savings	3.2	.538	Agree

Source: Field Survey (2024)

Table 4 showed the mean of respondents on the factors influencing the financial behaviour of suburban traders in Ovia north east local government area of Edo State. It was found that the respondents positively affirmed all the variables considered. Specifically, the participants affirmed that trader's conduct is greatly influenced by economic factors such as inflation and currency rates with a corresponding mean score and standard deviation of 2.9 and .105 respectively. They also agreed that access to current and reliable information has a great influence in sub-urban trader's choices with a corresponding mean score and standard deviation of 3.4 and 0.214 respectively. They agreed too that trader's judgments are influenced by psychological biases such as overconfidence with mean score and standard deviation of 2.8 and 0.792 respectively. Finally on the Research Question Three (3), the participants agreed that cultural norms affect traders' attitudes towards investments and savings with a corresponding mean score and standard deviation of 3.2 and 0.538

respectively. It was therefore concluded that the factors influencing the financial behaviour of suburban traders in Ovia north east local government area of Edo State are inflation and currency rates, access to current and reliable information, psychological biases such as overconfidence, and traders' attitudes towards investments and savings.

Hypothesis 1

H₀: There is no significant relationship between financial literacy and financial behaviours of suburban traders in Ovia North East local government of Edo State.

To test this hypothesis, the researcher adopted the Pearson's r to evaluate the correlation between financial literacy and financial behaviours of suburban traders in Ovia North East local government of Edo State. The result of the analysis as presented in Tables 5.

Table 5: Correlation between Financial Literacy and Financial Behaviours of Suburban Traders in Ovia North East Local Government of Edo State.

Variable	N	Mean	Std.	R	Sig. (2-tailed)
Financial Literacy	105	14.600	.2008	0.701**	.001
Financial Behaviour	105	13.813	.4151		

Source: Field Survey, (2022).

The result of the Pearson's r as shown in Table 5 revealed a significant computed value of the $r=0.701$ with a p-value of 0.001 which is less than 0.05 level of significance that was set for the study ($p=0.001 < 0.05$). Therefore, the null hypothesis is rejected. This result implies that there is a significant relationship between financial literacy and financial behaviours of suburban traders in Ovia North East local government of Edo State.

Hypothesis 2

H₀₂: There is no significance difference in financial behaviour between male and female suburban traders in Ovia North East local government area of Edo State.

Table 5: Independent Sample t-test of Difference in Financial Behaviours between Male and Female Sub-Urban Traders in Ovia North East Local Government Area of Edo State

Gender	N	Mean	Std D.	Mean Diff.	df	T	Sig. (2-tailed)
Female	68	16.22	1.215	-.556	103	-1.745	.086
Male	37	15.78	1.160				

Source: Survey Data, (2024).

alpha = 0.05

Table 5 shows the difference between male and female suburban traders in Ovia North East local government area of Edo State. It was found that the t-test value was not significant as: $t = -1.745$; $df = 103$; $p = 0.086 > 0.05$. Therefore, the hypothesis which states that there is no significant difference between male and female suburban traders in Ovia North East local government area of Edo State is retained. This result therefore implies that the male and female suburban traders are the same or equal with respect to hygiene practices in Ovia North east local government area of Edo State.

Discussion of Findings

The findings from research question 1 revealed that there is a low level of financial literacy among suburban traders in Ovia North east local government area of Edo State. This finding is supported by Olatunji et al, (2015), who discovered that a large number of sub-urban traders lacked basic understanding of financial services and products, such as investment options, banking, and insurance. The findings of this study is also supported by Adeleke and Olokoyo's (2018) who discovered the difficulties sub-urban traders encounter while trying to comprehend financial concepts including risk diversification, inflation, and interest rates.

The findings from research question 2 revealed that suburban traders have poor financial behaviour in Ovia North east local government area of Edo State. This findings corroborates with Guarino, and Cipriani (2014), who discovered that traders frequently engage in herding behavior, particularly in erratic markets, when they follow the moves of others instead of conducting their own independent research. This research was also supported by Barber and Odean (2013) who revealed that Individual investors show a preference for stocks with high idiosyncratic volatility, suggesting a willingness to accept risk.

The research question 3 revealed that the factors influencing the financial behaviour of suburban traders in Ovia north east local government area of Edo State are inflation and currency rates, access to current and reliable information, psychological biases such as overconfidence, and traders' attitudes towards investments and savings. This research question agrees with Obembe et al (2019) who discovered that when making investment decisions, Nigerian sub-urban traders mostly rely on market updates, financial news, and advice from peers or specialists. This study is also supported by Oseni et al (2018) who discovered that traders' judgments are also influenced by psychological biases such risk aversion, herd mentality, and overconfidence.

The findings from hypotheses 1 revealed that there is a significant relationship between financial literacy and financial behaviours of suburban traders in Ovia North East local government area of Edo State. This findings agrees with Hastings and Sauve (2013) who discovered that people that are financially literate typically budget, save, invest, and manage debt with more knowledge. The study is also supported by Fernandes, Lynch, and Netemeyer (2014), who opined that those who are more financially literate typically have lower debt levels and are less inclined to borrow money riskily.

The findings from hypotheses 2 revealed that there is no significant difference between male and female suburban traders in Ovia North east local government area of Edo State. This result therefore implies that the male and female sub-urban traders are the same or equal in terms of financial behaviour in Ovia North east local government area of Edo State.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

Summary

This study examined the influence of financial literacy on the financial behaviour of sub-urban traders in Ovia North east local government area of Edo State.

The research design adopted for the study is the descriptive research design. The population size of the study was a total of 250 participants. The sampling size adopted for the study was 125 participants. The instrument for data collection that was used is a questionnaire, titled “Financial Literacy and Financial Behaviour Questionnaire”. The questionnaire was presented to the project’s supervisor and two other experts from the

department for validity. The reliability of the instrument was determined using Cronbach's alpha Procedure. The data was analyzed using descriptive and inferential statistics.

The Findings were;

- Sub-urban traders understand terms like "income," "expenses," and "savings" with the mean score and standard deviation of 2.72 and 0.93 respectively.
- Sub-urban traders disagreed that they have the skill to maintain and organize any financial records with the mean score and standard deviation of 2.12 and 0.54 respectively.
- Respondents positively affirmed all the variables considered. Specifically, the participants affirmed that trader's conduct is greatly influenced by economic factors such as inflation and currency rates with a corresponding mean score and standard deviation of 2.9 and .105 respectively.

Conclusion

This study examined the influence of financial literacy on the financial behaviour of Sub-urban traders in Ovia North east local government area of Edo State and thus, it revealed that there is a low level of financial literacy among sub-urban traders in Ovia North east local government area of Edo State. Also, Sub-urban traders have poor financial behaviour in Ovia North east local government area of Edo State. And again, the factors influencing the financial behaviour of sub-urban traders in Ovia north east local government area of Edo State are inflation and currency rates, access to current and reliable information, psychological biases such as overconfidence, and traders' attitudes towards investments and savings. More so, there is a significant relationship between financial literacy and financial behaviours of sub-urban traders in Ovia North East local government area of Edo State. And

finally, there is no significant difference between male and female sub-urban traders in Ovia North east local government area of Edo State.

Recommendations

Based on the above, the following recommendations are made;

1. Government should take initiatives to ensure that the sub-urban traders are enlightened on the aspect of being financially literate so that they can prevent unnecessary risks in their business
2. The traders should on their own enroll in programmes that will help them manage their finance appropriately and make proper decisions when it comes to finance.
3. There is also the need to ensure that the sub-urban traders have easy access to reliable information which will help them in their business.
4. More so, further research is necessary in this area of study to provide more conclusive evidence.

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APPENDIX 1

**DEPARTMENT OF ADULT AND NON-FORMAL EDUCATION
FACULTY OF EDUCATION
UNIVERSITY OF BENIN
BENIN CITY, NIGERIA.**

Financial Literacy and Financial Behaviour Questionnaire (FLFBQ)

Dear Respondents,

I am currently conducting an investigation on the Influence of Financial Literacy on the Financial Behaviour of Sub-urban Traders in Ovia North East local government area of Edo State.

With respect to this study, this questionnaire is aimed at collecting necessary information, and you are required to kindly provide necessary and relevant information by providing response to the questionnaire attached to this letter so as to help achieve the purpose of this research.

Your responses will be only used for academic purposes and no information provided will be divulged as it is strictly confidential, therefore your thoughts and ideas should be expressly provided in the questionnaire. Thank you for your cooperation.

Yours Faithfully

 Faustina
 Researcher

INSTRUCTION; please tick (✓) in the appropriate sections.

SECTION A: Biographic Data

1. Gender: Male () Female ()
2. Age: 18-26 () 27-34 () 35-42 () 43 and above ()
3. Marital Status: Married () Single () Divorced ()
4. Educational Qualification: Primary () (SSCE) Others ()

SECTION B

Indicate by ticking (✓) the extent to which you agree or disagree with the following statements/questions. (SA- Strongly Agree) (A- Agree) (D- Disagree) (SD- Strongly Disagree)

S/N	Variable: Level of Financial Literacy	Response Scale			
		SA	A	D	SD
1	I understand terms like “income,” “expenses,” and “savings”				
2	I have knowledge of the concept of interest rates				
3	I have understanding of the difference between assets and liabilities				
4	I am familiar with the concept of inflation and its impact on purchasing power				
5	I am aware of scams or fraudulent in financial schemes				
	Variable: Financial Behaviour of Sub-urban Traders	SA	A	D	SD
6	I have the skill to maintain and organize my financial records				
7	I know the importance of keeping vital financial documents				
8	I can reconcile bank statements and receipts				
9	I can use financial software or tools for record keeping				
10	I have knowledge of strategies to reduce unnecessary expenses				
	Factors Influencing the Financial Behaviour of Sub-urban Traders	SA	A	D	SD
11	Trader’s conduct is greatly influenced by economic factors such as inflation and currency rates				
12	Access to current and reliable information has a great influence in Sub-urban Trader’s choices				
13	Trader’s judgements are influenced by psychological biases such as overconfidence				
14	Cultural norms affects traders attitudes towards investments and savings				

	Relationship Between Financial Literacy and Financial Behaviour of Sub-urban Traders	SA	A	D	SD
15	Traders with a better understanding of finance are more likely to handle debt sensibly				
16	Higher financial literacy increases a traders likelihood of making well informed choices				
17	Traders with a greater understanding of finance are better able to recognize and control financial hazards				
18	Traders with better financial literacy have the tendency to save and invest more wisely				

APPENDIX II

CRONBACH ALPHA RELIABILITY TEST RESULTS

Reliability

Notes

Output Created		16-MAY-2024 15:21:51
Comments		
Input	Active Dataset	DataSet2
	Filter	<none>
	Weight	<none>
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	N of Rows in Working Data File	20
	Matrix Input	
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the procedure.

Syntax		RELIABILITY /VARIABLES=Item1 Item2 Item3 Item4 /SCALE('ALL VARIABLES') ALL /MODEL=ALPHA.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.00

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
0.67	5

Reliability

Notes

Output Created		16-MAY-2024 16:32:23
Comments		
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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the procedure.
Syntax		RELIABILITY /VARIABLES= Item5 Item6 Item7 Item8 /SCALE('ALL VARIABLES') ALL

Resources	Processor Time	/MODEL=ALPHA.	00:00:00.00
	Elapsed Time		00:00:00.00

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
0.72	5

Reliability

Notes

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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the procedure.
Syntax		RELIABILITY /VARIABLES=Item9 Item10 Item11 Item12 /SCALE('ALL VARIABLES')

Resources	Processor Time	ALL	00:00:00.00
	Elapsed Time	/MODEL=ALPHA.	00:00:00.00

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
0.67	4

Reliability

Notes

Output Created		16-MAY-2024 17:59:56
Comments		
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	Matrix Input	
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the procedure.
Syntax		RELIABILITY /VARIABLES=Item13 Item14 Item15 Item16 /SCALE('ALL VARIABLES')

Resources	Processor Time	ALL	00:00:00.00
	Elapsed Time	/MODEL=ALPHA.	00:00:00.00

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded ^a	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
0.73	4

APPENDIX III

SPSS OUTPUT OF PEARSON CORRELATIONS

Correlations

Notes

Output Created		17-MAY-2024 19:14:16
Comments		
Input	Active Dataset	DataSet1
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	Weight	<none>
	Split File	<none>
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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax		CORRELATIONS

		/VARIABLES= financial literacy and financial behaviour DESCRIPTIVES /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.13

[DataSet1]

Descriptive Statistics

	Mean	Std. Deviation	N
Financial Literacy	14.600	.2008	105
Financial Behaviour	13.813	.4151	105

Correlations

		Financial Literacy	Financial Behaviour
Financial Literacy	Pearson Correlation	1	.701**
	Sig. (2-tailed)		.000
	N	105	105
Financial Behaviour	Pearson Correlation	.701**	1
	Sig. (2-tailed)	.000	
	N	105	105

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

APPENDIX IV
SPSS OUTPUT OF T-TEST ANALYSIS

T-TEST GROUPS=Gender(1 2)

/MISSING=ANALYSIS

/VARIABLES= Financial Behaviours of Suburban Traders_/CRITERIA=CI(.95).

T-Test

Notes

Output Created	17-MAY-2024 08:26:18
Comments	

Input	Active Dataset	DataSet0
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	105
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST GROUPS=Gender(1 2) /MISSING=ANALYSIS /VARIABLES= Financial Behaviours of Suburban Traders /CRITERIA=CI(.95).
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.03

[DataSet0]

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Financial Behaviours of Suburban Traders	Female	68	16.22	1.215	.286
	Male	37	15.78	1.160	.158

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means
		F	Sig.	t
Financial Behaviours of Suburban Traders	Equal variances assumed	.591	.445	-1.739
	Equal variances not assumed			-1.698

Independent Samples Test

		t-test for Equality of Means		
		Df	Sig. (2-tailed)	Mean Difference
Financial Behaviours of Suburban Traders	Equal variances assumed	1050	.086	-.556
	Equal variances not assumed	28.064	.100	-.556

Independent Samples Test

		t-test for Equality of Means	
		Std. Error Difference	95% Confidence Interval of the Difference
			Lower

Financial Behaviours of Suburban Traders	Equal variances assumed	.319	-1.193	.082
	Equal variances not assumed	.327	-1.225	.114