

**THE EFFECT OF FINANCIAL LITERACY ON STUDENTS' INVESTMENT
BEHAVIOR: A CASE STUDY OF UGANDA CHRISTIAN UNIVERSITY -MAIN
CAMPUS**

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**UGANDA CHRISTIAN
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DECLARATION

I MELLISA AULERIA NASSAKA, declare that the information shown in this report is my original work under supervision compiled under and has not been published and submitted by any other student at this university or any other university as a whole. However, any other sources of information are acknowledged through Citations, Quotations, and References.

SIGNATURE.....*Mellisa*.....

DATE.....*9/09/2024*.....

MELLISA AULERIA NASSAKA

APPROVAL

I hereby certify that this academic research was conducted under my supervision as the academic supervisor, and has been reviewed and approved.

NAME: Ms. Akinyi Lorraine

SIGNATURE:

A handwritten signature in black ink, appearing to read 'Akinyi Lorraine', written over a horizontal line.

DATE: 09/09/2024

DEDICATION

I dedicate this report to my parents, Mr and Mrs Masagazi Richard Cliff together with my siblings who have guided and supported me through this research.

I dedicate this report to my friends, who helped me during this research period and shared ideas, knowledge, and encouragement, which was beneficial and a source of motivation.

ACKNOWLEDGEMENT

I would like to acknowledge the Almighty God who has enabled me to go through this journey and has protected and blessed me through it all, not only during this period but also throughout my degree program.

I would like to acknowledge the love and support my parents, siblings, and friends have shown me. This report proves the unwavering love, support, and understanding you have given me throughout this journey, rather than just a record of accomplishment for my career.

I am thankful to my lecturers and supervisor who have guided and supported me during my research period.

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ABSTRACT

The purpose of the study was to find out the Effect of Financial Literacy on Students' Investment Behavior focusing on Uganda Christian University-Main campus as a case study. The study was guided by three objectives firstly to find out how knowledge about financial products affects students' investment behavior, secondly to find out how access to financial products affects students' investment behavior and lastly to find out how financial skills influence students' investment behavior.

The study employed a cross-sectional research design with a quantitative methodology. The population was Bachelor of Business Administration students who were in their third year second semester totaling 163 students. The study adopted the use of a simple random sampling technique. The sample size for the study was 118 students using the Krejcie and Morgan table. The study used questionnaires which was the main method of collecting the primary data required for the study. The data was first coded and Statistical Package for Social Sciences (SPSS) was used for analysis. Descriptive statistics techniques were used to analyze the data. The findings were presented in frequency tables and percentages.

The results showed that knowledge about financial products contributes to students' investment behavior as students with more financial knowledge about the products explore their options and take on investments. Furthermore, access to financial products significantly affects students' investment behavior where the participants with better access to financial products are more likely to have better investment behavior as compared to those with less access to financial products. Additionally, financial skills can affect the investment behavior of students where those with better financial skills in planning and information are at an advantage of making better investment decisions.

Conclusively, the study recommended mentorship and guidance programs for students to help them improve their financial skills and make better well-assessed investment choices to secure their future. Furthermore, further researchers should base studies on the influence of cultural factors on financial literacy levels and investment behavior.

CHAPTER ONE

INTRODUCTION

This chapter contains the background of the study, problem statement, objectives, research questions, the scope of the study, and the significance of the study.

1.1 Background of the Study

According to the Organization for Economic Co-operation and Development (OECD), financial literacy is "a combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing". According to Schagen & Lines (1996), financial literacy is "the ability to make informed judgments and take effective decisions regarding the use and management of money."

According to Lusardi and Mitchell (2011) in an increasingly risky and globalized marketplace, people must be able to make well-informed financial decisions. New international research demonstrates that financial illiteracy is widespread when financial markets are well developed as in Germany, the Netherlands, Sweden, Japan, Italy, New Zealand, and the United States, or when they are changing rapidly as in Russia. The study shows that the older population is less well-informed than average, women are less financially literate than men more educated people are more informed.

A study conducted on university students in eight European countries of Estonia, Germany, Italy Netherlands, Poland, Romania, Russian Federation, and Turkey found that students who receive financial advice from friends or parents with high income levels possess more knowledge about personal finances Ergun, (2018).

A greater population of people in African countries have low financial literacy levels. According to S&P's Global Financial Literacy Survey, the most financially literate country is Botswana at 51% and the least is Somalia at 15% according to the survey. A study conducted in Nigeria by Egbu (2018) states Like general or health literacy, financial literacy could be conceptualized as having two dimensions: understanding (personal finance knowledge) and use (personal finance application).

According to the Strategy for Financial Literacy in Uganda, Financial Literacy refers to having the knowledge, skills, and confidence to manage money well, taking into account one's economic and social circumstances. Its main activities revolve around financial education in schools, financial literacy for youth, rural outreach, workshops clubs and associations, and the use of media. Financial literacy has recently taken center stage in Uganda's financial system, peaking in the establishment of the first financial literacy strategy in 2013-2017.

Bank of Uganda together with other key parties is launching more strategies to improve financial literacy in the 2019-2024 roadmap that include training, policy implementations, and curriculum improvements among others. Different organizations like the Uganda Bankers Association promote financial literacy and this is through having the materials and providing information to improve the literacy rates in Uganda. This is all so that they develop various learning opportunities and develop abilities to make decisions that are correct to enable people to manage finances well.

In Uganda, it has become increasingly important as the country continues to grow economically and develop more and this is also majorly with investment. Individuals with higher levels of financial literacy are more likely to spend less money, set up an emergency fund, and open a retirement account (Hayes, 2023). In Uganda, the level of financial literacy among the population is relatively low, with only 50.4 percent of Ugandans demonstrating appropriate financial knowledge and behavior given their circumstances (Mulindwa, 2023). There is a wider range of options for people to invest in today than before even for the students as it's not only for old people.

Investment is the process of putting money into something with the expectation of receiving more returns in the future. According to the Strategy for Financial Literacy in Uganda, Investment is putting money to use to allow it to grow. Investment practices have changed over time to match advancements in technology, society, and the economy. As tangible things like land and gold were viewed as safer and more dependable sources of wealth in the past, people tended to invest in them. Students' investment behavior varies from time to time depending on certain factors like age, income, and also mainly the level of financial literacy.

Some students are risk averse and prefer to invest in savings accounts, land, and investment groups while some others are risk takers and prefer to take on high-stakes investments like cryptocurrencies which are very popular today. Many students do not know and understand the different investment types before they take on such decisions and some mainly think of short-term investments to gain profits. This prevents them from making the best investment decisions that could have a positive long-lasting impact on financial safety.

1.2 Statement of the Problem

It is crucial to know financial literacy concerning finances when it comes to investment making. According to Lusardi (2019), students need financial skills perhaps more now than ever before. Many students lack the skills related to budgeting, spending wisely, and making informed financial decisions (Kisubi, Korir, & Bonuke, 2020). In Uganda, the level of financial literacy among the population is relatively low, with only 50.4 percent of Ugandans demonstrating appropriate financial knowledge and behavior given their circumstances (Mulindwa, 2023).

A study by Muhoza (2019) conducted on three hundred seventy-eight students of United States International University Africa in Kenya on the effect of financial literacy on university students' investment behavior in the Nairobi Securities Exchange brought to light that financial literacy has a positive relationship with the investment behavior of the students where those with more financial knowledge have better investment decisions as compared to those with less. Some of the people lack basic financial literacy skills which hinders their ability to engage in meaningful investment-related activities.

The more persistent problem is still a lack of practical application and understanding of the knowledge of day-to-day life hindering proper investment behavior and choices. I will find out whether financial literacy affects the investment behavior of university students in Uganda.

1.3 Main Objective

To examine the effect of financial literacy on the investment behavior of university students

1.4 Specific Objectives

- i) To find out how knowledge about financial products affects students' investment behavior
- ii) To find out how access to financial products affects students' investment behavior
- iii) To find out how financial skills influence students' investment behavior

1.5 Research Questions

- i) How does knowledge about financial products affect students' investment behavior?
- ii) How does access to financial products affect students' investment behavior?
- iii) How do financial skills influence students' investment behavior?

1.6 Scope of the Study

1.6.1 Content Scope

The study focused on the effect of financial literacy on students' investment behavior and was limited to how knowledge about financial products affects students' investment behavior, how access to financial products affects students' investment behavior, and how financial skills influence students' investment behavior.

1.6.2 Geographical Scope

The area of study was students in Uganda Christian University-main campus, Mukono District. The main campus has the largest population among all the campuses of Uganda Christian University, hence providing a diversity of students.

1.6.3 Time Scope

The study covered academic journals of 2019-2024 as it helped provide more updated information on the effect of financial literacy on students' investment behavior.

1.7 Significance of the Study

The purpose of this research was to study the effect of financial literacy on students' investment behavior at Uganda Christian University-main campus. This research would help the community of Uganda Christian University to break the cycle of financial illiteracy that may have been passed down through generations as the financial knowledge can be shared with families and other community members and also help in reducing the risk of financial fraud and scamming.

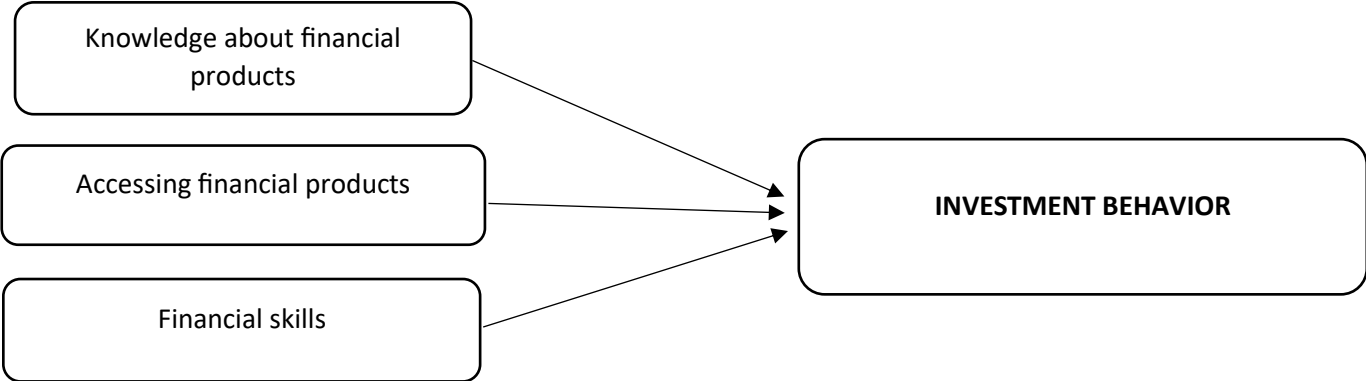
The research will also be useful to the government and other policymakers as they will have a better understanding of how financial literacy affects students' investment decisions and allow them to develop improved targeted financial education programs. Other researchers and scholars will obtain useful information from the findings that will provide relevant data that they can use in further studies in a similar area. The research will add knowledge to the existing literature on financial literacy on students' investment behavior to be used in future research.

1.8 Conceptual Framework

INDEPENDENT VARIABLE

DEPENDENT VARIABLE

FINANCIAL LITERACY



Source: Kumari, 2020 and modified by the researcher.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction to the Literature Review

This chapter presents a review of the literature based on the objectives of the study and key terms as presented by various scholars and authors. The literature review explains the theoretical basis of the topic under study, prior research that has been done and how its findings relate to the topic of study.

2.1 Theoretical Framework

This study used the Family Financial Socialization Theory (FFST) and the Theory of Planned Behavior (TPB) to develop this research framework. Both of these theories provided a wide-ranging view through which to examine students' investment behavior.

The Family Financial Socialization Theory

The Family Financial Socialization Theory portrays that parents' roles and one's financial literacy are essential in the development of personal investment behavior. Gudmunson and Danes (2011) defined financial socialization theory as the way in which family interactions influence financial attitudes, knowledge, and development. According to Drever et al. (2015) young people in making effective financial decisions such as managing resources, depend on earlier encounters they have experienced throughout life, especially through the cognitive and conscious foundation laid by parents.

Children learn a lot about finances unintentionally through family interactions around money and these unintentional learnings often have as strong an impact on children's financial socialization as purposive actions (Danes, 1994). It contends that a young adult's exposure to their family's financial habits, values, and conversations about money will teach them about money management, financial judgment, and investment behaviors. This theory emphasizes the importance of family experiences and financial conversations on students' investment decisions and financial literacy in the context of their investment behavior.

Young adults learn about financial behaviors through seeing and studying what their peers or family members do. This technique is known as observational learning. Students watch their parents manage their finances, choose investments, and control risk. Their personal financial views and actions may be affected in the long run by these activities. Students' financial literacy can be improved by having open discussions about budgeting, saving, investing, and financial objectives. This will help them get ready for life after school.

Students' investment behavior can be influenced either directly or indirectly by their parents' financial attitudes and activities where those who actively invest, as opposed to risk-averse parents, may encourage their children to explore investment options and teach them how to discover the greatest investment opportunities to protect their futures at a young age. Students' willingness to take financial risks and make investing decisions may be influenced by the degree of trust and financial security in their family and since investment habits can be passed down through the generations, students may receive and practice financial ways and investment behaviors from their parents and other family members.

The Theory of Planned Behavior.

According to the theory of planned behavior (Ajzen, 1991), attitudes, subjective norms, and perceived behavioral control all three influence intentions, which in turn influence behaviors. "Past behavior is the best predictor of future behavior" (Ajzen, 1991). Depending on how much behavior is genuinely under the individual's control and how well perceived behavioral control represents actual behavioral control, outside factors may also directly impose or hinder behaviors, regardless of the reason for it.

According to the Theory of Planned Behavior, a person's attitude about investing and financial literacy has a big impact on their intentions and behaviors. The students may actively seek out financial education, conduct further research, and engage in learning about personal finance and investing ideas if they have positive views about financial

literacy. Similar to this, having a positive mindset toward investing can influence whether or not people are to think about and act on investing opportunities.

In the context of financial literacy and investment behavior, subjective norms, which represent perceived social pressure and influence, can be very significant. People may be more inclined to increase their financial literacy and engage in investment activities if they believe that their family, friends, or peers value these skills. Depending on the attitudes that are dominant within the person's social network, social norms can have an impact on both positive and negative financial behaviors.

The concept of perceived behavioral control describes how someone feels they can carry out an activity. This could refer to the person's confidence in managing their finances, their comprehension of investment possibilities, and their ability to make well-informed judgments in the context of financial literacy and investment behavior. People who consider themselves to have more behavioral control may become more involved in their financial planning and investment plans. It offers a useful framework for comprehending mental variables that influence investment and financial literacy. This theory aids in determining elements that affect people's intentions to increase their financial literacy and actively engage in investment activities by taking attitudes, subjective norms, and perceived behavioral control into account.

2.2 Conceptual Model Variables

2.2.1 Financial Literacy Knowledge and Investment Behavior

Knowledge about financial products refers to the ability to know or awareness of the different financial instruments that are available to a person. According to Brunnermeier & Sannikov, (2014), financial products are instruments and contracts that facilitate the management, transfer, and allocation of financial resources and risks. Understanding financial products is essential for influencing investment behavior because it provides people with the information they need to make wise and calculated investment choices. There are various financial products on the markets like stocks, bonds, and bank accounts.

According to Huston (2010), financial literacy is multifaceted and encompasses the ability to use financial knowledge to manage financial resources effectively. People are better able to evaluate a financial product's suitability in light of their investment scope, risk tolerance, and financial goals when they are well-informed about its characteristics and workings.

According to Lusardi & Mitchell (2011), extensive knowledge about financial products helps individuals better understand the risks and potential returns associated with different investment options. It could contribute a great deal to the investment behavior of people and students as it is the lack of this knowledge that limits their choices and in turn, influences their behavior toward investment. Participation in investments is greatly influenced by financial product knowledge. Higher information on particular products increases the likelihood of investing in a wider range of financial instruments.

Lusardi and Alessie (2011) highlighted that individuals with greater financial knowledge are more likely to participate in the stock market and exhibit diversified investment behavior. Knowledge about financial products could push them to view and analyze the different advantages and disadvantages of each choice, and the risks that come with it and also guide their decisions concerning their investment behavior and choices since they can have a better and informed point of view. Understanding the complexities of financial products gives one confidence and competence. These people consequently

have a greater likelihood to employ deeper investing plans, diversify their portfolios, and take advantage of market opportunities.

Clark, Lusardi, and Mitchell (2017) demonstrated that individuals with higher financial literacy are more likely to select investments that align with their risk tolerance and financial goals. The level of knowledge of financial products influences the type of investment choices as well. Investors with a strong understanding of money typically make rational decisions, which improves their financial results. Apart from avoiding high-fee investments that reduce returns, they are also more skilled at weighing the advantages and disadvantages of various financial products.

Lusardi and Mitchell (2011) argue that financially literate individuals are more likely to rely on objective analysis rather than emotional responses to market fluctuations. Those with a high knowledge of financial literacy are less likely to fall prey to common behaviors of risk aversion and overconfidence without sufficient facts. They take more time to analyze and conduct research on the market before- blindly walking into an investment.

According to Savaliya (2023), investment behavior is influenced by financial targets, time horizon, risk appetite, market conditions, and individual preferences. Their investment decisions are greatly influenced by psychological factors like risk tolerance, and behavioral prejudices. Additionally, outside variables like the current condition of the economy and family history have a significant impact on how people make financial decisions.

Students' financial goals, both short- and long-term, shape their investment decisions as they navigate the field of investing to improve their futures. Their desire to invest is also influenced by the amount of trust they have in financial institutions and professionals in that field and the level of information provided to them or that is out there regarding investment. The research aims to measure the knowledge about financial products and the student's understanding of them in line with their investment choices.

2.2.2 Access to Financial Products and Investment Behavior

Accessing financial products refers to the ease with which people are able to use the different financial products and services that are offered to them. Financial inclusion ensures that individuals and businesses have access to useful and affordable financial products and services that meet their needs transactions, payments, savings, credit, and insurance delivered in a responsible and sustainable way (World Bank, 2018). Access to financial products can be in terms of access to banking institutions, having financial advisors, and access to educational material concerning their areas of interest.

According to Kefla (2010), access to financial products is influenced by several variables, such as geographic location, rules atmosphere, and socioeconomic status. Obtaining banking services can be extremely difficult for people with lower incomes and those living in rural and remote areas. Furthermore, a nation's entire financial infrastructure and regulatory policies can help or hinder access to financial products.

Kefela (2010) argues that long distances between banking facilities make engagement in financial decisions less likely. Most people may not take up proper ways and fully exhaust their options if they are geographically at a distance as it becomes hectic and stramineous to move a very far distance to access the products and services that can be offered and keeping track of any updates can become hard too. People and students feel less intimidation when they easily have access and also to user-friendly options of the products as they can easily navigate them like mobile banking, binance applications, and credible materials online.

Demirgüç-Kunt et al. (2018) found that access to basic financial services, such as bank accounts, can help individuals save money securely, manage risks, and invest in education or business opportunities, thus fostering economic growth and reducing poverty. This can greatly help to shape the minds of the people and students as easy access allows them to be able to start and shape their minds from an early age and be able to engage and pick their investment option lines earlier. They are also able to get practice on how to manage different risks in different areas and also understand the various benefits of investing.

According to Lee and Hwang (2020), positive perceptions, such as the trustworthiness and reliability of financial institutions, tend to encourage students to engage in investment activities, viewing them as secure and beneficial opportunities. The way that financial institutions are perceived has a big impact on how students invest as most of it can come from the ability to access financial products. Positive views can inspire students' confidence and motivate them to participate in investing activities like trustworthiness, dependability, and transparency. When financial institutions are more inviting and openly share their available products with the people using the different available platforms or media channels, they make their products more known and also avail the different ways to access them by the people interested so more people can find ways to access what they need in particular.

On the other hand, negative perceptions about transparency or ethical practices within financial sectors, often deter students from investing, as brought out in a study by Smith et al (2021). Unfavorable perceptions can make someone reluctant to invest, such as skepticism, distrust, or worries about unanticipated expenses. Students who believe financial institutions are dishonest or exploitative may start to be reluctant to provide their hard-earned money to them. Additionally, students' judgments may be influenced by the market reputation of financial institutions, particularly if it has been damaged by prior scandals or unethical behavior. Some institutions can be closed off and not entirely share their products with the people which makes them more hesitant and limits their access to all the available products. They can share minimal information about the requirements needed to access the products which makes it hard for the people to know if they are fully eligible for the products and limits their options.

2.2.3 Financial Literacy Skills and Investment Behavior

Financial skills refer to the ability of a person to use financial knowledge and apply it to make a decision. The level of financial skills represents a person's proficiency and capacity to use different financial concepts and practices in managing their finances and choosing investments. This variable includes the skills and knowledge needed to effectively plan a budget, save money, invest, and understand the economy and goods. Further, if anybody can't analyze available financial options, he cannot be considered a financially literate individual (Roy & Jane, 2018).

According to Lusardi (2019), financial skills are crucial for making informed financial decisions and managing personal finances, which are foundational for engaging in investment activities. Financial skills enable individuals to make informed decisions about their money and minimize their chances of being misled on financial matters.

Accordingly, a person should have knowledge as well as skills to make some better financial decisions in life (Singh & Kumar, 2017). Students who have better financial skills are better able to examine investment possibilities, weigh risks and rewards, and make wiser selections in line with their choice of investments for the future. However, in the present context, young people have financial knowledge but do not have the basic financial skills necessary to develop and maintain a budget, understand credit, understand investment vehicles, or take advantage from the banking system (Lusardi, 2019; Rai, 2019; Saha, 2016; Singh & Kumar, 2017).

The level of financial support in terms of the skills shared and students get from their families can greatly impact their investment behavior. Parental behavior in all aspects of life including financials to a large extent affects the life of their children. This is because children tend to model their financial behavior after their parents Owusu et al., (2022). Students may be exposed to financial concepts and investing opportunities at a young age if they receive financial support or supervision from their families. They might be more inclined to look into investing opportunities as a result of this support, which can boost their financial knowledge and confidence in money management.

Owusu et al (2022) continue to show that if family members have experience investing themselves, they can act as helpful role models by providing knowledge and tactics that help students make smart financial decisions. This also comes from the different kinds of skills that are shared with the students from their families as they grow up that they tend to fit into and also carry on further in their life journeys. The different financial skills are attained over time and are improved gradually. A person learns the skills and polishes them given the different situations to get better at what they do and also in turn attain good results and goals. The more a person practices these skills like budgeting and saving, the better they get at planning their incomes and expenditures and also planning their investment choices and keeping track.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter contains the methods for carrying out the research. It outlines the research design, sampling design, data collection methods, data collection instruments, and data analysis.

3.1 Research Design

Research design is a plan or road map that a researcher follows during research to find answers to research questions as validly, objectively, accurately, and economically as possible (Kumar, 2014). A quantitative research approach with a cross-sectional design was used for the study. A cross-sectional design allowed for data to be collected for a specific period to give an overview of students' financial literacy levels and the effect on their investment behavior.

3.2 Study Population

The population for this study was 163 students of Bachelor of Business Administration who were in their third year second semester at Uganda Christian University, Mukono district.

3.3 Sample Size

According to Hamed (2017), sample size measures the number of individuals, samples measured, or observations used in a study. A sample will be representative of the entire population. The sample size was determined using the Krejcie and Morgan (1970) sample determining table. According to Krejcie and Morgan, a study population of 163 requires a size of 118 hence where the study was focused.

3.4 Sampling Technique

Simple random sampling was used in the study to collect information. This involved placing numbers from 1 to 163 in a container and picking numbers at random. The numbers picked were matched those on a class register that was used to identify who would participate in the study.

3.5 Data Collection Method

3.5.1 Primary Data

Primary data was attained from the participants for the first time. It was collected by use of well-crafted data collection methods of questionnaires to attain the required information.

3.5.2 Secondary Data

Secondary data was data from other sources. This data was attained from academic journals and official documents university documents.

3.6 Data Collection Instruments

This section will explain the data collection instruments that were used to attain the primary data. The instruments were carefully designed to contain all the relevant information connected to the study.

3.6.1 Questionnaires

The questionnaires were self-administered questionnaires to the different groups of people that were to be used as the sample. The questionnaire had a variety of questions that were used in attaining data concerning the financial literacy levels of the students and their investment behavior. The questionnaires contained close-ended questions.

Closed-ended questions on the questionnaire had multiple choice questions and scale-based questions from which the participants chose the option that they resonated with the most and also were able to give a rating concerning the contents of the question and how they viewed it.

3.7 Validity and Reliability

Careful planning was involved to ensure that the information obtained was in line with the research topic, the questionnaire administration procedures were appropriate and the respondents best suited the purpose of the research and gave relevant information that was used in the study.

3.8 Data Analysis Tool

Statistical Package for the Social Sciences (SPSS) was used to analyze the raw data to get information as it supported evidence-based conclusions.

3.9 Data Analysis Techniques

3.9.1 Descriptive Statistics

Descriptive statistics was used to analyze the participants' demographic information, financial literacy levels, and investment behavior. Frequencies, means, and standard deviations were calculated for further analysis.

3.10 Ethical Considerations

The researcher followed ethical guidelines by ensuring that participants consented, kept information about identities confidential, respected the participants, kept time, and gave true and fair feedback from the research.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF THE FINDINGS

Chapter four presents the results of the study on the Effect of Financial Literacy on Students' Investment Behavior - Uganda Christian University main campus. The data collected was analyzed using SPSS. The results are presented below as follows.

4.1 Response Rate

The research achieved a high response rate of 100%.

Table 1: Response rate

Number of questionnaires distributed to respondents	118
Number of questionnaires received back from respondents	118
Number of questionnaires not received back from respondents	0

Source: Primary data, 2024

$$\text{Response rate} = \frac{\text{Received questionnaires}}{\text{Total questionnaires distributed}} * 100$$

$$\text{Response rate} = \frac{118}{118} * 100$$

$$\text{Response rate} = 100\%$$

The study examined the questionnaire responses to guarantee that all respondents completed filling in the questionnaire.

4.2 Demographic Characteristics of Respondents

The analysis looked at the respondent's gender, age, socioeconomic status, and employment status to observe the socio-demographic background of the respondents. The aim was to identify if any changes in the background had an impact on their views. The responses gathered were used to present a summary of the findings.

4.2.1 Gender of Respondents

Table 2: Gender of respondents

Gender		Frequency	Percent
Valid	Male	43	36.4
	Female	75	63.6
	Total	118	100.0

Source: Primary data

Based on the results in Table 2, 63.6% (75) of the female respondents represented 63.6% (75) while 36.4% (43) of the respondents were male. The study had more female respondents than the male respondents.

4.2.2 Age of the Respondents

Table 3: Age of the respondents

Age of the respondents		Frequency	Percent (%)
Valid	20 - 22 years	42	35.6
	23 - 25 years	64	54.2
	26 years and above	12	10.2
	Total	118	100.0

Source: primary questionnaire data

Table 3 indicates that 54.2% (64) of the respondents were between the age of 23 and 25 years, 35.6% (42) of the respondents were between the age of 20 and 22 years, and 10.2% (12) of the respondents were above 26 years of age. From the results, the largest population of the respondents were between the ages of 23 and 25 years with a percentage of 54.2% of the respondents.

4.2.3 Socio-economic Status

Table 4: Socio-economic status

Level of Education		Frequency	Percent %
valid	Low income	54	45.8
	Middle income	57	48.3
	High income	7	5.9
	TOTAL	118	100.0

Source: primary questionnaire data

Based on the results in Table 4, 48.8% (57) of the respondents fall in the middle-income status according to their family background, 45.8% (54) of the respondents fall in the low-income status according to their family background, and 5.9% (7) of the respondents fall in the High-income status according to their family background. This indicated that most of the respondents fall in the middle-income status according to their family background.

4.2.4 Employment Status

Table 5: Employment status

Status		Frequency	Percent
Valid	Self-employed	22	18.6
	Employed	27	22.9
	Unemployed	69	58.5
	TOTAL	118	100.0

Source: primary questionnaire data

Based on the results in Table 5, 58.5% (69) of the respondents were unemployed, 22.9% (27) of the respondents were employed and 18.6% (22) of the respondents were self-employed. This indicated that the majority of the respondents were unemployed.

4.3 Knowledge about Financial Products and Students' Investment Behavior.

Table 6: Findings on how knowledge about financial products affects students' investment behavior.

No .	Statement	1 SD	2 D	3 N	4 A	5 SA	MEAN	STANDARD DEVIATION
1	Bank accounts	11.86%	5.08%	14.41%	33.05%	20.34%	3.75	1.314
2	Personal loans	11.86%	11.02%	24.58%	23.73%	13.56%	3.01	1.237
3	Stocks and bonds	15.25%	25.42%	29.66%	22.03%	7.63%	2.81	1.169
4	Credit and debit cards	12.71%	11.86%	21.19%	32.20%	22.03%	3.39	1.301
5	Insurance policy	15.25%	11.86%	38.14%	24.58%	10.17%	3.03	1.180
6	Foreign exchange services	15.25%	20.34%	31.36%	21.19%	11.86%	2.94	1.229

Source: Questionnaire data

The results in Table 6 indicate a strong consensus among the respondents on knowledge about bank accounts (Mean 3.75, SD 1.314).

Furthermore, the results indicate that respondents know credit and debit cards (Mean 3.39, SD 1.301).

Respondents show a solid understanding of insurance policies as reflected in the results (Mean 3.03, SD 1.180).

Furthermore, the results suggest that respondents know about personal loans (Mean 3.01, SD 1.237).

In addition, respondents generally agree regarding their knowledge of foreign exchange services (Mean 2.94, SD 1.229).

Lastly, the results suggest that respondents share a similar level of understanding regarding stocks and bonds (Mean 2.81, SD 1.169).

4.4 Access to Financial Products and Students' Investment Behavior.

Table 7: Findings on how access to financial products affects students' investment behavior.

No.	Statement	1 SD	2 D	3 N	4 A	5 SA	MEAN	STANDAR D DEVIATIO N
1	I have easy access to basic banking services in my area	14.41%	4.24%	9.32%	44.07%	27.97%	3.67	1.321
2	I have access to affordable credit facilities when needed	13.56%	10.17%	42.37%	19.49%	14.41%	3.11	1.190
3	I have access to digital financial services	8.47%	11.02%	17.80%	39.83%	22.88%	3.58	1.201
4	I feel confident using online banking and digital payment methods	8.47%	13.56%	22.88%	31.36%	23.73%	3.48	1.232
5	Financial institutions in my area offer sufficient guidance and support in selecting	5.93%	20.34%	31.36%	30.51%	11.86%	3.22	1.087

	appropriate financial products							
6	I am satisfied with the service delivery in terms of location, operation hours, and service time	7.63%	12.71%	38.14%	32.20%	9.32%	3.23	1.041
7	Financial institutions in my area provide clear and transparent information about their products and benefits to customers	8.47%	11.02%	28.81%	33.05%	18.64%	3.42	1.165
8	I face barriers with documentation requirements when accessing financial products	16.10%	26.27%	26.27%	21.19%	10.17%	2.83	1.229
9	I find it easy to access information about financial products offered by the financial	8.47%	12.71%	36.44%	30.51%	11.86%	3.25	1.093

	institutions through digital channels							
10	I am satisfied with the branch locations and ATM locations of the financial institutions	2.54%	8.64%	17.80%	36.44%	24.58%	3.62	1.124

According to the results in Table 7, there is a strong agreement among the respondents that they have easy access to banking services in their area (Mean 3.67, SD 1.321).

Secondly, the results reveal a strong consensus among the respondents regarding their satisfaction with the branch locations and ATM locations of the financial institutions (Mean 3.62, SD 1.124).

Thirdly, respondents have access to digital financial services as shown in the results (Mean 3.58, SD 1.201).

Furthermore, respondents strongly agree that they feel confident using online banking and digital payment methods (Mean 3.48, SD 1.232).

The results reveal that financial institutions in respondents' areas provide clear and transparent information about their products and benefits to customers (Mean 3.42, SD 1.165).

Furthermore, the respondents agree on the ease of accessing information about financial products offered by financial institutions through digital channels (Mean 3.25, SD 1.093).

Similarly, there is a strong consensus among the respondents on their satisfaction with the service delivery in terms of location, operation hours, and service time (Mean 3.23, SD 1.041).

In the same way, financial institutions offer adequate guidance and support in selecting appropriate financial products (Mean 3.22, SD 1.087).

In addition, the results reflect agreement among the respondents regarding access to affordable credit facilities when needed (Mean 3.11, SD 1.190).

Lastly, the results highlight that respondents face barriers with documentation requirements when accessing financial products (Mean 2.83, SD 1.229).

4.5 Financial Literacy Skills and Students' Investment Behavior

Table 8: Findings on how financial skills affect students' investment behavior

No .	Statement	1 SD	2 D	3 N	4 A	5 SA	MEAN	STANDARD DEVIATION
1	I understand how to create and maintain a personal budget	9.32%	11.86%	16.10%	37.29%	25.42%	3.58	1.205
2	I track my spending and savings	9.32%	17.80%	26.27%	23.73%	22.88%	3.33	1.268
3	I understand the concept of interest rates	2.56%	11.97%	33.33%	39.32%	12.82%	3.48	0.952
4	I attend workshops and read more information to improve my financial skills	11.86%	16.95%	30.51%	27.12%	12.71%	3.19	1.396
5	I evaluate different investment options to	6.78%	14.41%	30.51%	33.90%	14.41%	3.35	1.105

	make good choices							
6	I discuss financial matters with a more knowledgeable person	9.32%	12.71%	28.81%	32.20%	16.95%	3.35	1.179
7	I know how to protect myself against scams and financial fraud	5.08%	8.47%	39.83%	32.20%	14.41%	3.42	1.008
8	I am capable of making informed financial decisions	7.63%	10.17%	32.20%	27.97%	22.03%	3.47	1.167
9	I carefully consider the risks before making a financial and investment decision	6.78%	9.32%	26.27%	44.07%	13.56%	3.48	1.060
10	I set long-term financial goals and steps to achieve them	7.63%	11.02%	28.81%	37.29%	15.25%	3.42	1.112

11	I understand that financial skills are crucial in managing different financial challenges	3.39%	6.78%	19.49%	41.53%	28.81%	3.86	1.023
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According to the results in Table 8, respondents strongly agree that financial skills are crucial in managing different financial challenges (Mean 3.86, SD 1.023).

Secondly, the results indicate a strong consensus among the respondents on the understanding of how to create and maintain a personal budget (Mean 3.58, SD 1.205).

Furthermore, the results highlight the importance of carefully considering the risks before making a financial and investment decision (Mean 3.48, SD 1.060).

Similarly, respondents understand the concept of interest rates (Mean 3.58, SD 0.952).

Furthermore, the results indicate that respondents are capable of making informed financial decisions (Mean 3.47, SD 1.167).

Respondents know how to protect themselves against scams and financial fraud (Mean 3.42, SD 1.008).

Likewise, it is important to set long-term financial goals and steps to achieve them as indicated by the results (Mean 3.42, SD 1.112).

The results show an agreement among the respondents regarding their ability to evaluate different investment options to make good choices (Mean 3.35, SD 1.105).

Similarly, respondents have a common view on the importance of discussing financial matters with a more knowledgeable person (Mean 3.35, SD 1.179).

In addition, the results suggest that the respondents share a similar level of understanding of the importance of tracking their spending and savings (Mean 3.33, SD 1.268).

Lastly, the results indicate a strong consensus among the respondents on attending workshops and reading more information to improve my financial skills (Mean 3.19, SD 1.396).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The research investigated the Effect of Financial Literacy on Students' Investment Behavior, in a case study of Uganda Christian University-Main campus. The chapter presents a summary of the findings, conclusions, recommendations, and areas of further studies.

5.1 Summary of Findings

The research under each research objective unfolded significant findings;

Objective one was to find out how knowledge of financial products affects students' investment behavior. The findings to a greater extent reveal that students know bank accounts. These findings are in agreement with the findings conducted by Lusardi & Mitchell (2011) who also found that extensive knowledge about financial products helps individuals better understand the risks and potential returns associated with different investment options.

Furthermore, students know credit and debit cards. These findings are consistent with the findings conducted by Brunnermeier & Sannikov, (2014) who indicated that an understanding of how debit and credit cards work and the implications can influence a person's overall financial management and investment behavior.

Objective two was to find out how access to financial products affects students' investment behavior. The findings show that students have easy access to banking services in their areas. These findings are supported by findings conducted by Demirgüç-Kunt et al. (2018) who indicated that access to basic financial services, such as bank accounts, can help individuals save money securely, manage risks, and invest in education or business opportunities, thus fostering economic growth and reducing poverty.

Furthermore, the findings highlight that students are satisfied with the branch locations and ATM locations of the financial institutions. These findings are supported by findings conducted by Kefla (2010) indicated that access to financial products is influenced by

several variables, such as geographic location, rules atmosphere, and socioeconomic status, and argued that long distances between banking facilities make engagement in financial decisions less possible.

Objective three was to find out how financial skills affect students' investment behavior. The findings suggest that students have a good understanding that financial skills are crucial in managing different financial challenges. These findings are consistent with the study conducted by Lusardi (2019) who also indicated that financial skills are crucial for making informed financial decisions and managing personal finances, which are foundational for engaging in investment activities.

Additionally, students understand how to create and maintain a personal budget. These findings contrast with a study conducted by (Lusardi, 2019; Rai, 2019; Saha, 2016; Singh & Kumar, 2017) who found that while young people possess financial knowledge, they lack the basic financial skills necessary to develop and maintain a budget, understand credit, understand investment vehicles, or fully leverage the banking system.

5.2 Conclusion

The study has provided valuable insights into the Effect of Financial Literacy on Students' Investment Behavior particularly how the knowledge of financial products, access to financial products, and financial skills contribute to overall financial literacy. The findings highlight the importance of financial literacy through knowledge of the financial products, financial skills, and access to the products that are entailed in the literacy to be able to make sound investment decisions. More financially literate students are more likely to make well-informed investment decisions as opposed to less financially literate students. Continuous learning is necessary to have up-to-date information to guide decisions made. Fostering a financially literate student population encourages them to secure their financial futures.

However, the findings have also revealed the challenges that are hindering optimal investment behavior by highlighting the areas of improvement to enhance financial literacy. Some of the areas include the lack of adequate knowledge of foreign exchange services and personal loans, barriers of documentation requirements needed when

accessing financial products, and lack of zeal to attend workshops and find information to improve their financial skills.

Lastly, this research contributes to the existing literature on the effect of financial literacy on students' investment behavior offering new insights, findings, and recommendations that can inform future research studies.

5.3 Recommendations

Firstly, mentorship and guidance programs should be offered to students as they will be good opportunities for them to receive direction and coaching on how well to handle and manage their finances, and how to handle and find the best-suited investment opportunities tailored to their needs or capacity.

Furthermore, more practical training programs should be offered to students as they will offer practical skills on how to handle finances and expose them to different financial information that is available, so that they may be able to practically apply what they learn themselves and find information tailored to their needs and investment choices, get a better experience, understand the full working of the different financial products and become more financially literate.

Finally, I recommend public awareness and inclusivity campaigns. There should be public awareness campaigns held to improve and break the stereotype that people may have concerning their financial health and investment opportunities, and ensure that it is inclusive to cater to people from different backgrounds to ensure a wider reach and a further impact on the importance of financial literacy and investment choices and opportunities that are available to them.

5.4 Areas for further studies

Comparative study on the Effect of Financial Literacy on Students' Investment Behavior in Public Universities. This is to compare between public universities and private universities and understand further the effect of financial literacy.

The Influence of Cultural Factors on the Financial Literacy Levels and Investment Behavior. This will give an insight into the different cultural factors that contribute a

great deal to people's beliefs and upbringing and how they influence financial literacy and investment levels.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

A QUESTIONNAIRE TO BE FILLED BY RESPONDENTS.

This questionnaire is designed to collect information on the **EFFECT OF FINANCIAL LITERACY ON STUDENTS' INVESTMENT BEHAVIOR** at Uganda Christian University - Mukono. The information obtained will be used for academic purposes and remain confidential. You are requested to answer this questionnaire with at utmost honesty. Please read the instructions carefully and respond to the questions.

SECTION A: DEMOGRAPHIC INFORMATION

INSTRUCTION: Please tick the box that best describes the respondent.

1. Gender of the respondent

Male

Female

2. Age of the respondent

20 - 22 years

23 -25 years

26 years and above

3. Socio- economic status

Low-income

Mid income

High high-income

4. Employment status

Self-employed

Employed

Unemployed

SECTION B: EFFECT OF KNOWLEDGE ABOUT FINANCIAL PRODUCTS ON STUDENTS' INVESTMENT BEHAVIOR.

Instructions

Please indicate your level of knowledge about basic financial products and familiarity on a scale of 1 to 5, where 1 represents "Very Unfamiliar". 2 represents "Unfamiliar", 3 represents "Somewhat familiar" 4 represents "Familiar" and 5 represents "Very Familiar."

No.	Statement	1	2	3	4	5
1	Bank accounts					
2	Personal loans					
3	Stocks and bonds					
4	Credit and debit cards					
5	Insurance policy					
6	Foreign exchange services					

SECTION C: EFFECT OF ACCESS TO FINANCIAL PRODUCTS ON STUDENTS' INVESTMENT BEHAVIOR

Instructions.

Indicate the degree of agreement with the following statements relating to how access to financial products affects the investment behavior of university students by using a scale of 1-5, where 1- Strongly disagree, 2- Disagree, 3- Neutral, 4 Agree, 5- Strongly agree.

No.	Statement	1 SD	2 D	3 N	4 A	5 SA
1	I have easy access to basic banking services in my area					
2	I have access to affordable credit facilities when needed					
3	I have access to digital financial services					
4	I feel confident using online banking and digital payment methods					
5	Financial institutions in my area offer sufficient guidance and support in selecting appropriate financial products					
6	I am satisfied with the service delivery in terms of location, operation hours, and service time					
7	Financial institutions in my area provide clear and transparent information about their products and benefits to customers					
8	I face barriers with documentation requirements when accessing financial products					
9	I find it easy to access information about financial products offered by the financial institutions through digital channels					

10	I am satisfied with the branch locations and ATM locations of the financial institutions					
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SECTION D: EFFECT OF FINANCIAL SKILLS ON STUDENTS' INVESTMENT BEHAVIOR

Instructions.

Indicate the degree of agreement with the following statements relating to how financial skills influence the investment behavior of university students by using a scale of 1-5, where 1- Strongly disagree, 2- Disagree, 3- Neutral, 4 Agree, 5- Strongly agree.

No.	Statement	1 SD	2 D	3 N	4 A	5 SA
1	I understand how to create and maintain a personal budget					
2	I track my spending and savings					
3	I understand the concept of interest rates					
4	I attend workshops and read more information to improve my financial skills					
5	I evaluate different investment options to make good choices					
6	I discuss financial matters with a more knowledgeable person					
7	I know how to protect myself against scams and financial fraud					
8	I am capable of making informed financial decisions					
9	I carefully consider the risks before making a financial and investment decision					
10	I set long-term financial goals and steps to achieve them					
11	I understand that financial skills are crucial in managing different financial challenges					

APPENDIX II: INTRODUCTORY LETTER FOR DATA COLLECTION

 **UGANDA CHRISTIAN UNIVERSITY**
A Centre of Excellence in the Heart of Africa

SCHOOL OF BUSINESS

11th July, 2024

TO WHOM IT MAY CONCERN

Name: **MELLISA AULERIA NASSAKA** Reg. No **S21B05/020**

A bachelor's student who is seeking permission from your office to collect data for her dissertation titled

The Effect of Financial Literacy on Students' Investment Behavior, a Case Study of Uganda Christian University (Main Campus)

We shall be grateful if you could render assistance to her in collecting the necessary data for her dissertation

The Uganda Christian University School of Business thanks you in advance


.....
Mukisa Simon Peter
Research coordinator


UGANDA CHRISTIAN UNIVERSITY
P. O. BOX 4, MUKONO
11 JUL 2024 ☆
FACULTY OF
BUSINESS AND ADMINISTRATION

APPENDIX III : KREJCIE AND MORGAN TABLE

Table 3.1

Table for Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

*Note: N is Population Size; S is Sample Size**Source: Krejcie & Morgan, 1970*