

**THE IMPACT OF FINANCIAL LITERACY ON THE DEBT MANAGEMENT OF
UNIVERSITY STUDENTS: A CASE STUDY OF UGANDA CHRISTIAN
UNIVERSITY**

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**UGANDA CHRISTIAN
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DECLARATION

This report is my own original work and has never been submitted to any university or institutions of higher learning for any award of a degree.

Signature.....*Christel*.....

Date.....*10th April, 2026*.....

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APPROVAL

This is to certify that this report by Arinaitwe Christel Joy entitled “the impact of financial literacy on debt management of university students” has been submitted with my approval for examination.

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DEDICATION

To my dear family and siblings, who have tirelessly supported me in all aspects of my academic and personal journey. Spiritually, financially and emotionally, they supported me and enabled me to stand where I am now. May God richly and abundantly bless you.

ABSTRACT

Financial literacy is increasingly recognised as a critical factor influencing individuals' ability to manage personal finances and make informed borrowing decisions. This study addresses the impact of financial literacy on debt management among students at Uganda Christian University (UCU), emphasising that many students rely on loans and credit but lack sufficient financial knowledge to manage debt effectively. The study also addresses low financial literacy levels as one of the key causes of poor budgeting, delayed repayments, and financial stress among the youth. Therefore, the study addresses its purpose, objectives, research questions, scope, and significance to inform policies and educational strategies to promote responsible financial behaviour among university students.

The study shows the theoretical and empirical literature on financial literacy and debt management among university students, guided by behavioural and economic theories. It identifies financial literacy—particularly knowledge of financial products, risk management, and investment—as a key factor influencing responsible debt management practices such as budgeting and repayment strategies. These studies show a positive relationship between financial literacy and effective debt management, although factors such as income levels and access to financial services may affect this relationship. The study also identified a gap in context-specific research on financial literacy and debt management among university students in Uganda, particularly at Uganda Christian University.

This study used a mixed-methods design and stratified random sampling. Data collected from 51 respondents revealed generally high levels of financial literacy, with students demonstrating awareness of budgeting, emergency planning, and responsible borrowing practices. A comparison between business students displayed slightly stronger financial planning practices than non-business students. However, the findings also showed that financial knowledge does not always translate into consistent financial discipline. Mobile money loans were identified as the most common source of debt, reflecting the influence of accessibility and convenience on borrowing behaviour. This study was limited by time and resource constraints, self-reported data, and a single-institution sample, which were mitigated through stratified sampling, use of free online resources, structured scheduling, and anonymity to enhance reliability. Overall, the study concludes that the practical application of financial knowledge, and strengthening financial education, responsible lending practices, and proactive financial behaviours such as budgeting, saving, and controlled borrowing are needed to improve student financial outcomes.

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CHAPTER ONE

1.0 Introduction

This chapter introduces the study on the impact of financial literacy and debt management among youth among students at Uganda Christian University (UCU). It outlines concerns about the study's background, low financial literacy, the purpose, objectives, research questions, significance, and scope.

1.1 Background of the study

Financial literacy encompasses the knowledge, skills, and confidence required to make informed and effective financial decisions across various life contexts (Organisation for Economic Co-operation and Development [OECD], 2020). This involves learning more about the basic financial aspects like financial products, risk management, investment principles, as well as the ability to plan for long-term and short-term goals of individuals and businesses. Various studies demonstrate how higher levels of financial literacy produce improved financial habits and behaviours like increased savings, better debt management, and more informed investment decisions among individuals. However, this skill is underutilised as seen in the relatively low levels of financial literacy. This is especially observed among young adults because they are usually provided as paid courses to study or they are learnt from family and peers usually upon obtaining a job.

In today's society, particularly among university students who make various critical financial decisions for the first time, basic financial knowledge emerges as a vital skill for managing the costs of higher education. These costs have contributed to increasing levels of student debt, leaving many graduates struggling with repayment while trying to establish their careers. While this is evident in developed countries, it is also common in developing countries of Africa (Agyemang & Frimpong, 2019). The financial strain of student debt greatly affects mental health, career choices, investment decisions and long-term financial stability of individuals and families (Walsemann, Gee, and Gentile, 2015).

The situation is similar in Uganda, despite substantial improvement in access to higher education over the past several years. For both private and public institutions, increased cooperation in enrolment for both international and national students has attracted a diverse student population with a variety of social and economic backgrounds (Ministry of Education and Sports, 2020). For example, UCU, a private institution, with students who depend on

multiple funding sources, such as personal savings, university sponsorship, family support, bank loans, government sponsorships and student loans, among many others. However, with such emerging initiatives, new problems emerge for the youth who don't fully understand the implications of borrowing or credit misuse.

Strategies to bridge the gap in the levels of financial literacy of Ugandan citizens have been put in place, for example, the change in the lower secondary curriculum as reported in the National Curriculum Development Centre Reports (2019). Part of the reform was introducing entrepreneurship education as a compulsory subject in secondary schools, focusing mainly on business creation rather than personal financial management. This doesn't cater for the aspects of bank savings, loans and digital lending services, as well as budgeting that they are exposed to in university. This gap in practical financial knowledge highlights the need for further intervention at the tertiary education level.

UCU is an ideal case study for research regarding this concept, given its diverse student body and commitment to holistic education. Therefore, examining how financial literacy influences university students' debt management is crucial, considering that the youth play a vital role in shaping the country's future well-being.

1.2 Statement of the problem

Debt management has become a growing concern among university students in Uganda, and the majority increasingly rely on loans, credit, and informal borrowing to finance their education and daily expenses. Despite this, a large number of students struggle to manage their debts responsibly, often delaying repayments or failing to budget for their expenses leading to financial stress and academic disruption. According to global press journal, 2022, only 30% of university students across Uganda are on track to pay back their student loans. This shows the large gap in financial knowledge and responsible borrowing habits. A key factor contributing to this problem is the low level of financial literacy. A study by the Bank of Uganda and the Ministry of Finance (2020) highlights that while access to financial services has expanded through mobile money and banking innovations, financial literacy, especially among the youth, remains low despite recent efforts. This means that many students will make uninformed financial choices that contribute to increased debt and mismanagement of finances.

At Uganda Christian University (UCU), students receive academic and life skills training through the various courses provided, but clear debt management skills are not sufficiently

taught to all the students. . Therefore, although prior research has examined financial literacy in Uganda generally, there is limited evidence on its effects on university students' debt management. Studying this relationship at ucu will reveal how students' financial behaviours are shaped by their level of financial knowledge, and how universities can integrate financial education to foster responsible financial habits.

1.3 Purpose of the study

The purpose of the study is to provide insights that can inform strategies for improving financial education to foster responsible debt management practices and financial habits among university students. This is through examining the relationship between financial literacy levels and debt management practices among the youth in university.

1.4 Objectives of the study

1. To examine the impact of financial literacy on debt management
2. To identify the common types of debt management of university students.
3. To assess the problems associated with debt management and propose possible solutions to overcome them.

1.5 Research questions

1. What is the impact of financial literacy on debt management?
2. Which common debt management types are used by university students?
3. What are the problems associated with debt management, and propose possible solutions to overcome them?

1.6.0 Scope of the study

The study was conducted at Uganda Christian University, Bishop Turker Road, Mukono District, Uganda. This university was suitable for various reasons, like proximity, suitable positioning as a member of the university to access reliable data from fellow students, and the diversity of students and their backgrounds.

The study was conducted over a period of 3 - 4 years. This period provided ample time for both data collection and analysis. It also covered crucial periods, such as national holidays, which involves planning finances, expense assessments, and debt management.

This study examined financial literacy across dimensions of financial knowledge, skills and attitudes of university students, debt management types like repayment plans, budgeting and debt monitoring and prioritising. These different dimensions were studied among undergraduate students above 20 years.

1.7 Significance of the study

The study will be of substantial significance to multiple stakeholder groups like policymakers, practitioners, and fellow scholars. For policymakers like, the government and the national council of higher education, among other institutions, can use the insights of this study to improve targeted interventions for informed students' decisions on borrowing, improve financial literacy frameworks, and strengthen student loan management policies.

This study will also be of significance to practitioners like microfinance institutions, banks and university financial aid offices through the study's in-depth look at the relationship between financial literacy levels and their debt management behaviour. These institutions may be able to enhance existing support services by designing more student-friendly financial products, implementing credit education initiatives, and providing better repayment support mechanisms to improve students' debt management.

In addition to these, the study will also be of great significance to the undergraduate youth in the university by contributing to the growing body of knowledge on financial literacy and the youth's personal financial behaviour. The study provides a different perspective for youth on how institutions and their peers manage debt, and how their financial literacy affects this. It will also inspire further studies for students, researchers and educators, influencing the growth in levels of financial literacy among the youth.

Therefore, the study will lead to the overall economic development of the youth through its practical and theoretical contributions to improve mechanisms of increasing financial literacy levels and effective management of personal finances among the youth.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter is organised into theoretical foundations, thematic review, empirical review, and literature gaps. The review establishes the conceptual foundation of the study by examining key theories explaining financial behaviour, analysing prior empirical findings from both developed and developing contexts, and identifying existing research gaps.

2.1 Theoretical foundations

Understanding financial literacy and debt management among university students requires a theoretical framework of behavioural, psychological, and economic theories. This study is based on five major theories which include, human capital theory, theory of planned behaviour, behavioural life-cycle hypothesis, prospect theory, and social learning theory.

2.1.1 Human capital theory

Human capital theory is based on the work of Becker (1964), who argues that an individual will invest in education and training to improve productivity and economic outcomes in the future. Financial literacy is a form of human capital because it equips an individual with knowledge and expertise to make informed financial decisions.

In the case of university students, financial literacy increases an individual's ability to comprehend loan conditions and interest rates, make informed decisions about financial products, and improve long-term economic outcomes. According to Lusardi and Mitchell (2014), an individual is better positioned to avoid costly debt and manage debt if they are financially literate. Therefore, financial literacy is an investment for an individual that helps him or her to improve economic outcomes and become less vulnerable to economic risks.

2.1.2 Theory of planned behaviour

The theory of planned behaviour was developed by Ajzen (1991). It indicates that behaviour is influenced by attitudes, subjective norms, and perceived control over behaviour. When these are applied to students' financial behaviour; Attitudes are students' beliefs regarding budgeting, borrowing, and paying debt. Subjective norms include peer, family, and school norms, while perceived control over behaviour indicates students' confidence in their ability

to budget, borrow, and pay debt effectively. When students believe budgeting, borrowing, and paying debt are beneficial, socially acceptable, and under their control, they are more likely to engage in good debt management behaviour. Financial literacy will enhance students' confidence in their ability to budget, borrow, and pay debt.

2.1.3 Behavioural life-cycle hypothesis

The behavioural life cycle hypothesis was proposed by Shefrin and Thaler (1988). It explains how an individual divides money among mental accounts, which include current income, future income, and savings. The main idea behind this hypothesis is that an individual might not choose to save for the future and instead might choose to spend money in the present. University students might face many problems, like tuition fees, accommodation, and other expenses, which require money in the present. However, financial knowledge can help an individual plan for the future and can guide decision-making through forward thinking and emergency planning.

2.1.4 Prospect theory

The prospect theory, proposed by Kahneman and Tversky (1979), explains how an individual evaluates risk and uncertainty. The main idea behind this theory is that an individual overvalues the gains they can acquire in the present and undervalues the losses they might face in the future. For example, in the case of digital lending platforms, students might overvalue the money available to them in the present and might underestimate the interest that might accumulate in the future. Financial knowledge can help an individual avoid these biases and can guide an individual in understanding value of money and risk evaluation.

2.1.5 Social learning theory

Social learning theory (Bandura, 1977), suggests that individuals learn behaviour through observation and interaction within their social environment. Financial habits are often influenced by parental modelling, peer behaviour, and institutional culture. Students exposed to communities with responsible financial role models that practice saving, investment, and budgeting are more likely to adopt disciplined such debt management practices. On the contrary, environments that normalise unmonitored borrowing or impulsive spending may reinforce poor financial habits. Institutional financial education can therefore serve as a great corrective measure for shaping positive financial behaviour patterns.

2.2 Thematic review

2.2.1 Financial literacy

According to the Organisation for Economic Co-operation and development (2020) financial literacy can be defined as a combination of financial awareness, knowledge, skills, attitudes, and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. It involves the ability to take financial knowledge and use it to manage one's finances throughout their lives.

Being financially literate is important for university students because they are young adults who are financially independent for the first time and are faced with a number of expenses such as university fees, accommodation, transport costs, and personal expenses. Without proper knowledge and skills in managing finances, university students are likely to make poor financial decisions that may lead to debt accumulation and other negative financial outcomes. (Lusardi & Mitchell, 2017) In this study, financial literacy is looked at from three main perspectives: knowledge of financial products, risk management literacy, and investment

Financial products are the various instruments and services provided by financial institutions that allow individuals to manage their finances efficiently to meet their personal goals. According to OECD (2016), awareness of available financial products and how they work empowers individuals at the university level to choose appropriate borrowing or saving options. Examples of financial products used include, banking products like; savings accounts, loans, credit cards, investment products like bonds and stocks, and insurance products like health insurance, digital financing products like mobile money, among many others. However, limited understanding of product terms exposes them to high borrowing costs and poor repayment outcomes.

OECD (2020) defines risk management as the process of identifying, assessing, and mitigating financial uncertainties that may affect income, expenditure, or debt repayment. Uncertainties faced by students might include over-borrowing, delayed allowance, and unexpected expenses, among many others. Being literate in the terms of risk literacy means being aware of the fact that high returns come with high risk, the importance of diversification in the reduction of risk, and the importance of making informed financial decisions based on one's risk level (Lusardi & Tufano, 2015). This is important for students

because it can help them avoid over-borrowing, risky financial behaviour, and impulsive spending.

In their research on German households, Bannier and Schwarz (2018) concluded that being financially literate does not mean avoiding risk; it means making informed and calculated risk decisions depending on one's financial capacity. This shows that being literate in the basics of risk literacy can help individuals become smarter in making financial decisions. For university students, being literate in this sense can help them effectively plan for emergencies, uncertainties, and overdependence on credit. Without this basic knowledge, they might be stuck in debt without being fully aware.

Knowledge of investment typically includes understanding basic concepts such as compound interest, time value of money, opportunity cost, and long-term financial planning (Mouna & Anis, 2017). Although they might not have a lot to invest, learning to invest early will create a habit of thinking about the future and not living to spend. Agyemang and Frimpong (2019) found that when university students participate in small-scale investment or savings, they tend to have lower levels of debt dependency and higher levels of discipline in paying debts. Thus, knowledge of investment will contribute to debt management indirectly. They will be able to understand how debt compounds if not paid on time and how savings compound if invested early.

2.3 Debt management

Debt management refers to how individuals plan, monitor, and control their borrowing and repayment habits while using resources to minimise financial risk. Recent studies have conceptualised debt management as an individual's approach to managing debt, not only focusing on the actual act of paying debts, but also on a broader financial behaviour that includes planning, monitoring, decision-making, and coping strategies (Lusardi & Tufano, 2015). Palameta et al. (2016) also identified two types of debt management: debt management capacity, which includes knowledge and skills to manage debt, and debt management behaviour, which includes actual practices employed to manage debt. Thus, when applied to university students, debt management will include budgeting for expenses, planning to repay loans, avoiding unnecessary borrowing, and looking for alternative sources of income using both formal and informal strategies.

Formal strategies include making a plan to repay debts and budgeting, which will help university students manage their debts systematically. Repayment plans are considered an

important tool that will help university students know how to manage their limited resources to pay their debts on time and in a systematic way. Various studies have shown that different strategies, such as debt avalanche and debt snowball, can positively influence debt repayment.

Budgeting is one of the most significant techniques for managing debt. It allows students to manage their expenditure, allocate resources for debt repayment, and avoid overspending (Robb & Woodyard, 2015). Students who use budgets have shown reduced levels of financial stress. Budgeting is a significant aspect of managing debt which requires students to monitor income levels, adjust for irregular income, and use technology to support the budgeting process (Baker & Dellaert, 2018). It is essential for students who receive allowances or work part-time jobs, as it allows them to cope with unexpected expenditure without affecting their debt repayment plans. All these techniques not only help in managing debt repayment but also foster good financial habits in students.

Students may also rely on informal methods, particularly in cases where formal financial methods are limited (Karlan et al., 2016). These may include family and social support networks, part-time jobs, reducing spending, avoiding debts and prioritising debt repayment, as well as negotiations with creditors. Although these methods are useful in managing debts, they may have social and academic implications as well (Darolia, 2014). Koomson et al. (2020) highlight that students may become more financially vulnerable when they rely on these informal financial management strategies.

2.3 Empirical Review

2.3.1 Relationship between financial literacy and debt management

Empirical research in developed countries has shown that financial literacy is a significant predictor of responsible debt management behaviours in developed countries. Research in Europe has shown that low financial literacy is associated with a high level of reliance on expensive credit and a high risk of defaulting on debts (Gathergood & Weber, 2017). This shows that financial literacy plays a significant role in managing debts in Europe. Research in the united states has shown that low debt literacy is associated with high-cost borrowing, while financially literate students are better at managing credit cards and keep low credit balances and pay debts in full (Lusardi & Tufano, 2015). A research in Australia has shown similar results; financially literate students were observed to have better borrowing and

repayment behaviours compared to those who were financially illiterate (Gerrans & Heaney, 2019). A longitudinal research has shown that financial literacy acquired during university has a significant impact on reducing debts and defaulting on debts after graduation (Xiao & Porto, 2017).

In developing countries, financial literacy also helps in effective debt management, although the constraints do not allow the full potential to be utilised. According to research, financial knowledge helps students who borrow within their means and make timely payments on debts such as loans. This is according to the research by Agyemang & Frimpong (2019). According to the article by Lusardi & Tufano (2015), people with high financial literacy make prudent borrowing decisions, understanding the consequences of such debts. In the same way, students who save for the future, avoid impulse purchases, and invest regularly in the market also show lower credit dependency as well as effective payment habits, as mentioned in the article by Xiao & O’neill (2018).

According to the article by Kimiywe (2015) on financial literacy in sub-Saharan African countries, the level of financial knowledge among university students is low. The students lack the knowledge to comprehend loans, interest rates, and informal loans. Therefore, students who acquire financial knowledge as well as investment knowledge are able to effectively plan, save, and make payments for debts, indicating the potential impact of financial literacy on effective debt management.

2.3.2 Factors affecting their relationship

This relationship between financial literacy and debt management is usually affected by several factors: self-control; even with sufficient financial literacy, students with low self-control may still accumulate high-cost debt, whereas those with moderate to high self-control manage repayment strategies more effectively (Achtziger et al., 2015). Financial self-efficacy: literacy fosters confidence and encourages responsible financial behaviours, mediating the influence of knowledge on debt management (Serido et al., 2015).

Other factors are financial socialisation: parental guidance and modelling of responsible financial behaviours during adolescence improve literacy outcomes upon adulthood (Shim et al., 2015). Access to financial services and socioeconomic status: students can only apply their knowledge effectively when affordable financial products are available, and lower-income students may encounter resource limitations that restrict literacy’s impact (Karlan et

al., 2016). For example, investing, budgeting and saving is quite difficult for low-income individuals, where bank charges are high and their income is too low to invest.

2.3.3 Reasons why students fail to manage debts

Several studies have also addressed and identified why university students fall into and fail manage their debts, particularly in developing countries like Uganda. These include insufficient financial support as the primary reason. Many students come from households where parents are unable to fully finance their tuition, accommodation, transport, and personal expenses, forcing students to borrow to fill the gap. Due to this, they fail to find affordable financial products such as low-interest student loans, or savings accounts, pushing them towards high-fee alternatives that reduce effective financial management (Koomson, et al, 2020).

Another reason is the high cost of living and education expenses. Rising tuition fees, accommodation costs, transport, and daily living necessities place substantial financial pressure on students, which in turn, affects debt management. Such high costs reduce the students' abilities to save, budget, explore other cheaper financial products or invest for future needs thereby, leading them to depend on easily accessible but expensive credit options (Kimiye, j. O. 2015).

Students may also go into debt due to easy access to mobile money loans and digital credit. This rapid growth in mobile money platforms and digital credit services, often with minimal documentation and almost instant approval, has made borrowing extremely easy for students because it is one of the less expensive credit services available for the youth. While this expands access to funds, it also affects students' financial decision making and their application of financial literacy principles. Easy access to digital loans reduces the impulse to budget effectively, because students rely on quick loans instead of planning for expenses through budgeting and saving. This can lead to impulsive borrowing behaviour, where short term credit is used without consideration of interest rates or long term implications (GSMA, (2019).

The fourth major reason for students falling into debt is the low financial literacy levels and poor financial skills. The limited knowledge on financial products, budgeting, risk, management, and investment is a key reason why students accumulate debt and struggle with effective debt management. Due to this limited or insufficient financial knowledge, students are less likely to make informed decisions about borrowing, saving and spending. For

example, students will choose high cost options or fail to compare products based on interest rates, fees and repayment terms as they enter the working world (Lusardi, a., & Mitchell, o. S., 2014). This combination of challenges reinforces the statement suggesting that poor debt management is caused by low financial literacy levels overall.

2.3.4 Solutions to address the challenges

In response to these challenges, several interventions have been introduced globally and locally to improve students' financial capabilities. Globally, there has been a significant increase in the integration of financial literacy education in university orientation programs and academic curricula, which has been found to have a positive impact on students' budgeting skills, reduction of unnecessary borrowing, and improvement in long-term financial planning (Xiao & Porto, 2017). Digital financial education tools, mobile budgeting apps, and online financial learning platforms have been introduced to simplify complex financial concepts for better money management (Lusardi, 2019).

In Uganda, the Bank of Uganda and the Capital Markets Authority have developed financial literacy awareness programs, school programs, and youth programs with training workshops focusing on budgeting, saving, and responsible borrowing (Bank of Uganda, 2017). Universities have also developed entrepreneurship clubs, saving groups, and peer mentoring programs, which promote the application of the acquired knowledge (Serido et al., 2015). Despite these initiatives, they remain short-term, voluntary, and lack academic integration, which limits their long-term impact on the daily life of the students.

2.4 Literature gaps

Although many studies have examined financial literacy and debt management, several important gaps remain. Most existing research focuses on general youth populations or university students in developed countries, where financial systems, access to credit, and educational support structures differ considerably, from those in low-income settings (Lusardi & Mitchell, 2014). The same can be seen in Uganda, where research on financial literacy has largely concentrated on the general youth population and micro-entrepreneurs, with limited focus on university students, especially those in private institutions like, Uganda Christian University.

In addition, many scholars treat financial literacy as a single broad concept instead of analysing its specific dimensions, such as knowledge of financial products, budgeting skills,

risk management literacy, and investment knowledge (Lusardi & Tufano, 2015). This limits understanding of which specific aspects of financial literacy most influence students' ability to manage debt.

Most studies emphasise knowledge and behaviour but pay less attention to contextual and structural challenges such as; low income, students with few or limited sources of income aren't able to invest in high rate investment opportunities or save in banks with high bank charges, and limited affordable financial products. Due to these gaps, there is still insufficient evidence explaining how financial literacy directly affects debt management among UCU students, which this study seeks to address.

2.5 Conclusion

This chapter reviewed theoretical and empirical literature on financial literacy and debt management, emphasising the importance of financial product knowledge, risk management literacy, and investment knowledge in shaping students' financial behaviours. Evidence from both developed and developing countries demonstrates that financial literacy significantly enhances responsible debt management, although its effectiveness can be limited by structural and socioeconomic constraints. The identified literature gaps justify focusing this study on specific aspects of financial literacy and students of Uganda Christian University, to generate context-specific insights that can inform university based financial literacy interventions.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The section elaborates on the research design, study population, sampling strategy, data collection methods, data analysis plan, validity and reliability considerations, ethical awareness, and limitations.

3.2 Research design

The research design applied in conducting this research was a mixed research design, where quantitative and qualitative approaches were integrated to achieve a more accurate understanding of the topic. This was appropriate because, in finance, quantitative methods can be applied to measure the relationship between financial literacy and debt management, whereas a qualitative approach will allow for a deeper understanding of the attitudes and experiences of students concerning borrowing and debt clearance.

3.3 Study Population

The population studied consisted of 3,692 undergraduate students below 35 years at UCU excluding students in their first year. This population was considered appropriate because, at the time of conducting this research, those in their second, third, and fourth years were more exposed to various forms of financial decisions, borrowing, and credit facilities. This made them more appropriate to be studied on the influence of financial literacy on debt management compared to those in their first year, who might not be exposed to such forms of borrowing and financial decisions, thus compromising the accuracy of the findings obtained (Creswell & Creswell, 2018).

3.4 Sample Size Determination

The total population of the study comprised 3,692 undergraduate students and the study used a sample size of 80 respondents. According to the Krejcie and Morgan (1970) table for sample size determination, a population of 3,700 requires a sample of 350 respondents in order to achieve a 95% confidence level and 5% margin of error. However, due to time constraints, financial constraints, and inaccessibility of the large population, it was not possible to cover such a large number of respondents. Hence, a sufficient number of 80 respondents were considered for the study. In social science research, such a small sample

size is considered sufficient due to the use of probability-based sampling techniques to increase the reliability of the data analysis (Creswell & Creswell, 2018).

3.5 Sampling Technique

The study employed proportionate stratified random sampling as the main sampling technique. Stratified sampling was selected because it allowed the population to be divided into homogeneous subgroups (strata) based on shared characteristics. The population was stratified according to academic faculties, since faculties represent key structural and demographic divisions within the university, which improved representiveness and efficiency of findings (Saunders et al., 2019). Thereafter, proportionate allocation was used to determine the number of respondents selected from each faculty based on their estimated population sizes. Finally, each faculty was allocated an appropriately equal share of the population to ensure that all eligible students had an equal probability of selection, thereby minimising sampling bias and enhancing objectivity.

3.6 Sample Allocation by Faculty

Based on estimated faculty population proportions, the total sample of 80 respondents was distributed proportionately across the faculties at UCU. This was to ensure adequate representation of students from diverse academic backgrounds, as recommended in stratified sampling procedures (Creswell & Creswell, 2018). The allocation is presented in Table 3.1.

Table 1: Proportionate Sample Allocation by Faculty

Faculty / School	Estimated % of Population	Sample Size Allocation
Business	18%	14
Law	10%	8
Theology	8%	6
Nursing and Midwifery	10%	8
Computing and Information Technology	10%	8
Education	12%	10
Engineering	8%	6
Health Sciences	8%	6

Journalism	6%	5
Agriculture	5%	4
Engineering, Design and Technology	5%	5
Total	100%	80

3.7 Data sources

The study relied on primary data coming from questionnaires administered to students that were answered and submitted online for data analysis as well as UCU staff members of academics office that provided the total population of undergraduate students present in the semester. These sources provided context and support to the interpretation of results.

3.8 Data collection methods and tools

Structured questionnaires were provided, containing closed-ended and Likert-scale questions via online platforms like WhatsApp class groups and university clubs, which were accessible to all students. These questionnaires were collected quantitative data on financial literacy levels, budgeting practices, repayment behaviour, and challenges faced by students in an efficient and effective manner. The survey was provided to respondents that met the criteria of the study population who are undergraduates that are in their second year and above. A documented format of the questionnaire can be seen in the appendix pages.

3.9 Data collection procedure

Data collection included several steps:

1. Obtaining approval from the university research committee and the research supervisor on ethics and accuracy of the research tools.
2. Seeking permission from relevant faculty administrators to use the research tools.
3. Administering questionnaires digitally via Google Forms on online platforms like WhatsApp to ensure accessibility.
4. Collecting and reviewing all completed tools to ensure completeness and accuracy.
5. Entering data into the Microsoft Excel software application for analysis.

Respondents were given adequate time between 7 to 14 days to complete questionnaires. To ensure confidentiality, google forms was used to enable collecting respondent data without names or emails being registered.

3.10 Data processing and analysis

Quantitative data collected from the respondents were analysed systematically and was entered into Microsoft Excel for further analysis. Descriptive statistical analysis techniques were employed to present the data in a systematic manner. These included calculation of frequencies, percentages, means, and standard deviation. Frequency and percentage were used to present the demographic characteristics of the respondents.

The mean values were used to determine the general trends in the respondents' answers to the questionnaire items, enabling the researcher to determine the general patterns in the financial literacy level and financial management behaviour among the students. The standard deviations were used to determine the degree of variability or dispersion in the respondents' behaviour, indicating the degree to which the responses varied from the average response of the entire population. The statistical measures provided an exhaustive understanding of the respondents' financial knowledge, financial management behavior, borrowing habits, and financial management behavior. The analytical approach used in this study enabled the researchers to effectively identify trends, patterns, and variations in the financial behaviour among the university students.

3.11 Ethical considerations

Ethical considerations were adhered to throughout the research process. The research participants were not coerced into taking part in the research as participation was optional. The research participants' confidentiality and anonymity were also ensured by not collecting any information that could lead to the identification of the participants, for example emails or names.. The information collected was for research purposes only and was stored securely. Permission was also obtained from relevant authorities before conducting the research.

3.12 Limitations of the study

Despite prior efforts to ensure a smooth data collection process, several challenges were met to achieve targeted results. This study relied on self-reported questionnaire responses, which

may be prone to respondent bias, overreporting, underreporting, and reporting of information that is desirable by the respondents' peers. This implies that the research participants may not have provided accurate information regarding their financial behaviours and debt management practices.

The short period of data collection may have forced the researcher to conduct the research quickly. The short period may have also limited the research participants' ability to answer each research question thoughtfully. This may have an influence on the reliability of the data collected for the research purposes.

The resource constraints confined the sample to one university, which limits the generalisability of the findings. The financial literacy levels and debt management behaviours observed among students in this institution will probably be from those in other universities, regions, or socio-economic settings, hence reducing the applicability of the findings to a broader population.

The limited sample size of 80 respondents were smaller than the recommended sample size for the population, primarily due to time, financial, and accessibility constraints. This may have reduced the size that would be an appropriate representation for statistical accuracy.

3.13 Mitigations

The following solutions were adopted to mitigate the problems mentioned earlier. The study ensured to make responses as confidential and anonymous as possible by hiding the emails or names of respondents. The study also used structured and clearly worded questions in each section of the questionnaire to ensure responses were not biased.

The respondents were given a minimum of ten days to carefully complete the questionnaire and were also given reminders to complete their responses in order to utilise the available time for data collection. The study also used probability-based stratified sampling to improve representativeness and respondents from all faculties were considered to cater for the small sample size.

3.14 Conclusion

This chapter detailed the methodology used to examine the impact of financial literacy on debt management among university students. By adopting a mixed-methods design, applying Krejcie and Morgan's technique for sample size determination, and using questionnaires, the study ensured comprehensive and reliable data collection. Ethical considerations were strictly followed. The next chapter presents the results and findings derived from the methods outlined above.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the analysis, interpretation, and discussion of data collected from the undergraduate students of Uganda Christian University (UCU) in regards to the impact of financial literacy on debt management.

4.2 Response rate

The data was collected using structured online questionnaires administered to a sample of 80 students, over a period of 7 to 14 weeks. The sample was chosen using stratified purposive sampling method and the sample size was divided across different faculties and schools. Out of the 80 questionnaires distributed, 51 were successfully completed and returned, which shows a 63.75% response rate, which is considered highly acceptable according to Saunders, Lewis, & Thornhill (2019). High response rates increase the reliability and generalizability of the results. Normal response rates of survey research also vary between 50 and 70%, making this response rate considerably valid and acceptable.

4.3 Demographic characteristics of respondents

4.3.1 Age distribution

Table 2: Age distribution

Age group (years)	Frequency	Percentage (%)
20–24	43	84.3
25–29	6	11.8
30–35	3	5.9
Total	51	100

Interpretation:

The majority of respondents of the 84.3% were aged 20–24 years, followed by those aged 25–29 years among the 11.8% and lastly those aged 30–35 years within the remaining 5.9%. This shows that most of the students were in their prime, and in these prime years, students have to make payments for tuition fees, accommodation, and other expenditures, and in some

cases, they would have to make credit payments. Therefore, this age distribution can be considered relevant for the analysis and interpretation of the results because students in these ages were more likely to have independent financial responsibilities, exposure to personal financial decision-making, mobile credit services, borrowing, and availability of student loan facilities.

4.3.2 Gender distribution

Female students made up 55% of the respondents, whereas male students made up for 45%. This shows the gender distribution is relatively equal. Therefore, these findings can apply to both female and male students.

4.3.3 Faculty and year of study

Students were selected from the various faculties being the school of business, law, social sciences, education, theology, and science-related disciplines. Those majoring in business formed the majority, 45.1%, followed by law with 15.7%. Most respondents were in year 3, 76%, followed by year 2, 19.6%, and year 4, 3.9%.

Pie chart 4.1:

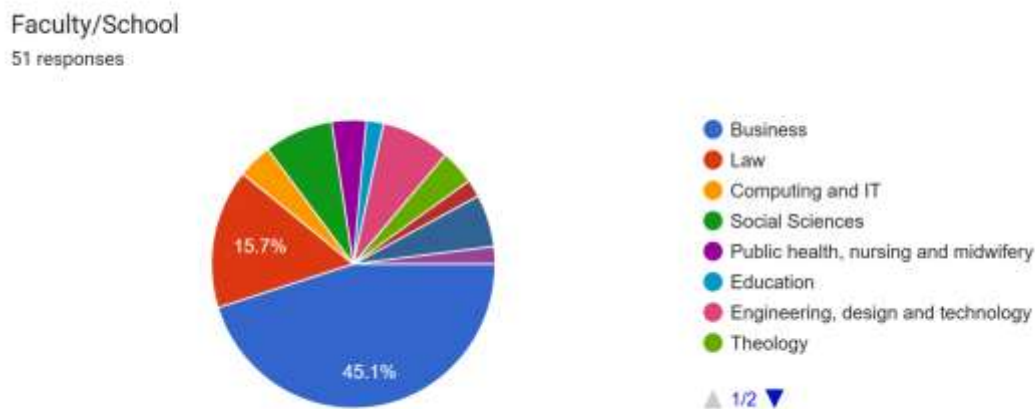


Table 3: Year of study distribution

Year of study	Frequency	Percentage (%)
Year 2	10	19.6
Year 3	39	76
Year 4	2	3.9
Total	51	100

Interpretation:

This shows the respondents selected for the study had the required exposure to financial responsibilities. Their academic level is high. They can be said to have the required experience in making borrowing decisions. They can be considered to be the best population to be used in assessing the application of debt management, as suggested by Xiao and O’Neil (2018).

4.4 Interpretation of Likert means

The data collected was recorded using the Likert scale and then interpreted using mean values of the responses. The questionnaire used a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), and an interpretation scale for the means was required and is shown in the following table.

Table 4: Mean range interpretation

Mean ranges	Interpretations
1.00–1.80	Strongly disagree
1.81–2.60	Disagree
2.61–3.40	Neutral
3.41–4.20	Agree
4.21–5.00	Strongly agree

This interpretation scale was used to determine the level of agreement among respondents based on statements relating to financial literacy. Mean scores falling within the higher ranges indicate stronger agreement with the statements, while the lower mean scores indicate disagreement or neutrality among respondents. This interpretation scale provides a consistent basis to analyse the descriptive statistics obtained from the Excel dataset.

4.5 Descriptive analysis of financial literacy

The descriptive statistics below represent the actual computed means and standard deviations from the data collected from students using the Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Table 5: Financial knowledge and planning behaviour

Statement	mean (m)	Standard Deviation (sd)
I budget before borrowing money	4.12	0.91
Financial knowledge influences how I manage my money	4.35	0.72
I plan for emergencies to avoid unnecessary borrowing	4.00	0.96
I avoid impulse borrowing from digital loan apps	4.23	0.86

Interpretation:

The results show a high level of perception regarding financial literacy among the respondents. The statement “financial knowledge influences how I manage my money” recorded the highest score in terms of means ($m = 4.35$, $sd = 0.72$). This suggests that students generally agree with the importance of financial knowledge in shaping their financial decisions.

Similarly, budgeting before borrowing ($m = 4.12$, $sd = 0.91$) and avoiding impulse borrowing from digital loan applications ($m = 4.23$, $sd = 0.86$) scored high means. The relatively moderate standard deviations, all below 1.0, suggest most students share similar views regarding responsible financial behaviour.

Planning for emergencies ($m = 4.00$, $sd = 0.96$) also showed strong agreement. However, the slightly higher standard deviation implies some variation in levels of agreement. Therefore, not all students plan for emergencies.

These results align with Lusardi and Mitchell (2017), who argue that financial literacy significantly shapes responsible borrowing and planning behaviours among young adults.

4.6 Perceptions of financial literacy and debt outcomes

Table 6: Perceptions of financial literacy and debt outcomes

Statement	mean	std. Deviation
Students with higher financial literacy manage debt better	4.22	0.78
Poor financial knowledge leads to excessive borrowing	3.98	1.14
Basic financial education would improve student debt outcomes	4.20	0.75
Easy access to digital loans increases poor debt decisions	4.12	0.95

Interpretation:

Students strongly agreed that higher financial literacy improves debt management ($m = 4.22$, $sd = 0.78$) and that basic financial education would improve student debt outcomes ($m = 4.20$, $sd = 0.75$). The low standard deviations for these responses indicate like-mindedness among respondents, clearly emphasising the importance of structured financial education.

The statement “poor financial knowledge leads to excessive borrowing” recorded a mean of 3.98 with a higher standard deviation ($sd = 1.14$), indicating strong variance in responses. While the average response still leaned toward agreement with the statement, the high variance in responses suggests that some students may underestimate the importance of financial knowledge in debt management.

The Respondents also agreed that easy access to digital loans increases poor debt decisions ($m = 4.12$, $sd = 0.95$). Although the standard deviation is some-what high, the responses show that there are issues concerning the accessibility of such costly loans. These findings

support Lusardi and Tufano's (2015) argument that limited financial knowledge also increases vulnerability to costly borrowing behaviours.

4.5 Descriptive analysis of debt management practices

4.5.1 Debt sources

Source	percentage (%)
Mobile money loans	46.1
Friends and family	28.9
Tuition-related loans	15.8
Informal lenders	9.2

Interpretation:

Mobile money loans were the leading source of debt at 46.1%. This reflects that such loans are likely to be more accessible and quicker to acquire. However, such platforms often carry high interest rates and short repayment periods, increasing financial strain on students that acquire them (GSMA, 2019).

4.5.2 Debt management behaviours

The behavioural patterns interpreted through the Likert-scale responses show that students generally answered with a financially responsible mindset such as budgeting before borrowing ($m = 4.12$) and avoiding impulsive borrowing ($m = 4.23$). However, the variance observed in planning for emergencies ($sd = 0.96$) and perceptions regarding excessive borrowing ($sd = 1.14$) shows that not all students apply their knowledge into responsible financial decisions or practices which was also discussed by Robb and Woodyard (2015).

4.6 Comparison of Financial Literacy Behaviour between Business and Non-Business Students

To further examine whether one's academic background influences their financial behaviour, a comparison between students from the School of Business and those from other non-business faculties was done. The results are presented in Table 4.6.

Table 4.6: Comparison of Financial Literacy Behaviour between Business and Non-Business Students

Financial Literacy Behaviour Statement	Business Students Mean (M)	Business Students (SD)	Non-Business Students Mean (M)	Non-Business Students (SD)
I budget before borrowing money	4.30	0.93	3.96	0.88
Financial knowledge influences how I manage my money	4.43	0.73	4.29	0.71
I plan for emergencies to avoid unnecessary borrowing	4.35	0.88	3.71	0.94
I avoid impulse borrowing from digital loan apps	4.22	0.88	4.25	0.87

Interpretation:

The results show that business students recorded higher mean scores in several aspects of financial planning. For example, business students had a higher level of agreement to the statement “I budget before borrowing money” (M = 4.30, SD = 0.93) compared to non-business students (M = 3.96, SD = 0.88). Additionally, business students showed slightly stronger agreement to the statement, financial knowledge influences how they manage debt (M = 4.43, SD = 0.73), compared to students from other faculties (M = 4.29, SD = 0.71). Business students also had stronger emergency planning behaviour, with a mean score of 4.35 (SD = 0.88) compared to 3.71 (SD = 0.94) among non-business students. These differences suggest that students studying business-related programmes possess stronger financial planning and budgeting awareness due to the low standard deviation scores. The high

standard deviation scores among non-business students show inconsistency in financial knowledge and practices.

However, responses from non-business students were similar to those of business. For example, business students recorded a mean of 4.22 (SD = 0.88) and non-business students recorded a comparable mean of 4.25 (SD = 0.87) in relation to avoiding impulse borrowing from digital loan apps. This indicated low variance in agreement to this statement and moderately high levels of financial knowledge among non-business students at UCU.

4.7 Conclusion

The descriptive statistics revealed generally high levels of agreement with statements related to financial knowledge, budgeting behaviour, and responsible borrowing practices. The chapter also revealed that mobile money loans was the most common source of debt among students, majorly due to the ease of its accessibility. Therefore, although students know the importance of financial literacy in guiding their financial decisions, variations in their responses related to emergency planning and borrowing behaviour suggest that financial awareness does not always lead to responsible financial behaviour.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarises the results presented in chapter four with regard to the objectives of the study. It also addresses the practical implications, the suggested recommendations, the various limitations of the study, as well as the proposed areas for further research.

5.2 Summary of key findings

5.2.1 Level of financial literacy among UCU students

The first objective of the study was to assess the level of financial literacy among undergraduate students at Uganda Christian University. The descriptive statistics revealed generally high levels of perceived financial literacy among respondents. Most financial literacy statements recorded mean scores above 4.00, indicating strong agreement among students regarding the importance of financial knowledge in managing personal finances and debt.

For instance, the statement that financial knowledge influences how students manage their money recorded the highest mean score ($m = 4.35$, $sd = 0.72$), which demonstrates the strong consensus among respondents. Students strongly agreed that they avoid borrowing impulsively from digital loan applications and that students with higher financial literacy manage debt better ($m = 4.22$, $sd = 0.78$). These findings show that students recognise the importance of financial knowledge in guiding responsible financial behaviour.

The low standard deviations of most of the financial literacy statements, which were below 1.00, showed that there was consistency in the responses of the students. This showed that most students had similar perceptions about the importance of financial knowledge in managing finances and debt.

The responses also reflected an understanding of preventive financial measures. For example, the respondents agreed that they budget before borrowing money ($m = 4.12$, $sd = 0.91$) and also make provisions for emergencies to avoid borrowing money ($m = 4.00$, $sd = 0.96$). This suggests that the students are aware of the importance of financial preparedness in effective debt management.

However, the statement “poor financial knowledge leads to excessive borrowing” had a slightly lower mean score ($m = 3.98$) but the highest standard deviation ($sd = 1.14$) compared to the rest of the financial literacy questions. This suggests that while the majority of the students still agreed with the statement, the higher standard deviation indicates that some students do not fully comprehend the relationship between financial knowledge and borrowing behaviour.

In conclusion, the results suggest that the undergraduate students at UCU are generally aware of financial literacy concepts, especially with regard to budgeting, planning, as well as effective borrowing behaviour

5.2.2 Debt sources and borrowing behaviour

The second objective of the study was to determine the major sources of debt among the undergraduate students. The results revealed that mobile money loans were the most used source of borrowing among the students, with 46.1% of the respondents indicating the use of mobile money loans. Borrowing from friends and relatives accounted for 28.9%, followed by those who borrowed for tuition fees at 15.8%, while 9.2% borrowed from informal sources.

This is because mobile money loans have gained popularity because of the ease and convenience associated with accessing digital financial services. Mobile money services usually offer instant access to money with little paperwork involved, which is ideal for students in need of urgent financial assistance to address pressing needs such as school fees and accommodation, among other expenses.

At the same time, however, the respondents agreed that easy access to digital loans leads to poor debt decisions ($m = 4.12$, $sd = 0.95$). This means that students are aware of the potential risks associated with digital borrowing, like high interest rates and short repayment periods.

The results have shown an important behavioural pattern to the study. The students, though aware of the potential risks, will still heavily depend on digital loans because of their easy access. This means that students' financial needs and easy access to these loans might have more influence over their behaviour compared to their awareness of potential risks.

5.2.3 Debt Management Practices

The third objective of the study was to find out the debt management practices used by students. The results show that students practice responsible behaviour in managing debt, for

example, they agreed with the practice of budgeting before borrowing ($m = 4.12$, $sd = 0.91$) and avoiding impulse borrowing from digital loan apps ($m = 4.23$, $sd = 0.86$). This means that most students understand the importance of assessing their financial position prior to borrowing.

The results also show that students were in agreement with the practice of planning for emergencies to avoid unnecessary borrowing ($m = 4.00$). The practice of emergency financial planning is important in managing debt because it reduces the chances of borrowing in case of emergencies. However, the slightly higher standard deviation in emergency financial planning ($sd = 0.96$) means that not all students practice this. Some students might find it difficult to plan for emergencies because of financial constraints.

This implies that although students have shown some level of understanding of responsible financial practices, the level of implementation of such practices might vary depending on their individual financial conditions.

5.2.4 Comparison between business and non-business students

The research also sought to investigate whether there existed differences in the level of understanding of financial literacy among students from business faculties compared to those from non-business faculties. The research revealed that business students generally recorded relatively higher mean scores in budgeting, financial planning, and debt management practices. This could have been attributed to the fact that business students were more exposed to financial and economic concepts through their coursework. Their level of understanding of budgeting, interest rates, and financial planning strategies is therefore enhanced.

However, the level of understanding among students from non-business faculties was also found to be somewhat impressive and almost comparable to those from business faculties. This implies that financial literacy awareness is not limited to business students. Students from other faculties have also shown a reasonable level of understanding of responsible financial behaviour.

The slight difference in mean scores between the two groups of students implies that financial literacy among university students might not solely depend on the course of study pursued by the student. It might also depend on other factors such as personal experiences, financial responsibility, and exposure to financial information.

5.3 Practical Implications of the Study

The implications of the research findings have shown that financial literacy can be used as a practical tool for improving debt management behaviour among university students.

Firstly, the results indicate that financial literacy programs should focus on the development of financial behaviours rather than theoretical knowledge. Experiential learning methods that allow students to gain hands-on experience in managing finances will improve students' ability to apply financial knowledge in their lives consistently. Research indicates that financial literacy is enhanced by active engagement in financial decision-making rather than passive engagement (Lusardi & Mitchell, 2014).

Secondly, the high use of online credit services by university students indicates a need to improve consumer protection and financial literacy in online credit policies. Improving transparency of loan conditions and requirements will improve financial decision-making and financial well-being among young adults (Lusardi & Tufano, 2015).

Thirdly, the results of the study indicate that the university plays a significant role in enhancing the financial well-being of university students. Establishing financial guidance programs will improve financial confidence and financial decision-making among university students (Xiao & O'Neill, 2018).

Fourthly, the results of the study indicate that financial literacy is a basic life skill that is relevant to all university students regardless of the course of study. Improving financial education among university students will improve financial decision-making and financial behaviours.

Fifthly, the financial challenges faced by university students indicate a need to improve financial resilience by enhancing savings behaviors and income stability. Having an emergency fund will improve an individual's ability to manage financial stress without resorting to costly debt (Robb & Woodyard, 2015).

Finally, the results imply that there is a need for a concerted effort by various stakeholders in creating a supportive financial environment in which students can make positive financial decisions. This can be achieved through concerted financial literacy and responsible lending programs (OECD, 2019).

5.4 Students' Recommended Solutions to Improve Debt Management

From the analysis of the open-ended questions answered by the 51 respondents, several solutions were identified as possible ways of improving debt management among university students. These are based on students' experiences and perceptions regarding the challenges associated with borrowing and financial management.

From the results, the most popular solution was budgeting and planning. Most of the respondents emphasized the importance of preparing a budget and planning how they spend their money regularly. They noted that budgeting helps in controlling spending and ensures timely repayment of debts. This is a confirmation of the importance of budgeting as a fundamental tool in maintaining financial discipline among university students.

The second popular solution was financial literacy and financial education. This indicates the importance of regular financial education programs, mentorship, counseling, and financial awareness sessions during university orientation programs. This, therefore, confirms the importance of financial literacy as a foundation in making positive financial decisions.

Finally, the respondents noted the importance of practicing self-control in spending and being able to differentiate between needs and wants. They noted that social influence can lead students into spending more than they can afford and end up incurring debt.

In addition, the importance of saving and income generation was highlighted. Students suggested the importance of building up savings, being part of savings groups such as SACCOs, and engaging in income-generating activities as alternatives to borrowing.

Finally, some respondents suggested the importance of reducing borrowing and access to loans. Students suggested that borrowing should be done only when it is needed and within one's capacity to pay. This is because they are aware of the consequences associated with borrowing, especially with the availability of digital lending applications.

Therefore, the above suggestions show that the students are aware of the importance of debt management strategies, which can be applied to improve the situation, especially with regard to budgeting, financial education, saving, and borrowing.

5.5 Conclusions

This study sought to investigate the effect of financial literacy on debt management among under-graduate students at Uganda Christian University. From the findings, it is evident that the students generally have high awareness of financial literacy, especially regarding budgeting, financial planning, and borrowing.

However, the study established that the level of financial literacy is not sufficient enough to ensure disciplined financial behavior. Students still rely on mobile money borrowing, which is the main source of borrowing among the respondents.

The study also found that being exposed to financial education slightly enhances financial planning behavior, though financial literacy awareness was seen to be present in different academic backgrounds.

Overall, the findings of the study have reaffirmed that effective debt management for university students depends highly on the application of knowledge in terms of disciplined financial practices, borrowing, and financial management behavior.

5.6 Limitations and Mitigation measures of the study

The study encountered various limitations, one being that the study was conducted on undergraduate university students from only one university, thus implying that its findings may not be a true representation of university students in other regions. To address this limitation, the researcher ensured that the study was conducted on university students from different faculties and various academic courses offered in the university, thus ensuring diversity in terms of sampling.

The other limitation encountered was financial constraints, whereby the scope of the study was limited in terms of the number of people to be studied, thus limiting the extent to which the researcher could operate and the representativeness of the data collected. This limitation was addressed by ensuring that cost-effective methods were used to collect data, such as using internet-based questionnaires created using free digital tools like Google forms and Microsoft excel to reduce operational costs.

The time constraint was also one of the factors that hindered this research, in that the university schedule limited sufficient time for in-depth research. The constraint also limited the researcher to use quick data analysis tools such as Microsoft Excel instead of Statistical

Package for the Social Sciences (SPSS) software, which would have required a longer duration of time to carry out the analysis. In order to address this constraint, a schedule for carrying out research validity checking and data collection was created, with the assistance of the research supervisor, in order to ensure that the key research activities were carried out within the required academic deadlines.

5.7 Recommendations

5.7.1 Recommendations to Uganda Christian University

Uganda Christian University should introduce a compulsory financial literacy course unit for all undergraduate students, regardless of their field of study. This could be a foundational course unit, similar to, Health and Wholeness, the New and Old Testament course units , which are necessary for all students to enjoy a holistic education. Integrating financial literacy into the general curriculum can therefore strengthen students' financial competence and reduce the risk of poor debt management practices (Lusardi & Mitchell, 2014).

The university should strengthen its student orientation programs by incorporating practical financial management training sessions, focusing on students' daily responsibilities as an alternative strategy. Such engagements would be educative and can also become fun for both lecturers and students in the process of imparting this knowledge. This is because real-world examples experienced by lecturers would be shared and can help students understand how to handle financial constraints and debts better.

Furthermore, the university should establish a support service desk that can either be headed by students or staff, which would provide students with advisory services on matters relating to financial planning and borrowing to help them in making informed decisions and staying financially disciplined throughout their academic life in UCU (Xiao & O'Neill, 2016).

5.7.2 Recommendations to Policymakers and Financial Institutions

Policymakers and financial institutions may strengthen the protection of consumers in online-based lending services by ensuring that loan conditions and interest rates are communicated clearly to borrowers. Such practices may minimise the probability of financial misunderstandings and promote young adults' responsible borrowing behaviour (World Bank, 2019).

Furthermore, policymakers may support national financial literacy programs for university students and young adults. Such programs may improve young adults' financial decision-making abilities and lead to a better financial well-being of the general public (OECD, 2020).

5.7.3 Recommendations to University Students

University students should maintain a good level of financial management by planning their expenses carefully and avoiding excessive borrowing. Such practices may improve young adults' disciplined financial behaviour and maintain financial stability for better management of personal finances during university life (Xiao & O'Neill, 2016).

Moreover, university students should maintain some personal savings to avoid any unplanned expenses and rely less on borrowed money and friends' support. Such practices may improve young adults' financial security and better manage personal finances during university life (Lusardi & Mitchell, 2014).

Lastly, university students should carefully examine loan conditions before borrowing and take advice from experts or elders if they are facing any financial difficulties. Such practices may improve young adults' financial decision-making abilities and promote responsible borrowing behaviour (World Bank, 2019).

5.8 Areas for further research

Other researchers may conduct similar research studies in other universities and compare the financial literacy and debt management behaviours of students from those various universities. This would help improve the generalizability of the research's findings.

Further research can also focus on exploring more variables affecting students' borrowing behaviours. These may include income levels, financial pressures, effects of peer pressure, and availability of financial assistance.

Additionally, future studies can examine the long-term effects of financial literacy education on students' financial behaviours after graduation.

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APPENDIX 1: BUDGET

No.	Item/ activity	Description	Estimated (UGX)
1	Printing services	Printing dissertation and questionnaire drafts and documents.	25,600
2	Internet/ data	Online questionnaire distribution, sharing of dissertation drafts and research.	60,000
3	Transport	Travels to meet the research supervisor and department.	25,000
4	Binding services	Final dissertation binding at university library.	50,000
5	Communication	Phone calls with supervisors and respondents.	10,000
	Total		170,600

APPENDIX 2: QUESTIONNAIRE

Financial Literacy and Its Impact on Debt Management Among University Students

Dear respondent, my name is Arinaitwe Christel, a fellow student at Uganda Christian University. As part of the partial fulfilment of my Bachelors degree, I am conducting a study entitled “The Impact of Financial literacy on Debt management Strategies of University students: A case study of UCU, Mukono.” I am humbly requesting for your participation in this survey by providing honest responses possible. All the information you provide will be strictly confidential and used solely for academic purposes, meaning, your identity will be anonymous. Participation in this is voluntary, and there are no right or wrong answers. Your cooperation is greatly appreciated.

Section A: Demographic Information

Gender:

Male Female

Age: 20 - 25 25 - 30 30 – 35

Year of Study:

Year 2 Year 3 Year 4

Faculty/School:

Business Law Computing and IT Social sciences Education
Engineering Theology Public health, nursing and midwifery Health sciences
Journalism, media and technology Agriculture

Main Source of Income:

Parents/Guardians

Scholarships/Bursaries

Personal business or part-time job

Student Loans

Mobile money/fintech credit

Other: _____

Section B: Student Debt Profile

Have you ever borrowed money or taken a loan?

Yes No

If yes, type of debt used (tick all that apply):

Mobile money loans

Bank loans

Sacco/Group loans

Apps/Fintech credit

Friends or family

Tuition related loans

Other: _____

Main reason for borrowing:

Tuition

Living expenses

Personal consumption

Emergencies

Business start-up

Other: _____

Frequency of borrowing:

Very often Sometimes Rarely Only once

Section C: Financial Literacy Levels

Instructions: For each statement, tick the box that relates to how strongly you agree or disagree to your understanding of financial literacy.

(1= strongly disagree, 2=disagree, 3=unsure, 4=agree, 5=strongly agree)

QUESTIONS	1	2	3	4	5
I am able to create and follow a personal budget					
I usually distinguish between needs and wants when spending.					
I understand basic saving principles.					
I know the benefits of saving for emergencies.					
I understand simple investment concepts.					
I understand how interest on loans is calculated.					
I understand the consequences of missing loan repayments.					
I can estimate how much debt I can manage according to my income					
I understand terms and conditions before borrowing money. I can compare loan options to choose the most affordable one.					

Section D: Debt Management Strategies

Tick the box that related to how well you agree with these ways of managing debt.

QUESTIONS	1	2	3	4	5
I budget before borrowing money					
I avoid borrowing when I already have outstanding debt					
I compare loan providers before borrowing					
I prioritize loan repayment over non-essential spending					
I repay loans on time					

I communicate with lenders when struggling to repay					
I regularly track my expenses					
I seek financial advice before taking loans					
I plan for emergencies to avoid unnecessary borrowing					

Section E: Relationship Between Financial Literacy & Debt Management

Do you agree or disagree to these statements relating financial knowledge to managing your debts?

QUESTIONS	1	2	3	4	5
Financial knowledge influences how I manage my debt.					
Students with higher financial literacy manage debt better.					
Only business students learn about debt management.					
Poor financial knowledge contributes to excessive borrowing.					
Basic financial education would improve student debt outcomes.					
If students were taught during orientation about managing money, they wouldn't go into debt.					
Easy access to digital loans increases poor debt decisions.					

Section F: Challenges Students Face in Managing Debt

Which of the following factors makes it most difficult for students to manage debt;

Low or irregular income	
High tuition fees	
Poor financial literacy	
Easy access to digital loan apps	
Peer pressure to maintain lifestyle	
High cost of living	
Lack of financial guidance	

Mention any other factors or reasons you believe make managing debts hard.

Section G: Suggestions for Improvement

Do you think UCU should introduce a course unit or orientation session to teach students how to manage money and debt?

Yes No Unsure

What financial literacy topics would you like to learn more about?

Debt management

Budgeting

Investment

Saving

All

None

What support would you recommend to help students manage debt better?

THANK YOU FOR YOUR COOPERATION.

APPENDIX 3: INTRODUCTORY LETTER



**UGANDA CHRISTIAN
UNIVERSITY**

A Centre of Excellence in the Heart of Africa

School of Business

19th February 2026

Uganda Christian University
Directorate of Academic Affairs
P.O BOX 4, MUKONO

Dear Sir/Madam

Re: Introduction of Arinaitwe Christel Joy, M23B05/045 for Data Collection Permission

I am writing to introduce **Ms. Arinaitwe Christel Joy, M23B05/045** , a student of Bachelor's Degree in Business Administration and Management at Uganda Christian University. **Arinaitwe Christel Joy, M23B05/045** , is currently in the advanced stage of her academic journey and is conducting a dissertation on **"THE IMPACT OF FINANCIAL LITERACY ON DEBT MANAGEMENT STRATEGIES ON UNIVERSITY STUDENTS."**

I assure you that **Ms. Arinaitwe Christel Joy, M23B05/045** will adhere to all ethical guidelines and treat any data collected with the utmost confidentiality. She is a responsible student dedicated to conducting a thorough and rigorous study.

We kindly request your support in granting **Ms. Arinaitwe Christel Joy, M23B05/045** access to relevant data and personnel within any department and as well as any personnel with objective knowledge regarding her topic. Your valuable insights will significantly contribute to the success and quality of her research.

Thank you for considering her request. Should you require any additional information, please do not hesitate to contact me on the address provided here below.

Sincerely,

Mukisa Simon Peter
Lecturer and undergraduate
Research coordinator I/CU School of Business

