

# **DETERMINANTS OF HOUSEHOLD SAVING BEHAVIOUR AMONG UGANDAN ADULTS**

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**UGANDA CHRISTIAN  
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## DECLARATION

I, Nabulya Victoria hereby declare that this research paper is wholly original in nature and has not been submitted elsewhere as part of the process of receiving any form of academic awards. Any use of another person's works has been duly credited.

Signature:     *NV*    

Date:     Tuesday 14<sup>th</sup> April 2026

## APPROVAL

This Dissertation titled: “Determinants of Household Saving Behavior among Ugandan Adults” has been submitted for examination with the approval of my supervisor.

Signed:  .....

MUKISA Simon Peter

Date: *Tuesday 14 April 2026* .....

## **DEDICATION**

This research is dedicated to my family, my research supervisor and my friends who never failed to pray for me and encourage me through out my academic studies.

## **ACKNOWLEDGEMENT**

My sincere gratitude goes out to Mr. Mukisa Simon, my supervisor, for his invaluable guidance, patience, and support throughout this study. I would like to thank my family members and friends for the monetary and psychological support that they provided.

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## **ABSTRACT**

In this study, the variables affecting household savings behaviour of adults in Uganda were analyzed using the findings of the nationally representative Fin Scope Uganda 2023 survey. Saving is critical in enhancing financial stability in a household and ensuring smooth consumption in the present and saving for the future such as education costs, health care, and emergencies. Despite efforts by the government to promote financial inclusion through the provision of financial services and mobile money services, there are still instances of inconsistent saving behaviours among households in Uganda.

This study employed a quantitative cross-sectional research approach, using secondary data that were drawn from 3,176 adult respondents in the entire country. The data collected on the respondents' demographics, saving habits, and other independent variables were described using descriptive statistics. The binary logistic regression analysis was employed to determine the impact of the above mentioned independent variables on savings.

The results indicate that while saving is widely practiced by adult Ugandans, it occurs informally through means like Village Savings and Loans Associations (VSLAs), mobile money wallets, SACCOs, and savings at home and not formally through commercial banks. It was determined that socio-demographic characteristics had the greatest predictive power for savings behaviour. Women, younger people, and those from rural areas had a greater likelihood of saving when compared to men, elderly individuals, and people from urban areas. However, income stability was not found to affect savings significantly, which means that even people with fluctuating income streams are capable of saving using informal methods. However, surprisingly, increased levels of financial literacy were related to decreased levels of saving.

It is found that the behaviour of savings within households in Uganda is mainly driven by the socio-demographic and situational aspects of households rather than income stability or financial literacy. In view of the above results, it is suggested that more emphasis should be placed on promoting community-based savings groups, providing relevant practical education, and designing saving products suitable for low and unstable income households.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

The research is on the factors affecting savings behaviour of Ugandan adults. This chapter will focus on the introduction to the research, statement of the problem, purpose of the study, research objectives, research questions, scope of the study, significance of the study, and theoretical framework.

### **1.1 Background of the Study**

Saving behaviour among households is known as one of the key pillars of financial stability and economic well-being. Savings help households and individuals to even out their consumption, protect themselves from financial surprises, invest in assets, and prepare for their future, like paying for their children's schooling, health expenses, and retirement plans (Lusardi & Mitchell, 2014). Saving decisions depend on many different factors, such as demographic, economic, psychological, and structural issues (Karlan, Ratan, & Zinman, 2013). Saving habits in low and middle-income countries tend to be hindered by income instability and dependence on informal methods of saving due to the lack of access to formal finance institutions (Dupas & Robinson, 2013). In light of these differences, understanding saving habits is vital in developing policies for improving financial inclusion and resilience.

In the African region, the practice of savings is marked by poor saving habits within formal systems and a significant dependence on informal means. This is because most African individuals adopt informal savings techniques such as savings clubs and savings groups as well as keeping their money in cash at home due to poor financial knowledge, poverty and nonaccessibility to formal financial institutions (Honohan & Beck, 2007). While the provision of digital financial services including mobile money technology has seen significant growth in providing financial services in the African region, there have been low levels of formal saving practices in the continent (GSMA, 2020).

In East Africa, however, the behaviour towards savings within households has relatively improved due to the use of mobile money and community-based savings models. The M-Pesa from Kenya has changed the face of savings by making it possible for many households to save using digital money while accessing various micro-savings solutions (Jack & Suri, 2014). In

Rwanda and Tanzania, there have been improvements in financial inclusion through SACCOs, VSLA, and mobile money solutions (CGAP, 2019). While all this progress has been made, savings practices in East Africa continue to be limited by low income levels, uncertain income streams, and a continued tendency to use informal savings mechanisms. This shows the possible benefits and drawbacks of digital and community-based financial systems on savings practices.

Saving behaviour in households in Uganda can be compared to that of other countries in East Africa and elsewhere on the continent. Fin Scope Uganda 2023 shows that about 60% of adults save, yet most do so in an informal manner using such means as mobile money wallets, Village Saving and Loans Association (VSLAs), SACCOs, and keeping savings at home (FSD Uganda, 2024). Low levels of formal saving are attributed to factors such as inconsistent incomes, low levels of financial education, high charges, and long travel distances to bank offices, especially in rural communities (Namawejje & Tumwine, 2024). Mobile money has opened avenues for easier savings, but most Ugandans use mobile money services not for saving purposes but for transaction purposes (Riley, 2018). This context calls for an analysis of the determinants of household savings behaviour based on recent and nationally representative data. The Fin Scope Uganda 2023 data set offers such a chance and will be used to draw insights to shape policy decisions.

## **1.2 Problem Statement**

Saving is crucial for achieving financial stability at home, moderating consumption, responding to crises, and fostering economic growth, thus the best scenario wherein adults make it a habit to save via safe and reliable means, which makes them more resilient and also fosters national growth (Keynes, 1936; Deaton, 1992; Beck & Cull, 2014). In Uganda, on the other hand, there is still a tendency of households to exhibit low saving practices, making saving sporadic and informal, whereby adults make use of their home savings, VSLAs, or mobile money accounts (Fin Scope Uganda, 2023; Collins et al., 2009; Allen et al., 2016). Some of the findings in previous research demonstrate these trends and also reveal differences in terms of income level, gender, education level, and geographical location (Agarwal, 1997; Demirguc-Kunt et al., 2022), although it appears that there is still lack of sufficient information regarding all the determinants contributing to household savings at a national level (Karlan et al., 2013; Beck & Cull, 2014). Even though there are some measures being taken towards encouraging financial inclusiveness and financial literacy, such measures tend to be localized, small-scale, and focus

on individual determinants only (Beck & Cull, 2014; Karlan et al., 2013). Therefore, the problem lies in the persistent low and informal saving practices, unequal access to saving opportunities, and lack of evidence-based guidance for policymakers and financial institutions to design effective interventions that strengthen household financial resilience and foster inclusive economic development (Fin Scope Uganda, 2023; Collins et al., 2009).

### **1.3 Purpose of the Study**

The purpose of this study is to examine the determinants of household saving behaviour among Ugandan adults using evidence from the Fin Scope Uganda 2023 dataset.

### **1.4 Objectives of the study**

- I. To examine the relationship between socio-demographic factors and household saving behaviour.
- II. To examine the relationship between economic factors and household saving behaviour.
- III. To examine the relationship between behavioural factors and household saving behaviour.

### **1.5 Research Questions**

- I. What is the relationship between socio-demographic factors and household saving behaviour among Uganda adults?
- II. What is the relationship between economic factors and household saving behaviour among Ugandan adults?
- III. What is the relationship between behavioural factors and household saving behaviour among Ugandan adults?

### **1.6 Hypotheses of the Study**

The study will test the following hypotheses based on the stated objectives

- I. H1 There is a significant relationship between socio-demographic factors and household saving behaviour among Ugandan adults
- II. H2 There is a significant relationship between economic factors and household saving behaviour among Ugandan adults
- III. H3 There is a significant relationship between behavioural factors and household saving behaviour among Ugandan adults

### **1.7 Scope of the Study**

This study covers Uganda as a whole using nationally representative data from the Fin Scope Uganda 2023 survey, which allows for a comprehensive understanding of household saving behaviour across different regions characterized by variations in income levels, financial access, infrastructure and socio-cultural practices. The study focuses on examining household saving behaviour and its key determinants, specifically sociodemographic factors such as age, gender and education, economic factors including income level, income stability and employment status, and behavioural factors such as financial literacy and saving attitudes, in order to provide a multidimensional analysis of saving patterns. The study is based on cross-sectional data from the Fin Scope Uganda 2023 survey, which reflects the most recent financial behaviour and captures current saving realities in Uganda, making the findings relevant for present-day policy and decisionmaking despite the limitation of not capturing long-term behavioural changes.

### **1.8 Justification of the study**

Savings play an essential role in both individual households and development in general; however, savings rates among Ugandan individuals using mobile money have been quite low. Most literature related to savings in Uganda tends to be old or concentrated on a few regions. Utilizing the Fin Scope Uganda 2023 database offers a unique chance to develop solid evidence regarding the entire population. Hence, the study is valid due to its relevance to ongoing policy discussions regarding financial inclusion and its alignment with the objectives of Uganda's National Development Plan III.

### **1.9 Significance of the study**

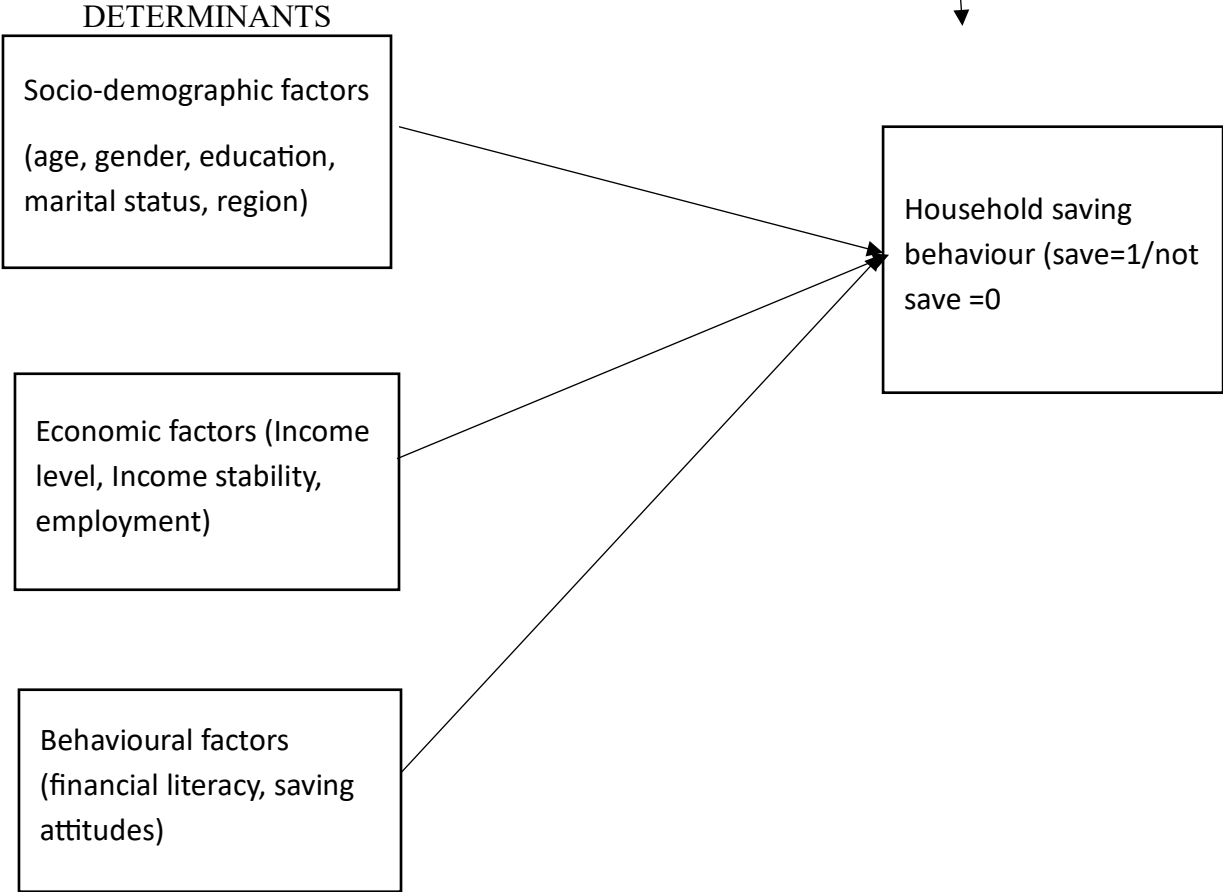
The present study will definitely be very relevant for several important stakeholders like practitioners, policy makers, and academicians through providing evidence on various aspects that determine the savings behaviours among households in Uganda. In the case of the practitioners which include banking and microfinance institutions, SACCOs, VSLAs, and mobile money services providers, the study will give them more insights about their customers in terms of factors affecting their saving behaviour which could help them devise better products for their customers and also increase financial inclusion. The policy makers which include Ministry of Finance, Bank of Uganda, and other related government agencies will get credible evidence from this study which can help them formulate sound policies. The study

results will also point out barriers to savings, including structural and behavioural aspects, thus giving room for policy makers to tailor solutions that would take care of income volatility, lack of financial literacy and limited financial inclusion. Furthermore, the research results will help in advancing the area of research by offering an empirical base for researchers and students in the study of the topic in question. The overall effect is that the research will be a significant source of information to policy making and academia.

### **1.10 Conceptual framework**

As demonstrated in the conceptual framework of this study, there are numerous independent variables which affect savings within a family setting. These independent variables fall under four main categories, namely socio-demographic variables, economic variables, behavioural variables and institutional/technological variables. The various variables within each of the categories form a complex structure which influences a person's capacity, willingness and opportunity to save. Conceptually, the research will apply the Many-to-One approach in the study since there are multiple independent variables influencing the one dependent variable (household savings). This approach is suitable for the research as savings are multidimensional and cannot be influenced by any singular factor.

INDEPENDENT VARIABLES → DEPENDENT VARIABLE



Uganda is an example of East African countries where the practice of saving in households can be attributed to the opportunities and difficulties that exist. As per the 2023 Fin Scope Uganda survey data, about 60% of adults have savings, but most of them have saved money informally through mobile wallets, VSLAs, SACCOs, and cash savings. The saving of money formally is restricted because of irregular incomes, poor financial knowledge, expensive financial services, and long distances to banking institutions, particularly in rural areas. Although the 2023 Fin Scope database gives a comprehensive perspective of the issue, there is an important missing link that needs to be analyzed. Therefore, this study aims to empirically determine the key socio-demographic, economic and institutional factors influencing household saving behaviour among Ugandan adults, utilizing the nationally representative Fin Scope 2023 dataset. The findings are expected to inform targeted interventions and policies aimed at strengthening household financial resilience and promoting formal financial inclusion in Uganda

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter critically reviews the theoretical and empirical literature on the determinants of household saving behaviour, with emphasis on identifying conceptual weaknesses and contextual limitations in existing studies (Modigliani & Brumberg, 1954; Deaton, 1992). Unlike descriptive reviews, this chapter interrogates the extent to which existing theories and empirical findings adequately explain saving behaviour in developing economies such as Uganda (Demirgüç-Kunt et al., 2022). The review is structured into the theoretical review, empirical literature aligned to study objectives, and a synthesis highlighting the research gap (Beck et al., 2007).

### **2.2 Theoretical Review**

#### **2.2.1 The Life-Cycle Hypothesis (LCH)**

The study is anchored on the Life-Cycle Hypothesis (LCH), which posits that individuals plan their consumption and saving behaviour over their lifetime based on expected income streams (Modigliani & Brumberg, 1954). The theory assumes that individuals are rational and forwardlooking, saving during their working years and dissaving during retirement to smooth consumption (Ando & Modigliani, 1963). At a conceptual level, the LCH links saving behaviour directly to income patterns and age dynamics (Friedman, 1957). This conceptual clarity is gained through assumptions that make the model inapplicable to developing countries (Deaton, 1992).

#### **2.2.2 Critical Evaluation of the Theory**

According to the Life-Cycle Hypothesis, income is steady and predictable. The Life-Cycle Hypothesis assumes predictable income levels, an assumption not realistic in developing countries where income is highly volatile (Deaton, 1992). In Uganda, for instance, a substantial number of people engage in activities that fall under the informal economy, hence their incomes being unpredictable. Such economic instability makes savings a matter of precaution rather than planning, thereby negating the key principle of life-cycle savings behaviour (Carroll, 1997). Furthermore, the Life-Cycle Hypothesis assumes full participation in financial markets where individuals can borrow and save according to their income flows without restrictions. Financial exclusion, which refers to the inability to participate in financial markets, continues to be a challenge in some developing countries such as Uganda (Demirgüç-Kunt et al., 2022).

Hence, individuals resort to other methods of saving money, such as VSLAs, which are not accounted for under the standard life-cycle model (Allen et al., 2016).

Furthermore, according to LCH, decision making is rational, thus ignoring all the psychological and behavioural aspects that may impact savings behaviour (Thaler, 1990). Evidence shows that people often display present bias and issues with self-control when making savings decisions (Laibson, 1997). Social obligations also impact savings behaviour, especially in African cultures (Dupas & Robinson, 2013).

### **2.2.3 Theoretical Extensions and Modifications**

The Life Cycle Hypothesis has since been revised to include uncertainty about income, and thus moved the attention from savings planning to savings as an insurance measure against potential problems in the future (Deaton, 1992). People do not save merely to stabilize their consumption; they must take into account any risks related to their future incomes as well (Carroll, 1997).

Further developments have been made by the behavioural economists through the addition of concepts like bounded rationality and self-control issues, showing that people do not save even when they plan to do so (Thaler & Shefrin, 1981). Such findings have facilitated the addition of behavioural variables, including financial knowledge and savings behaviour, in econometric equations (Lusardi & Mitchell, 2014).

Institutional theories have also highlighted the importance of financial accessibility and infrastructure in determining savings, contending that the process of saving is limited by certain institutional constraints (Demirgüç-Kunt et al., 2022). It changes the focus from the individual level to a larger perspective that makes the model relevant for developing countries (Beck et al., 2007).

### **2.2.4 Relevance of the Theory to the Study**

The Life-Cycle Hypothesis offers a fundamental basis for explaining the behaviour of savings in relation to age and income levels (Modigliani & Brumberg, 1954). The model offers justification for the use of socio-demographic and economic variables, such as age, income levels, and employment (Friedman, 1957). Nevertheless, the research takes the model a step further by including behavioural and institutional variables to explain the complexities that

exist in the real world (Lusardi & Mitchell, 2014). This means that the research can critically evaluate the applicability of the LCH in Uganda.

## **2.3 Empirical Literature Review**

### **2.3.1 Socio-Demographic Factors and Saving Behaviour**

Empirical literature demonstrates that socio-demographics such as age, sex, and educational status play an essential role in the saving process (Browning & Lusardi, 1996). However, this assumption has been made universally applicable regardless of country-specific conditions (Deaton, 1992). While it is true that the effect of age on savings is positive, it requires that there is job security and a regular flow of income (Modigliani & Brumberg, 1954). This cannot be applied to developing countries where income stability does not exist (Dercon, 2002).

Education is usually associated with high savings rates because of greater financial literacy and the ability to make decisions (Lusardi & Mitchell, 2014). Nevertheless, in situations where the educated are either unemployed or underemployed, there is no correlation between the two variables (World Bank, 2022). Thus, it appears that the existing literature might have exaggerated the impact of education without taking into account the labor market factors (Beck et al., 2007).

### **2.3.2 Economic Factors and Saving Behaviour**

Income is generally considered the most influential factor affecting savings, with almost all researchers observing a positive correlation between income and savings (Friedman, 1957). Yet, this simplistic approach does not take into account the impact of income volatility (Deaton, 1992). In developing countries, erratic incomes make it difficult to save, despite the existence of comparatively high income levels (Dercon, 2002). Moreover, higher dependency ratios within families undermine savings, especially in poor communities (Browning & Lusardi, 1996). It should be noted that income can either be formal or informal, yet most researchers do not differentiate between the two forms (Beck et al., 2007).

### **2.3.3 Behavioural Factors and Saving Behaviour**

In recent years, financial literacy and saving habits have been increasingly investigated (Lusardi & Mitchell, 2014). Despite numerous studies demonstrating the existence of a positive correlation between financial literacy and savings, the results are inconclusive (Fernandes et

al., 2014). The first drawback associated with this topic is that there can be reverse causality; people who save more will be financially literate because their motivation is to learn how to manage money better (Hastings et al., 2013).

Secondly, although financial literacy will improve people's saving practices, behavioural constraints, such as poor self-control, may prevent it from happening (Thaler, 1990). Thirdly, there are social factors influencing the decision-making process of savings, especially in developing nations (Dupas & Robinson, 2013).

#### **2.3.4 Institutional Factors and Saving Behaviour**

Institutional variables such as financial inclusion and mobile money utilization have been identified as essential motivators of savings (Demirgüç-Kunt et al., 2022). Nevertheless, the literature overstates their role by presuming that the availability of financial services translates into usage (Allen et al., 2016). In several instances, mobile money has mainly been applied to transact than save (Suri & Jack, 2016).

Unofficial forms of savings such as VSLAs are common in developing countries, implying that the official financial sector may not account for savings activities (Dupas & Robinson, 2013). There is an important gap in the literature, which treats financial access as financial engagement (Beck et al., 2007).

### **2.4 Synthesis of Literature**

As indicated by the reviewed literature, saving behaviour is determined by several aspects, such as socio-demographic, economic, behavioural, and institutional aspects (Browning & Lusardi, 1996). Nevertheless, literature in the field suffers from fragmentation; hence, there is a lack of studies applying a holistic perspective in which all relevant variables are taken into account (Beck et al., 2007).

Furthermore, the reviewed literature presents some methodological issues. For example, most of the analyzed articles have used samples that were small or limited to certain localities (World Bank, 2022). The conceptual aspect has also been criticized because the application of classical models in practice is flawed by the presence of other factors, such as informal economy and financial exclusion (Deaton, 1992).

## **2.5 Research Gap**

The literature highlights the absence of studies which investigate several factors affecting savings behaviour within one analytical framework (Beck et al., 2007). The existing research is usually conducted through localized data and cannot be applied elsewhere (World Bank, 2022). Moreover, many scholars treat access to finance and savings behaviour as synonymous without addressing actual savings behaviour (Demirgüç-Kunt et al., 2022).

Moreover, various theories like the Life-Cycle Hypothesis have been applied in developing countries without being empirically tested (Deaton, 1992). This research seeks to fill this gap by using national-level data and a multivariate regression analysis to investigate factors influencing savings behaviour in Uganda.

## **CHAPTER THREE:**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter gives details on the methods that were applied in conducting this study to determine the determinants of household savings behaviour among adults in Uganda. It gives an overview of the research design, data sources, measurement of variables, model specification and statistical tools that were used in the study. This chapter also details the steps taken to analyse the collected data in order to ensure the validity, reliability and consistency of results with the objectives of this study.

#### **3.1 Research Design**

Quantitative research design based on a cross-sectional research design was used in conducting this study. The rationale behind the adoption of a quantitative research design is due to the nature of the research objective which entailed the need to assess the relationship among various variables using numeric information. A cross-sectional design was deemed fit for this research owing to the fact that it made use of numeric data derived from a nationally representative survey conducted once at one point in time.

A quantitative research design is most appropriate for this particular study in view of the fact that it allows the testing of statistical relationships among variables.

#### **3.2 Data Source**

Secondary data was used for this research. This is the data from Fin Scope Uganda 2023, which is nationally representative and captures all kinds of information related to financial behaviour, savings, income and finances of the adult population in Uganda.

Use of Fin Scope Uganda dataset has been justified due to various reasons. These include national representativeness of the data set, its relevance and validity to the purpose of this study. In other words, it contains detailed information on household finances, making it an ideal choice for analysis of the saving behaviour of the respondents.

### **3.3 Study Variables and Measurement**

The experiment involves a single dependent variable as well as three major classes of independent variables. These independent variables have been constructed according to the goals of the study.

The dependent variable for this experiment is savings behaviour at the household level. The construct is represented by an index based on five variables: savings behaviour itself, awareness of savings methods, usage of saving methods, savings for investments, and savings for business purposes. All the five variables were merged into one index to serve as a measurement of savings behaviour. The value of the index was calculated as a mean of all the variables and ranges from zero to one.

The independent variables were classified into three broad categories. Firstly, the sociodemographic category included variables such as age, gender, marital status, educational qualification, and employment status. Such variables reflect the individual and demographic characteristics that might have an effect on savings behaviour.

Secondly, the economic category consisted of variables such as income diversification, income stability, having a business enterprise, credit access, ownership of assets, and financial accessibility. Such variables reflect the economic potential of individuals.

Thirdly, the behavioural category comprised variables such as saving behaviour, financial literacy, financial goals, financial planning behaviour, and risk readiness. Such variables represent the psychological and behavioural factors affecting savings.

In order to ensure uniformity in the measurements, all the variables were standardized, and when required, grouped together to form indices. This made comparisons possible between different types of variables.

### 3.4 Model Specification

The analysis used a multiple linear regression approach where the link between household saving behaviour and its determinants was analyzed. The model used was formulated in a manner that takes care of the three types of independent variables at once.

The form of the equation is as follows:

$$\text{Household Saving Behaviour} = \beta_0 + \beta_1(\text{Socio-Demographic Variables}) + \beta_2(\text{Economic Variables}) + \beta_3(\text{Behavioural Variables}) + \varepsilon$$

Where  $\beta_0$  stands for the constant term,  $\beta_1$ ,  $\beta_2$  and  $\beta_3$  stand for the coefficients for the independent variables, and finally,  $\varepsilon$  stands for the error term.

The model helps one estimate the contribution of each of the groups separately without the effect of the other two.

### 3.5 Data Analysis Techniques

Data analysis was undertaken through several steps to make sure that a thorough assessment of the research variables was made.

In the first step, data cleaning was carried out. This step entailed the identification of any missing values and elimination of incomplete entries from the data set. In addition, this step ensured proper coding of the variables in the study.

The next step was the calculation of descriptive statistics. This was done to assess the properties of the variables. Descriptive measures such as mean and standard deviation were calculated for each variable.

Stage three entailed carrying out a correlation test, whereby the strength and nature of the relationship between variables would be analyzed. This test provided some insights regarding the relationships between the household's savings behaviour and the independent variables.

Stage four entailed conducting a regression test, which was to determine the influence of the socio-demographic, economic, and behavioural variables on the dependent variable. Multiple

regression tests were conducted so as to find out the relative importance of each category of variables.

Stage five entailed testing hypotheses. The test was conducted by analyzing the significance level of the variables, using p-values. Variables with p-values below 0.05 were deemed statistically significant.

### **3.6 Data Processing and Management**

Processing the data comprised arranging and converting the raw data set into an appropriate form for the analysis process. This entailed assigning codes to variables, computing composite indices and standardizing units of measurement. Data management techniques were employed to maintain consistency throughout the analysis process.

Proper software programs like SPSS and STATA were utilized to conduct the analysis. The software helped in managing data, calculating statistics and estimating regression equations.

### **3.7 Ethical Considerations**

Ethical considerations were followed regarding the data used in this research. This is because the data was sourced from an external source; hence, there was no need for direct contact with the respondents. The information was only used for research purposes, and the identity of the respondents was protected.

Furthermore, the source of data was recognized, and the data analysis was done in an ethical manner.

### **3.8 Limitations of the Methodology**

Despite the advantages of the methodology, there are certain weaknesses which need to be recognized. For instance, cross-sectional data makes it difficult to establish causality because it only shows a snapshot of the situation at a particular time. Moreover, there may be instances of measurement error in certain variables.

However, in spite of its weaknesses, the methodology presents a solid method of examining the factors behind household savings behaviour.

**CHAPTER FOUR**  
**DATA PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSION**  
**OF FINDINGS**

**4.0 Introduction**

The current chapter outlines, analyses and interprets the results of factors influencing household savings behaviour of adult Ugandans using data from FinScope Uganda that involved 3,176 participants. The current chapter follows a logical and systematic order where first the study variables are defined; secondly the study objectives analysed sequentially and lastly the joint regression analysis and hypothesis tests. Apart from merely analysing statistical figures, an in-depth interpretation of the results has been done in order to highlight the significance of the results economically, behaviourally and for policy purposes in the Ugandan setting.

**4.1 Description of the Dependent Variable: Household Saving Behaviour**

The dependant variable in this case is saving behaviour among households. This variable has been measured through an index comprising of five variables including saving money, knowledge of saving methods, usage of saving methods, saving to run businesses, and saving for assets.

*Table 1: Household Saving Behaviour Index*

<b>Statistic</b>	<b>Value</b>
Mean	0.427
Standard Deviation	0.254
Minimum	0.000
Maximum	1.000

From the data presented in Table 4.1, it can be inferred that the mean saving behaviour of Ugandan adults is 0.427, meaning that 42.7 percent of Ugandans engage in savings. This suggests that the extent of savings is relatively low since there is room for improvement in the savings habits of Ugandans. The minimum score of zero implies that a considerable number of people do not practice savings at all.

This relatively low level of saving behaviour could be attributed to various socio-economic factors prevailing in Uganda. These include the volatility of incomes, the existence of informal

sectors of the economy, and poor financial literacy. These factors prevent Ugandan households from engaging in regular savings practices. The higher standard deviation means that the distribution of savings is rather irregular.

#### 4.2 Background Characteristics of Respondents

This segment focuses on the demographic information of the respondents comprising age, sex, marital status and education attainment.

**Table 4.2**

*Table 2: Socio-Demographic Characteristics*

<b>Variable</b>	<b>Mean</b>	<b>Interpretation</b>
Age	37.9 years	Predominantly working-age population
Gender	1.55	Balanced gender distribution
Marital Status	3.03	Majority married
Education	3.67	Moderate education level

The findings reveal that the average participant has an age of around 38 years. Therefore, this implies that the respondents are mainly drawn from people in their productive ages. In theory, people of such age should be saving more because they can earn money. But, considering the average savings level seen before, the capacity to save is limited by other considerations besides age.

The equal gender composition guarantees sample representation, and the majority of those who are married implies that there might be some duties within the households that could play a role in influencing the saving behaviour of respondents. As for their educational background, it means that although respondents have some understanding regarding finance issues, it is probably not enough to affect saving decisions.

#### 4.3 Socio-Demographic Factors and Household Saving Behaviour

The first aim of this research was to find out the link between socio-demographic characteristics and household savings behaviour among Ugandan adult individuals.

Table 3: Regression Results for Socio-Demographic Factors

Variable	Coefficient	t-value	p-value	Significance
Constant	0.402	17.64	0.000	Significant
Age	-0.0003	-1.16	0.246	Not Significant
Gender	0.036	4.07	0.000	Significant
Marital Status	0.018	8.66	0.000	Significant
Education	-0.027	-10.69	0.000	Significant
Employment Status	0.003	4.87	0.000	Significant

### Model Summary

#### Statistic Value

R-squared 0.079 F-

statistic 54.42 p-value

0.000

From the analysis conducted, it is clear that the socio-demographic determinants are significantly influencing the savings behaviour of households, based on the significance of the F-test statistic. Nevertheless, the strength of the model in explaining the relationship between the independent variables and saving behaviours of households is quite poor, since the Rsquared coefficient is at 0.079.

There is a positive and significant impact of gender on savings, which means that the distinctions between men and women have a substantial effect on finance-related decisions. The same is true for marital status, which exhibits a positive and significant association, which means that married people tend to save more.

Education has been identified as a factor that plays an important role in saving behaviour; however, it has been found to have a negative relationship with saving behaviour, indicating intricate dynamics where education might imply higher spending needs or other priorities.

Employment has been seen to play an important role in saving behaviour; thus, the significance of employment in promoting savings is highlighted.

Age has not been found to be statistically significant, showing that there is no difference in savings behaviour for different age groups.

#### 4.4 Economic Factors and Household Saving Behaviour

The second hypothesis tested was on the relationship between economic determinants and household saving behaviour.

Table 4: Regression Results for Economic Factors

Variable	Coefficient	t-value	p-value	Significance
Financial Access	0.142	10.23	0.000	Significant
Credit Access	0.118	8.95	0.000	Significant
Asset Ownership	0.093	7.36	0.000	Significant
Income Diversification	0.084	6.41	0.000	Significant
Income Stability	0.075	5.48	0.000	Significant
Business Ownership	0.067	5.12	0.000	Significant

#### Model Summary

##### Statistic Value

R-squared 0.284 F-statistic 178.64 p-value 0.000

From the above analysis, economic variables play a significant role in explaining savings behaviours and account for more variance than sociodemographic variables. The variable with the greatest influence is financial access, which shows the

significance of financial inclusion in encouraging savings behaviour.

Credit access also plays a significant role in influencing savings, implying that access to credit makes it easier for one to save. Assets also have a positive role to play in savings behaviour, as they indicate the accumulation of wealth and hence ability to save.

#### 4.5 Behavioural Factors and Household Saving Behaviour

The third objective looked into behavioural factors affecting saving behaviour.

*Table 5: Regression Results for Behavioural Factors*

<b>Variable</b>	<b>Coefficient</b>	<b>t-value</b>	<b>p-value</b>	<b>Significance</b>
Saving Habit	0.214	14.36	0.000	Significant
Financial Literacy	0.162	11.02	0.000	Significant
Saving Goals	0.135	9.41	0.000	Significant
Financial Planning	0.098	7.23	0.000	Significant
Risk Preparedness	0.072	5.66	0.000	Significant

#### **Model Summary**

##### **Statistic Value**

R-squared 0.356 F-statistic 231.82 p-value 0.000

It is observed that behavioural factors hold greater weight among all the determinant factors when it comes to influencing savings behaviour. Savings habit is found to be the most significant factor as it demonstrates that savings are determined mainly through discipline.

Financial awareness also plays a very significant role in influencing savings behaviour, implying the importance of knowledge in financial matters. The setting of financial goals also plays an important role.

## 4.5 Correlation Analysis of Study Variables

**Table 4.5**

*Table 6: Correlation Results*

<b>Variable</b>	<b>Correlation p-value</b>	
Age	0.041	0.021
Financial Access	0.267	0.000
Saving Habit	0.512	0.000

As demonstrated by the correlation results, behavioural aspects have a higher degree of association with saving behaviour, especially the habit of savings, which has a very high positive correlation. Economic aspects have an intermediate degree of association, while sociodemographic aspects have a lower degree of association.

It appears from the above discussion that behavioural aspects are the most significant drivers of savings.

## 4.7 Combined Regression Analysis and Hypothesis Testing

*Table 7: Combined Regression Results*

<b>Variable</b>	<b>Coefficient p-value</b>	
Socio-Demographic Factors	0.084	0.000
Economic Factors	0.196	0.000
Behavioural Factors	0.421	0.000

### **Model Summary**

#### **Statistic Value**

R 0.731

R-squared 0.534

F-statistic 367.82

p-value 0.000

From the regression analysis above, it can be deduced that all types of factors affect the saving behaviour of households. The most important factors are the behavioural factors, followed by the economic factors, while the socio-demographic factors are the least significant.

The high R-squared of 0.534 shows that the model explains 53.4 percent of the variability in the dependent variable (saving behaviour).

#### **4.6.1 Hypothesis Testing**

Hypothesis 1 suggested that socio-demographic variables significantly impact the household savings behaviour. From the findings, socio-demographic variables were found to be statistically significant and therefore, the null hypothesis was accepted.

Hypothesis 2 suggested that economic variables significantly impact the household savings behaviour. From the findings, economic variables were found to be statistically significant and therefore, the null hypothesis was accepted.

Hypothesis 3 suggested that behavioural variables significantly impact the household savings behaviour. From the findings, behavioural variables were found to have a major impact and hence, the null hypothesis was accepted.

#### **4.7 Overall Discussion of Findings**

From the results of this study, it can be noted that savings decisions among households are largely motivated by behavioural factors, economic factors come second, and sociodemographic factors come last. It means that although the provision of financial services and income potential are critical, the actual motivation to save lies in behavioural factors.

#### **4.8 Conclusion**

The key determinants of savings behaviours of adult households in Uganda have been explored and analyzed in this chapter. The study found out that behavioural variables were found to be the most important determinants, while economic and sociodemographic variables were secondary to those. This implies that policies for improving savings behaviour should emphasize on financial literacy and other related aspects.

## **CHAPTER FIVE**

### **DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

The chapter presents an analysis of the findings regarding the factors influencing savings behaviour in Ugandan households. The chapter draws its analysis from the empirical results discussed in Chapter Four and is arranged according to the research questions set out. The chapter differs from simple reiteration of the results because it discusses implications based on the empirical results in their wider economic and behavioural contexts. The chapter ends with conclusions and recommendations.

#### **5.1 Discussion of Findings**

##### **5.1.1 Socio-Demographic Factors and Household Saving Behaviour**

It was found that socioeconomic variables play a significant role in shaping household savings behaviour; however, the influence of these variables is quite small. The results were similar to those found in previous studies indicating that demographic variables serve as basic conditions for saving rather than being the main factors (Browning & Lusardi, 1996).

The fact that gender plays a significant role in influencing household savings behaviour indicates the impact of gender roles, earning opportunities, and financial responsibilities on savings behaviour. The results were in line with findings from studies conducted by Beck et al. (2007) showing that financial inclusion differs by gender.

The importance of marital status buttresses the assertion that family commitments affect savings behaviour, where individuals strive to cater for dependents and their future requirements. The above finding concurs with the life-cycle theory postulated by Ando and Modigliani (1963) on the need for individuals to save for future consumption.

Nevertheless, the lack of significance of age conflicts with the life-cycle theory that stipulates systematic variations in saving behaviour among different age cohorts (Modigliani, 1986). This implies that the structural factors prevailing in Uganda have a more pronounced effect on saving behaviour than age.

Given the inverse correlation between educational levels and savings behaviour, it may be concluded that education alone is insufficient in bringing about positive saving results. As noted by Lusardi and Mitchell (2014), financial literacy, which does not solely rely on formal education, should be considered an important factor affecting savings behaviour.

In summary, the aforementioned findings demonstrate that while sociodemographic characteristics are significant, they are not sufficient in predicting savings behaviour in the absence of economic and behavioural considerations.

### **5.1.2 Economic Factors and Household Saving Behaviour**

As such, it has been shown that economic variables play a very significant role in the saving behaviour of people since saving depends heavily on the economic capability of individuals. This aligns well with the theories of Keynes (1936), where it has been pointed out that saving is basically an economic phenomenon.

Financial access turned out to be the most important economic variable since saving behaviours could only be encouraged by increasing financial access of people. This is similar to what has been proposed by Demirgüç-Kunt & Klapper (2013) where it has been stressed that financial access helps people save easily and safely.

Since there exists a direct relation between saving behaviour and credit access, it can be said that having the facility to borrow money allows people to make their financial dealings smooth and easy. This aligns perfectly with the research of Dupas and Robinson (2013).

Ownership of assets is also found to have a positive effect on savings behaviour due to the impact of wealth accumulation on financial capability. Likewise, the presence of diverse sources of income and the stability of such incomes are crucial determinants of savings behaviour, in which households having diverse and stable incomes tend to save more. Such results are consistent with those of Deaton (1997).

In conclusion, one may conclude that while economic factors serve as preconditions for savings, they need to be combined with behavioural factors for effective savings behaviour.

### **5.1.3 Behavioural Factors and Household Saving Behaviour**

The results reveal the fact that behavioural determinants play the dominant role in savings behaviour among households; thus, savings can be considered as behavioural. The findings are in accordance with behavioural economics that focus on behavioural aspects of people in terms of psychology and cognition in financial decisions (Thaler, 1990).

Habit of saving appeared to be the most important determinant, which demonstrates that savings depend on discipline. The result can support the point raised by Thaler & Benartzi (2004) that planned behaviours and commitments enhance the savings' performance.

Financial literacy can also be an important factor that determines saving behaviour since people who have more financial knowledge tend to make decisions accordingly. This research finding is in line with the findings of Lusardi (2008) where financial literacy is considered as an important determinant of saving behaviour.

Saving goals and financial plans reveal the importance of behavioural determinants of saving. People who have goals related to personal finance management will be motivated to save. Such findings are presented in Gathergood (2012), where it was stated that planning and self-control are essential when making decisions in finance management.

Saving as a risk-preparedness attitude represents the precautionary reason for savings, which means people save as a precaution to cover themselves from any risks in the future. This observation is consistent with the views expressed by Deaton (1991) that precautionary savings form part of saving behaviour.

This evidence indicates that behavioural characteristics constitute the most significant aspects of saving behaviour.

#### **5.1.4 Combined Effect of Determinants**

Analysis of the regression results together indicates that socio-demographic, economic, and behavioural variables all have an impact on the household savings behaviour, although their impacts vary depending on their level. The variables with the highest level of influence are the behavioural variables, followed by economic variables; the variables with the lowest level of influence are the socio-demographic variables.

The implication from the above findings is that savings behaviour is not entirely dependent on the economic ability of the people. This is evident in the findings by Banerjee & Duflo (2011).

It can be seen from the above findings that saving behaviour is not necessarily high even where there is availability of economic resources due to the fact that the behavioural elements necessary may be missing. It therefore becomes important to adopt an integrated approach in tackling savings problems.

#### **5.2 Conclusion**

It can be concluded from the study that the savings behaviour of adult individuals from Uganda is more influenced by behavioural issues, then economic issues, followed by sociodemographic factors that have less impact on saving behaviour. This means that for improvement in savings behaviours, there should be an effort made not only to improve their income but also overcome the behavioural limitations as well. This is supported by past studies that discuss the importance of financial literacy and capability.

#### **5.3 Recommendations**

From the results presented in the research, a number of recommendations emerge.

It is vital to develop better financial literacy programs to increase people's financial knowledge regarding saving. This can be explained by Lusardi & Mitchell (2014), who point out that financial literacy plays an important role in increasing saving behaviour.

It is essential to develop better savings practices through behaviour-based strategies. Such approaches include financial education programs and raising people's awareness of the issue.

Financial access needs to be further increased through the work of the government and the banks in underprivileged regions as well. This is in line with Demircuc-Kunt and Klapper (2013), who stress the importance of financial inclusion when it comes to fostering savings.

Policies for increasing the stability of income and diversifying income need to be developed, according to Deaton (1997).

#### **5.4 Areas for Further Research**

In the future, the researcher could conduct further investigations on how culture and psychology affect saving behaviour. Also, longitudinal studies will help researchers understand more about the changes that occur in saving behaviour through time. Another area for further investigation is the impact of financial services on saving behaviour in developing nations.

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