GRADUATE BUSINESS SCHOOL

STUDY TOPIC:

EFFECT OF FINANCIAL LITERACY ON FINANCIAL INCLUSION IN ZIMBABWE. A CASE STUDY OF MUBAYIRA GROWTH POINT WARD 4 (CHEGUTU DISTRICT) MASHONALAND WEST PROVINCE OF ZIMBABWE

BY

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A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS OF THE MASTER IN DEVELOPMENT FINANCE DEGREE

OCTOBER 2023

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I, the undersigned do acknowledge that the above-named student has consulted me for supervision of his research dissertation entitled 'Effect of financial literacy on financial inclusion in Zimbabwe', I therefore advise the student to submit his work for final assessment and this research project will be submitted with my authority as the University supervisor.

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YEAR OF COMPLETION: 2023

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DEDICATION

This research is dedicated to Gloria Rumbidzai Chikomo, my wife, my 3 sons Panashe, Tanatswa, Brayden and my lovely and beautiful daughter Alya for their love, encouragement, support and guidance throughout the journey of my masters degree program. Gloria is not just a wife but a lovely and caring best friend and mother. I am really thankful for the comfort and encouragement that she continued to provide during the course of my studies. More importantly, Iam very grateful and thankful to the Almighty God for giving me a hedge of protection, fortitude, wisdom and tenacity and for helping me see off this very challenging program.

ABSTRACT

Financial literacy results in the efficient and effective utilisation of financial services and leads to economic development of a country. On the other hand, financial inclusion entails the accessibility and availability of affordable financial services to the citizens of a country. The purpose of this study was to assess the effect of financial literacy on financial inclusion in Zimbabwe. Previous studies on financial literacy and financial inclusion were mostly focusing on the supply sided determinants of financial inclusion thus prompting the researcher to carry out a further study on the effect of other determinants such as financial literacy which is a key demand sided determinant, on financial inclusion. Further, it is worth noting that other previous studies were done in developed nations and most of them have focused on both the relationship between financial literacy and other variables like demographic factors. This study is vital to the local citizens of Zimbabwe because financial literacy is key in helping people make more self-assured and sound financial decisions in their lives. The primary objective of this study was to understand whether, and to what extent, financial literacy influences financial inclusion in Zimbabwe.

Primary data was used and collected through questionnaires from a targeted sample size of 384 respondents. The study revealed that the correlation coefficient of 0.253 is statistically significant (p-value < 0.01), indicating a moderate positive association between financial literacy and access to financial products and services. The correlation analysis showed the importance of financial literacy in promoting financial inclusion. Financial literacy was positively associated with access to financial products and services, usage of financial products and services, financial knowledge and skills, and financial attitudes and beliefs. This suggests that enhancing financial literacy can lead to greater financial inclusion and improved financial well-being. The study on financial literacy and financial inclusion in Ward 4, Chegutu will have huge and positive impact for policymakers, financial institutions, community organizations, and individuals. The study recommended implementation of robust and effective financial inclusion strategies that support financial education, microfinance institutions, and digital financial services such as allocation of resources for financial literacy programs and the promotion of fair lending practices which improves consumer protection.

ACKNOWLEDGEMENTS

To begin with, I wish to give glory and praise to the Almighty God who is the source of my strength, wisdom and encouragement for he also helped me navigate through a very tough journey from the time of admission to the completion of my course. I would also like to express my indebtedness to my supervisor Dr Matsvai, who provided limitless guidance to me prior to and during the entire duration. Special thanks also go to Mr Jani and Mr Mlalazi, who are the directors of Garage & Forecourt Pvt Ltd, the organisation I work for. They continued to encourage and urge me to further my pursuits in my academic studies and with whom I have always consulted to give advice of procedure and for resources and books that saw me through the duration of my studies. Special thanks to my wife who encouraged and provided enormous support throughout this journey. She also assisted during the data collection stage of the research by helping reach out to the targeted respondents and linking some respondents in the field.

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LIST OF ACRONYMS AND ABBREVIATIONS

UNCDF	United Nations Capital Development Fund
MSMEs	Ministry of Micro, Small and Medium Enterprises
SMEs	Small to medium Enterprises
SALDRU	Southern Africa Labour and Development Research Unit
FSD Kenya	Financial Sector Deepening Kenya
PACFL	President's Advisory Council on Financial Literacy
OECD	Organisation for Economic Cooperation and Development
UFA	Universal Financial Access
ATMs	Automated Teller Machines
NFIS II	National Financial Inclusion Strategy
RBZ	Reserve Bank of Zimbabwe
MFI	Micro Finance Institutions
ECD	Early Childhood Development
GMW	Global Money Weak
PPS	Probability Proportional to Size
SPSS	Staistical Package for Social Sciences

CHAPTER 1

INTRODUCTON

1.0 Introduction

The prevailing Zimbabwean economic conditions have heightened serious concerns about the citizens financial security, particularly for those who do not possess the skills and resources to withstand financial market downswings and take advantage of upswings. For the past forty years, there has been concerted efforts and extensive research as well as empirical findings to try and examine ways towards the promotion of an inclusive formal financial system globally, as well as for specific nations (Kempson & Whyley, 1999; World Bank, 2014 Triki & Faye, 2013;). Financial literacy and financial inclusion have in recent times emerged as core priorities for policymakers in the drive for poverty eradication in many developing nations. Despite all the initiatives and efforts placed by governments and development finance institutions to enhance financial inclusion, two billion people in the world remain unbanked. The majority of the unbanked population is in the developing countries and mostly in the Sub-Saharan region (T Kamanga, 2018). In addition, governments, multi–lateral agencies and development finance institutions across the world have identified and recognised Financial Inclusion as one of the key tools to end poverty and enhance economic development. According to Allen, Demirgüç-Kunt, Klapper, & Martinez Peria, (2016), Financial Inclusion is broadly defined as the use of formal financial services/products.

Findings from the Global Findex Report of 2017, points that more than 30% of the global adult population (estimated at around 1.7 billion people) still do not possess a formal bank account with a formal financial institution. In developing economies like Zimbabwe and many other countries in Africa, less than 63% of the population have access to financial services such as mobile money accounts (World Bank, 2017:2). This inability to access finance is the major contributor of persistent income inequalities amongst nations and has led to the slower growth among economies (Beck, Demirgüç-Kunt & Honohan, 2009: 120).

Numerous studies have found that financial literacy in the form of savings, management of money, and use of loans is positively linked with financial inclusion.

Presently, literature on financial inclusion highlights the disadvantages for financially excluded individuals and businesses, particularly for poor adults, females, and small and medium-sized enterprises in many developing countries. (Koonson *et al*., 2021; Oshors, 2021). In this globalized era, many policymakers, economists, and financial analysts in many countries have considered financial inclusion as fundamental to economic empowerment and the best solution to reduce poverty and to attain sustainable goals (Emara and Said, 2021; Mhlanga, 2021). Development of a modified delivery system in financial services encourage institutions to design tailored financial products and services for the financially deprived individuals. For achieving the desired level of financial inclusion, there must be easy regulations and flexible financial policies are necessary (Huang *et al*., 2020; Naumenkova, 2019; Beck *et al*., 2016).

Lastly, but more importantly, the Reserve Bank of Zimbabwe's Zimbabwe National financial Inclusion Strategy (2020) recognises financial inclusion as the sustainable cost-effective provision of financial services to the majority of the population at an affordable cost.

On the other end, financial literacy, another key component under investigation in this study, is one of the pillars of financial stability. It is important because it equips women, the undeserved rural community, youth and the vulnerable with the knowledge and skills required to manage money effectively. Contemporary scholars reckon that improving financial literacy is a long-term behavioural change initiative as It calls for a multi-faceted approach and sustained action over a period of time for the desired results to be realised. One of the prominent and senior economists at the Bankers Association of Zimbabwe Sanderson Abel, posits that improving the financial literacy level has a beneficial flow-on effect to the broader economy, thereby increasing levels of enterprising, financial behaviour and greater participation in financial services and markets.

According to BAZ chief economist Gopoza (2014), Financial literacy is undoubtedly one of the fundamental pillars of Zimbabwe's National Financial Inclusive strategy, and it has also been observed that Zimbabwe has low levels of financial literacy, although high general literacy levels (89.7%) as per the World Bank Consumer Protection and Financial Literacy Review that was conducted in 2021. Of late, and as recent as the prior year of 2022, monetary authorities have been working hard to try and enhance financial inclusion, yet it has been found that those financial inclusion efforts are still being hampered by the fact that there are sections of the populace that are financially illiterate. It is of the realization that once a greater proportion of the economy is financially literate, financial inclusion will be significantly enhanced, since the populace will now be able to make well informed decisions with regards to things like uptake of financial services, sound investment choices, financial planning among others, which will be a giant leap in the right direction towards poverty alleviation as well as economic growth and development.

According to Triki and Faye (2013) financial literacy is an essential determinant to financial inclusion but there is less knowledge about this concept in most African nations. Several researchers highlight the need for financial literacy in fostering financial inclusion. For instance, Atkinson and Messy, (2013) correlate financial literacy and financial inclusion by linking product awareness to product choices, Dev (2006) identifies financial literacy as one of the impediments to financial access for poor small-scale farmers in India and recommends that financial institutions take the responsibility of educating the poor and vulnerable by proving substantial publicity to their financial instruments.

Swamy (2014) further identifies financial literacy and credit counselling as critical elements for the financial inclusion of women in India. Some of the major hindrances to financial inclusion in Zimbabwe include financial illiteracy, lack of formal identification documents, lack of trust in the financial system, fragile economy, rural poverty, gender inequality and high transaction costs of financial services. Poor financial literacy is known as being a common factor that influences people's ability to be included in the financial sector in Zimbabwe.

This study will investigate the effect of financial literacy on financial inclusion in Zimbabwe and the study will be located in Mubayira growth point, ward 4 which is under Chegutu rural district, a region of the Mashonaland West province on the west of Zimbabwe. The economic activities of the region range from subsistence farming to A2 commercial farming and SME businesses. According to the World Food Programme (WFP,2022), the education system in the district is well established and is functional. Currently there are 317 ECD centres, a huge improvement form 97 that were there in 2016. Primary schools increased from 88 in 2016 to 102 in 2022 whilst secondary schools increased from 33 to 54 with regards to the same years. Despite the improvements, there are some wards that still do not have secondary schools and some students are still walking very long distances to school. It is therefore recommended to improve on the distribution of secondary schools to reduce distance travelled by pupils. There are 65 reported drop outs due to pregnancy and 59 due to other reasons

1.1 Background to the study

There has been growing attention around the globe about the need to capacitate consumers through financial education. If consumers lack basic financial concepts, they will not be well equipped to make decisions related to financial management (Klapper, *et al*, 2015).

World over, there has been significant concerns among various stakeholders about financial literacy and this anxiety was notably stimulated by the 2007/8 global financial crisis where it became apparent that lack of financial literacy was one of the factors that contributed to the detrimental financial decisions taken. Since then, there has been a growing global consensus that poor financial decisions have a huge impact on financial and economic stability. Furthermore, and quite sadly, Zimbabwean local citizens mostly, have fallen victim to illegal pyramid schemes out of desperation to realise quick financial gains. According to the Reserve bank of Zimbabwe (RBZ) press statement of July 2023, there are significant concerns over the proliferation of Ponzi and Pyramid schemes in the country. It noted that these investment schemes come in various forms and guises, clearly meant to mask their fraudulent nature and lure people into losing their hard-earned money. A pyramid scheme is an illegal investment scam based on a hierarchical setup. New recruits make up the base of the pyramid and provide the funding, or so-called returns, the earlier investors/recruits above them receive. A pyramid scheme does not involve the selling of products rather, it relies on the constant inflow of money from additional investors that works its way to the top of the pyramid. (Investopedia, 2016). According to the New York Attorney General's Office website (2023), a pyramid scheme, also known as a chain distributor scheme, is a fraudulent system of making money based on recruiting an ever-increasing number of "investors."

Mahara (2020) further noted that in 2016, MMM Global Zimbabwe was identified by the RBZ as the biggest pyramid scheme to have scammed investors in Zimbabwe. Mahara (2020) noted that the Reserve Bank of Zimbabwe faced challenges in taking action against the company because it was not registered under the country's laws and that it was not regulated by any authority in Zimbabwe. According to Muhamba (2021), these pyramid schemes promise huge interests within 24 hours to 30 days after one undertakes a pledge. Some of the alleged scammers were Bitcom Interchange Zimbabwe Private Limited, Delight Credit, Elamante Global, Manifest Global Marketing, Crypto Shares, Mudzimai Akarongeka, KDW Investments, Crystal Shares, May Investments and Beyond Credit, which conned Zimbabweans of millions of dollars.

This signal of financial illiteracy among some of the local citizens is a worrying trend in Zimbabwe and has a significant effect on financial inclusion in the country. It is therefore against this background that a study to ascertain the effect of financial literacy on financial inclusion has been necessitated and this research would proffer insightful financial education and advice about the consequences of lack of financial literacy on financial inclusion and the significant losses of not being included in the formal financial sector. Further, the researcher of this current study was manifestly moved by financial scams and prejudices which surprisingly pointed to an unexpected but huge gap in terms of financial literacy among the local Zimbabwean citizens hence the pressing need to urgently conduct this study.

Further, the financial services sector has over the past decade progressed technologically and has invented some sophisticated financial investment products in the last decade or so. However, despite these technological advancements, the intended clients and consumers of these products have not significantly signalled interest in these financial services or products. This rather obtuse uptake of financial products and services is largely attributed to financial illiteracy which is also influenced by other key factors such as living standards, income, gender, age, level of education and geographical location (Marime, 2020). The level of financial literacy has a huge bearing on financial decision making and investment decisions resulting in the economic well-being of the participants and the whole economy at large. According to the Hassan (2021), one of the key challenges to financial inclusion in Zimbabwe include financial illiteracy, lack of formal identification documents, lack of trust in the financial system among other factors. In low income African countries such as Sudan, Kenya and Uganda, financial literacy is limited, resultantly complex financial consumer products are typically accessible only to a small percentage (Lisa & Bilal 2012: Miller, Godfrey, Levesque & Stark 2009), noted that developing countries have low levels of financial literacy as indicated, for example, by half of farm labourers surveyed in India who store their cash at home. Financial Scope Botswana Report (2009) shows that financial literacy in most emerging economies is still very low, with 11% of the population in Tanzania using formal financial services, 23% in Zambia, Mozambique 11%, Malawi 26% and Kenya 41%. According to Gono (2013), Zimbabwe's financial literacy rate has been recorded at 40%.

In Zimbabwe, financial literacy has recently gained the attention of financial institutions, government agencies, grass-roots consumers and community interest groups. However, it has remained low and according to Fin scope (2022), financial institutions remain less accessible especially among the rural populace and interested stakeholders have continued to be anxious that consumers still lack financial knowledge on financial concepts and lack the necessary tools to make useful decisions that are capable of bringing changes to their economic and financial well-being. It is therefore essential that such financial literacy insufficiencies have been disturbing to the financial system and have proved be distressful to the Zimbabwean economy at large. In view of the foregoing background information, this research paper will further ascertain the effects of financial literacy on financial Inclusion in Zimbabwe.

1.2 Problem statement

Zimbabwe has high levels of literacy, however, and as noted above, the challenge is that despite these high general literacy levels, financial literacy levels have worryingly remained very low, as per the World Bank Consumer Protection and Financial Literacy Review that was conducted in 2014. In addition, various empirical hypothecations have stressed that low financial literacy and financial inclusion continues to be a global challenge since its achievement underpins economic development and the welfare of nations.

Notably, there is lack of a financial inclusion strategy which encompass both demand and supply-sided determinants to aid the increased uptake of formal financial products and services. This is despite the growing importance of financial inclusion and its significant role in the theoretical and empirical policy discourse on inclusive growth and economic development. Additionally, the unbanked and financially excluded Zimbabwean citizens remain high and this is now detriment to the development progress in such developing nations. According to Karombo (2022), currently the recorded number of unbanked adult Zimbabweans stands at 3.7 million or 54% of the population as per the 2022 census results and this figure is considered one of the highest percentages in the world. Such a case poses significant challenges to the economic development of the nation.

The Fin scope consumer survey of 2022 further noted that 73% of the country's 15 million population uses cash, compared to only 17% who use bank cards and 10% who use mobile money platforms. This is a significant concern which warrants further research given that this is occurring in a digital era in which use of digital banking and access to formal financial services is on the rise globally.

1.3 Primary Objectives

The primary objective of this study is to understand whether, and to what extent, financial literacy influences financial inclusion in Zimbabwe. In view of the above research question, the study shall focus on the following secondary objectives:

1.4 Secondary Objectives

(i) To assess the level of financial literacy in Zimbabwe

(ii) To determine the effects of financial literacy on financial inclusion in Zimbabwe.

(iii) To establish the other determinants of financial inclusion

(iv) To come up with policy recommendations necessary to increase financial inclusion in Zimbabwe

1.5 Research Questions

The following will be the study's main research questions:

(i) What is the level of financial literacy in Zimbabwe?

(ii) What are the effects of financial literacy on financial inclusion in Zimbabwe?

(iii) What are the other determinants of financial inclusion?

(iv) What are the policies that can increase financial inclusion in Zimbabwe?

1.6 Research Hypothesis

This study will hypothesize that financial literacy affects financial inclusion through several determinants that define financial literacy. As a result, the null and alternative hypotheses for this study will be as follows:

H0: The determinants of financial literacy have no significant influence on financial inclusion in Zimbabwe.

H1: The determinants of financial literacy significantly influence financial inclusion in Zimbabwe.

The study's main hypothesis will mainly be supported by majority of literature on financial literacy which generally supports the notion that higher financial literacy increases financial inclusion (Hsaio & Tsai, 2018; Grohmann, et al. 2018).

1.7 Justification of the Study

Previous studies have shown that not much research has been carried out in Zimbabwe on the effect of financial literacy on financial inclusion. In addition, studies conducted on financial inclusion to date largely concentrated on determinants of financial inclusion such as access to bank accounts, mobile banking and financial inclusion by commercial banks by (Chikoko & Mangwengweza, 2012; Mago *et al*, 2014). These studies limit financial inclusion to commercial banks and mobile phone service providers. (Matambanadzo, Bhiri & Makunike, 2013) concentrated on the challenges that are faced by micro finance institutions in providing the financial services to the poor. The current study will look at the demand side determinants in particular financial literacy, attitude and behaviour. More so, there is a general lack of standard measure of financial literacy and this has led to a number of assumptions and measures applicable to more advanced economies at the expense of developing nations such as Zimbabwe hence the need for the current study to focus on effect of financial literacy on financial inclusion in Zimbabwe. Fatoki *et al*, (2014) found that researchers in this area of study have applied different measuring instruments/variables for the same research objective leading to different conclusions, and thus there is need for further research to improve the understanding of financial literacy using variables such as financial knowledge, financial behaviour, financial attitude and financial training which the current study will assess in detail.

Since most studies on financial literacy have been undertaken in the developed world, it is imperative that studies be conducted in less developed nations where financial literacy is of particular importance because such nations intend to improve the financial well-being of their citizens (Agarwalla, Barua, Jacob, & Varma, 2013). There are however, fewer studies analysing the effects of financial literacy on financial behaviours in developing countries (Cole et al., 2011; Sevim *et al.*, 2012.This research has also been hugely necessitated by the need to educate the local citizenry about the need to have sound financial knowledge and to provide some invaluable financial information that warns against disregard of crucial financial knowledge as it will lead to bad decisions such as over indebtedness, poor investment decisions as people end up falling into pyramid scams which may ultimately leave them financially vulnerable and more excluded from the mainstream financial sector. Swamy (2014) argues that financial inclusion is intended to connect individuals to banks with consequential benefits that ensure that financial systems play their active role of promoting inclusive growth.

The research findings will be invaluable in illuminating policy makers, managers of financial institutions, and financial inclusion proponents on the importance of perceptions in improvement of financial literacy among the ordinary people and the poor. The fact that most Zimbabwean citizens continue to fall trap to the pyramid/Ponzi schemes points to a financial literacy gap and undoubtedly provides evidence of shunning of formal financial sectors. This study will to contribute to the current empirical discourse by addressing the above stated limitations by using the existing literature and country-specific data to help formulate a composite financial literacy index applicable to the country, investigate the effect of financial literacy on financial inclusion in Zimbabwe.

More critically, the study should be done because it has direct and indirect benefits to stakeholders such as the financial sector players (such as banks, insurance companies and investment companies and agencies), the general citizens of Zimbabwe, Government of Zimbabwe, Civic societies in Zimbabwe, Small to Medium Enterprises, employees and the researcher. Furthermore, the study will add to the body of knowledge that is already there and this can be used to improve and place the importance of financial literacy on financial inclusion amongst the people of Zimbabwe. In addition, there is sparseness of empirical evidence that particularly link financial literacy to financial inclusion with the majority of studies just basically drawing a connection between financial literacy and financial inclusion which is not exhaustive. The current study seeks to further assess the level of financial literacy in Zimbabwe in line with the first objective of the study. Gohman (2020) in his study identified the most common measure of financial inclusion as having access to a bank account. However, the current study seeks to investigate other key determinants of financial inclusion other than mere access to bank accounts. Lastly, but more importantly, the study will analyse the financial literacy and inclusion variables using both descriptive analysis (percentages, standard deviation, means), as well as inferential statistics (Pearson correlation analysis and multiple linear regression analysis) to achieve the study's primary objective of establishing the effect of the independent variable over the dependent variable. This model has not been frequently applied in this area of study by previous researchers.

1.8 Assumptions

For this research to be successfully completed, some assumptions which do not essentially undermine validity and reliability will be made. The major assumption will be that key respondents will be participating at their own will without fear and do possess the required knowledge. Data to be collected will be delivered and evaluated within a predictable and typical time frame so as to help the researcher to complete quickly without prejudiced information. The study will be widely embraced and significantly raise awareness and further improve the level of financial literacy on the local citizens and contribute to improvement of financial inclusion in Zimbabwe.

1.9 Delimitations of the study

The scope of this study is to assess the effects of financial literacy on financial inclusion in Zimbabwe focusing on Mubayira Growth point in the district of Chegutu. The following boundaries are going to be set for the study:

(i) the study will be limited to Mubayira growth point ward 4 in the district of Chegutu in Mashonaland West province.

(ii) The research will confine to the effects of financial literacy on financial inclusion only and no other variables.

1.10 Limitations of the study

There is likely to be a high tendency of interviewee apathy in providing information about sensitive matters vital to the research, especially given that the information being sought pertains to people's private investment decisions, methods used in making savings and people's personal financial information. There is an increasing threat of lack of full disclosure of private and confidential information for security reasons. However, efforts will be made to reduce the level of apathy through use of sound research methods and emphasising and assuring on confidentiality to the respondents.

The study is constrained in terms of time and financial resources and the ideal situation would have been to conduct the research over a 12 month or more period to have adequate coverage. The researcher will have to work extra hours to militate against this limitation and also engage additional manpower to assist in the distribution of questionnaires to quicken the collection of data and reduce the time constrain.

There will be some potential ethical risks during the research and this will play a pivotal role throughout the research and are critical. According to Walton (2014), ethical considerations in research form the back bone of all researches and refer to issues which are raised when people are involved as participants in the study. Kanton (2015) also highlighted that the ethics do have three basic objectives which are protection of human participants, making sure that the research is within parameters that serves interest of the individual and groups of a society and lastly examination of specific research activities and projects for their healthiness and soundness.

The study may be affected by biases and subjectivity during data collection, interpretation, and analysis. However, efforts will be made to reduce the level of biases, such as using robust research methods, and involving multiple researchers in the analysis process to reduce the bias and subjectivity threats.

1.11 Project outline

This research study will consist of five chapters as set out below:

Chapter 1, will consist of Introduction which basically provides an introduction and overview of the research topic, outlining the background, Problem statement, Research objectives, Research Questions, Significance of the study and the limitation of the study.

Chapter 2, Literature review, presents a comprehensive review of the relevant literature, including theoretical frameworks, models, and empirical studies related to effects of financial literacy and financial inclusion in Zimbabwe.

Chapter 3, Research Methodology, outlines the methodology to be used in the research, including the research design, data collection methods, and analytical techniques used to address the research questions.

Chapter 4, Research Findings, presents the empirical findings of the study, analysing the effects of financial literacy on financial inclusion in Zimbabwe.

Chapter 5, Research Conclusion, is the final chapter which provides a final analysis of the research by summarising the theoretical, empirical underpinnings of the study, key findings and implications and proffers recommendations for future research and practice.

1.12 Chapter Conclusion

This chapter was introductory to the study. The chapter summarised the essential concepts under research by highlighting the key concepts which are the background of the study, problem statement, justification of the study, objectives of the study, research questions, limitations and delimitations. The next chapter two (2) will be premised on the literature review on financial literacy and financial inclusion mainly focusing on the empirical as well as theoretical review.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The previous chapter was introduction to the study and gave an overview of background to the study, research objectives, outlined the research questions, justification of the study, problem statement, limitations and delimitation. The purpose of the next chapter , literature review is to clarify, investigate, and discuss by identifying and synthesizing the effect of financial literacy on financial inclusion. This chapter will look at the theoretical and empirical underpinnings of financial literacy and financial inclusion in order to inspect the current problem and objectives of this study. The chapter begins by giving a brief overview of the evolution of concept of financial inclusion and financial literacy then define some key terms to describe the focus of the study before getting into the essential theoretical and empirical reviews of the study.

2.2 Evolution of Financial Inclusion and Financial literacy

According to UNCDF, (2022) financial inclusion traces its roots to the late 1990s, when UNCDF's work at the local level often included support for microcredit institutions. Over the following years, UNCDF moved towards the broader concept of microfinance, encouraging access to a variety of financial services, especially savings, based on the evidence that savings were actually much more in demand especially from the most vulnerable segments of societies. UNCDF established itself as a leader in that field. Girard, (2021) posits that the concept of financial inclusion, which is now widely believed to be the access to and use of a wide range of financial services (including bank accounts, payment services, credit, and insurance) by everyone in society, further developed in the late 2000s as a global priority. Since that period, the idea of financial inclusion has become a global priority.

According to Bernheim *et al.* (2001), despite financial literacy as a construct being a fairly recent development, financial education as an antidote to poor financial decision making is not a new concept. In the U.S, policies to improve the quality of personal financial decision making through financial education dates back to the 1950s and 1960s when states began mandating inclusion of personal finance, economics, and other consumer education topics in the K-12 educational curriculum.

2.3 Definitions of key terms under study

2.3.1 Financial Literacy

Akande, 2023 opine that financial literacy is challenging to define, given its multidimensional angles in complex economies. The terms 'financial literacy', 'financial knowledge' and 'financial education' are usually used interchangeably in literature. The Presidential Advisory Council on Financial Literacy (PACFL) report, define financial literacy as the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.

Financial Literacy is defined as a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and, finally, achieve individual well-being and financial independence (OECD & BASA), while Huston, (2010) defines it as the ability to make sound judgments and decisions regarding the management of money. It includes knowledge but extend further to encompass attitudes, behaviours and skills and highlights the importance of decision-making as applying knowledge and skills to real life processes, with the result of improved financial wellbeing for the individual (Atkinson & Messy, 2011: 569). PISA (2012) defined financial literacy as the knowledge to understand financial concepts and risks. Such knowledge encompasses the basic components of financial products and services such as pension schemes, loans and insurance policies. PISA (2012) further actuate financial literacy as the skills, knowledge and confidence an individual possess for them to make sound economic decisions on different financial issues for the improvement of their financial well-being and the overall. Such skills include the ability to compare information, evaluate information, extrapolate and evaluate information in the financial context. Hastings, Madrian, Skimmyhorn (2013) referred to financial literacy as the knowledge possessed by a person regarding financial products and concepts and also the mathematical skills of numeracy required for making sound financial decisions and their involvement in financial planning activities. Empirically, financial literacy has been found to be hugely impacting on financial inclusion. Cohen and Nelson (2011) argued that the meaning of financial literacy refers to different things to different people. For instance, in the developed nations it may mean knowledge of tax codes and credit cards while in the developing world it may refer to basic concepts of secure savings and wise borrowings, among others. Both Dancey (2013) and Cohen et al.. (2011) emphasise the need to differentiate financial literacy from financial education and financial capability, of which these terms have often been used interchangeably in literature. Financial education is defined as a means to equip people with knowledge, skills and tools to manage their finances effectively and protect them from exploitation, while financial capability is the ability to choose and utilise financial products and engage in behaviour necessary to make sound financial decisions and achieve financial well-being.

2.3.2 Financial Inclusion

According to the GPFI, financial inclusion is a measure of three dimensions that includes access, quality and usage of financial services and/or products. Access is measured from the supply side that is the financial service providers including affordability, proximity, availability and regulatory framework, while usage is measured from the demand side which is the depth and extent of use of financial services and products (Alliance for Financial Inclusion; Financial Inclusion Working Data Group, 2013). On the other hand, the Reserve Bank of Zimbabwe (Zimbabwe National financial Inclusion Strategy 2016–2020), defines financial inclusion as the sustainable cost-effective provision of a wide range of financial services at an affordable cost to the majority of the population. According to World Bank, 2023 (Financial Inclusion Lessons from World Bank Group Experience report), Financial inclusion refers to the use of financial services by individuals and firms. It includes financial access such as owning an account and the use of financial services. The World Bank report notes that there has been a significant growth in account ownership globally, from 55% of adults in 2014 to 71% in 2021, although usage is still limited as some accounts are inactive. More importantly, both financial access and the use of financial services remain major challenges for poor households, women, microenterprises, and other excluded groups.

2.4 Theoretical Literature Review

In order to fully analyse the concept of financial literacy and the knowledge economy some theoretical underpinnings are necessary. This section is going to look at the theories pertinent to the study of financial literacy and financial inclusion. The following theories will be discussed.

2.4.1 Self-Efficacy and Financial knowledge theory

Self-efficacy is one of old theories formulated and are linked to financial literacy., Financial self-efficacy is a measure of the belief that an individual will have to use financial services that are anchored in the context of the financial domain. It also refers to an individual generative capability that includes cognitive, social, and emotional. In the context of financial literacy, this theory relates to how individuals manage their ability to understand financial products and services, in order to be well-literate to a number of financial products and services that are changing periodically. The below diagram further illustrates the theory of self-efficacy.

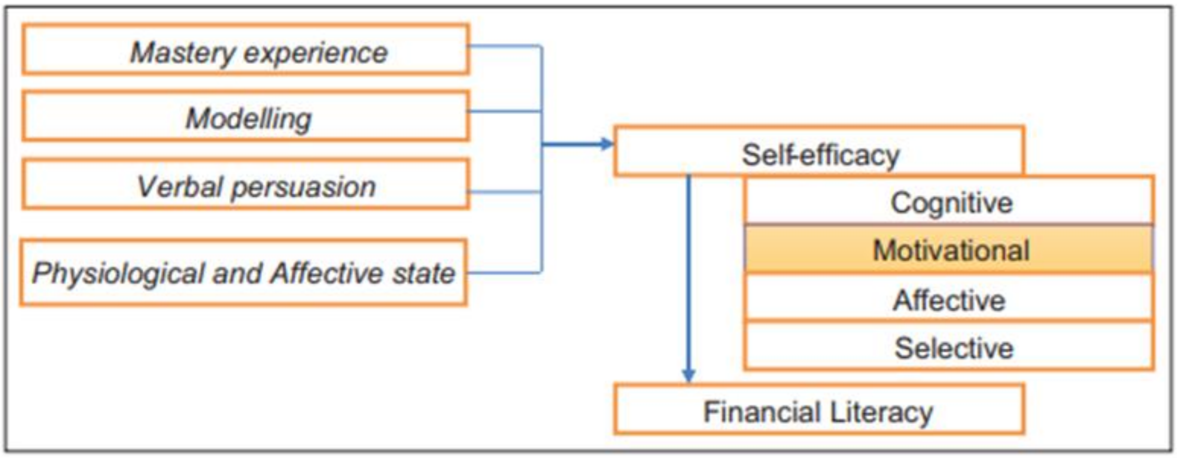

Figure 2.1: Self-efficacy and financial literacy theory

Data Source: International journal of Economics and Financial issues, 2016

According to the above diagram, self-efficacy is influenced by various factors, such as Mastery experience, vicarious experience or modelling, verbal persuasion, as well as physiological and affective state. The relationship between these factors is as follows:

i) **Mastery experience** refers the experience of success, which will provide authentic evidence of whether someone will be successful in the context of financial management which is certainly a form of a good financial literacy (well-literate). The experience in improving self-efficacy will result in a strength and confidence in the use of financial products and services industry thus also enhancing financial inclusion.

ii) **Modelling.** This states that individuals cannot simply rely on the experience of success as a source of information about their capabilities. Modelling on a person's success in managing the finances will provide a motivation for individuals to prove that it can deliver good performance.

iii) **Verbal persuasion.** This serves as a means for strengthening confidence about the ability of the individual to achieve goals.
Therefore, education and socialization are important things in improving the financial literacy of individuals. The success of verbal persuasion has a positive impact on individuals in improving their confidence of their achievements (well-literate).

iv) **Physiological and affective state**. This sates that information about individual ability are largely derived from the somatic that is connected to the physiological and affective. Individual somatic indicators are highly relevant in physical health, health function, and coping with stress. Stress certainly may reduce self-efficacy on the individual, if the individual stress level is low, the self-efficacy will be high and vice versa, if the stress is high, then the self-efficacy will be lower. In addition, Bandura (1997) describes the psychological process of self-efficacy in affecting human functions, namely:
(a) **Cognitive,** allowing individuals to predict the current events that may affect the future,
(b) **motivational,** optimistic thinking that appears to accomplish what had been planned,
(c) **afective,** occured naturally and determine a person's emotional experiences, and
(d) **selective**, the ability to select behavior and the right environment. Figure 4 describes the relationship of self-efficacy to human function.

This theory assumes that people with a higher level of self-efficacy have the ability to maintain investment and savings products, and tend not to hold debt-related products. The self-efficacy of finance has a significant influence on an individual's financial inclusion through confidence built from education and socialisation. Further, the need to boost individual’s self-confidence not only benefits their personal goals but also help them achieve the goals set in their environment. The merits of the financial self-efficacy theory and its links to the current study are that it provides significant insights into how individuals can build confidence to make financial decisions and greatly assist in avoiding adverse financial behaviour and financial anxiety accompanying that behaviour. In addition, financial self-efficacy can help strengthen responses to challenging present events by making individuals to remain motivated to face financial decisions and obstacles. Therefore, financial self-efficacy should have positive association with financial inclusion and well-being of people. Critics have, however, highlighted a number of aspects of the theory of self-efficacy. A review of various literatures has been used to evaluate the efficiency and applicability of this theory in various aspects of life and in influencing financial decisions.

2.4.2 Social network theory

The next theory to be considered in this study is the social network theory. This theory focuses on the role of social relationships in transmitting information, conveying personal or media influence, and enabling attitudinal or behavioural change. This theory was formulated by Granovetter (1973) who conducted an analysis on the robustness of weak ties in a social network using a continuum to measure time, intimacy, emotional intensity and repetition among connections. Chai *et al.* (2018) define the Social Network Theory as a theory that denotes how groups or individuals interact based on nodes and linkages in a network. Lin *et al.* (2017) identifies a social network as consisting of nodes and ties. Nodes being actors, these actors can be individuals, organisations or groups. The major assumptions of this theory as noted by Granovetter are that nodes and ties, which forms part of a network can promote access to better information and ideas about existing opportunities and scarce resources. In the context of this study, social network leads to sharing of financial information about availability of credit opportunities. This can improve the individuals’ financial literacy levels and financial access. In addition, social network among the poor often act as a screening device to determine their creditworthiness and being considered to receive loans. Further studies have also found that social network among the poor was an essential tool for recommending members and ensuring that repayment contract was enforced. As such, the contribution of the social network theory to enhancing financial inclusion cannot be over emphasised. More so, there is a significant and positive relationship between social network and financial inclusion of the poor particularly in developing countries.

Social network also generates information channels, facilitate transactions, and reduces cost in accessing financial services such as credit thus enhancing financial inclusion. Through social network, information about existing sources of financial services among the poor can be conveyed. Additionally, the theory argues that social class, race and ethnicity impacts on socialization by causing learning processes. Race and ethnicity have a huge influence on the socialization behaviour of a group, which impacts financial literacy and behaviour (Fang et al., 2013; Koonce et al., 2008). It can also be argued that since financial literacy entails knowledge and skills acquisition, financial literacy programmes among the poor may occur within social network. According to the World Bank 2009, majority of individuals, especially the poor who live in developing countries, rely more on their informal networks to carry out activities that are beneficial to all who are part of such networks.

Other scholars have supported the social network theory’s link to financial literacy and financial inclusion. For instance, Balatti (2007) observes that financial literacy is done within networks and is dependent partly on having or attaining access to particular kinds of networks. The nature of the co-operation within a network shows how its members operate together, and depends on its common objectives, the resources it has at its disposal, and the norms and values that shape the interaction. Social network can lead to access of other resources by individuals or groups for a specific purpose (Balatti, 2006). Thus, the resources that are available within a network are clearly a function of the resources that its members bring to it. These resources may include knowledge, skills, financial and physical resources, and contacts with other networks. Similarly, Krackhardt (1990) and McEvily et al. (2003) state that after financial literacy programmes, the poor may change their networks with which they interact, and they may also change their interaction in their existing networks.

2.4.3 Institutional theory of financial inclusion

The theory assumes that Organisations, networks, norms and rules forms boundaries of the partnership between service providers and consumers. It emphasises the role played by financial institutions in the provision of knowledge to improve behaviour of the consumers. As such financial knowledge or financial literacy brought by these institutions is vital for sound financial behaviour. In the context of this study, dissecting the institutional theory of financial inclusion is critical due to the need to understand financial inclusion from the context of institutions that people place significant trust in. This theory was supported by other scholars DiMaggio & Powell in 1983 who acknowledged that financial institutions play a significant role in providing knowledge and information about the products and services they offer.

Further, this theory helps in the understanding of financial inclusion in the context of formal and informal institutions and is essential because institutional factors such as rules and regulations, practices, law and structures can influence people's decision making and also influence how they engage with formal financial services. This will in turn influence people's decision on how they can access formal financial services, which will impact positively or negatively on the level of financial inclusion in a given society. Institutions can provide critical financial knowledge and education to the communities through providing investment advice, brokerage services leading to improved financial inclusion. Some scholars have also supported the argument that institutions such as schools should be used to build financial knowledge for people in order to improve financial inclusion for instance Bakker (2011) postulates that financial programs should be part of the curriculum at the primary level so that the rural community can get basic financial knowledge to the extent that it can utilise the skill set and knowledge in everyday practice. These education programs will contribute towards the creation of attitudes and awareness everyone and benefit mostly the rural communities such those under study that is Mubayira growth point local communities including communal farmers who will now be able to adopt good financial management practices and to easily access financial services.

The informal institutions and non-market structures such as enduring social norms, local rules and culture that people interact with on a daily basis can also contribute to financial inclusion. However, Farazi (2014), argues that there is not much literature supporting how informal institutions directly affect financial inclusion. This has made it difficult to come up with a meaningful conclusion about how informal institutions can affect financial inclusion based on the findings of existing empirical studies. This gap gives theorists an opportunity to further advance propositions that can support how formal and informal institutions affect the level of financial inclusion.

The theory has also attracted some critics and one of the major criticism points to its shift away from organizations and the increase in conflicting or contradictory meanings of key terminology used by institutional theorists (Alvesson & Spicer 2018; Greenwood, Oliver, Sahlin, & Suddaby, 2008). Another critique of institutional theory is that it is inherently static while the world, which it seeks to explain, is almost inherently dynamic.

2.4.4 The Capability theory

This theory covers the relationship between well beings of humans and individual agency. The theory broadly focuses on the ability of the individual in accessing and benefiting from financial services provided by institutions (Ford *et al*, 2011). The assumptions of the theory are that people have responsibility to seek opportunities brought by financial service providers. In the context of this study, it is common that financial literacy is low because of the reluctance of people to seek the financial opportunities.

Financial literacy has received great attention world over and has been the subject of academic and non-academic discourse both at the global, regional and national level.

Financial literacy is relevant and significant in modern societies. Zimbabwe is one of countries in Africa with the lowest levels of financial literacy and has low savings rate due to the lack of capability of the local people to take opportunities brought by financial services providers.

2.4.5 Human capital theory

. This theory relates to the knowledge economy because it highlights the common view point that the more educated a person becomes the more, they will be sought after for their specialised knowledge and increase their human capital and investment choices. Other scholars who supported this theory such as Korres (2008) argued that, a lack of investment in human capital deprives poor countries from reaching levels of developed nations. He further notes that educational achievement and public spending on education are positively correlated to economic growth. This connection directly places economic value on knowledge obtained. The connection between human capital theory and the knowledge economy becomes more evident when exploring the assumptions within the human capital theory. Harvard economist Claudia Goldin (2016) explains that the human capital definition centres on the idea that investments in people, such as education, increase workers' productivity and skillsets.

Human capital theory assumes that investment in education is critical to acquire skills and training needed to increase individual capital (Blundell et al., 1999). According to Tan

(2014), these skills and knowledge boosts a person's productivity in the workplace and increases human being's productivity and investment capacity. This enhanced productivity will contribute towards a higher income to the employee because the wage and income of a person, in the ideal market, is determined by the person's productivity. As such, people would invest in education up to the point where the private benefits from education are equal to the private cost.

In the context of this study, the human capital theory fully relates to the study as far as educating the people on financial issues in order for them to build financial skills needed for personal and economic growth. In addition, the theory further buttresses the point that investing in the financial literacy of people or the consumers will empower them to make sound financial or investment decisions such as investing their funds in formal financial institutions and not in opaque schemes such as pyramid schemes which may lead to losses People will also be able to make decisions such as applying for productive loans from the formal banks for developmental projects, making savings in the financial sector where there are secure returns. As such, and in order to fully understand the concept of financial literacy and the knowledge economy some of these theoretical underpinnings are important. The human capital theory appears to be driving the main discourse on the financial literacy and knowledge economy globally, with top organizations like the World Bank and the OECD using it in tandem with the knowledge economy to shape practical uses within society. If investment in the human capital succeeds, then skills and knowledge base is widened among the people resulting in better financial decisions and financial inclusion is enhanced. Several studies have concluded that financially literate humans have a better opportunity to be financially included. Financial education facilitates financial access and capabilities that aids consumers' return. Several scholarly research have documented the relevance of financial literacy for financial inclusion among people, whether poor or rich.

Despite the wide benefits brought about by the human capital theory in relation to financial access and investment enhancements, not all economists agree that human capital directly raises productivity and financial capabilities. In 1976, for instance, Harvard economist Richard Freeman argued that human capital only acted as a signal about talent and ability; real productivity came later through training, motivation, and capital equipment. He argued that human capital should not be taken as a factor of production. With the rise of behavioural economics in the 1980s and 1990s, more critiques were mounted against the human capital theory because it is mainly premised on the notion that human beings are not rational actors.

2.5 Empirical Review

This section will review the studies conducted by various authors and scholars on financial literacy and financial inclusion. This will be looked at in 3 parts, global, regional and local empirical review.

2.5.1 Global Empirical Review

Joseph, (2014) , conducted a study on financial inclusion and financial literacy in India and his major conclusion among others was that although there has been a significant change in recent years to overcome financial exclusion, there is still a lot more to be done globally in order to promote the use of financial services and access (financial inclusion). He further noted that financial inclusion is now a common objective for many central banks among the developing nations. The main objective of Joseph's study was to measure the intensity of financial inclusion and financial awareness among the people in India. The scope of the research was to explore the intensity of financial inclusion and financial literacy among people. The target group included unemployed/house wife, agriculturalists, Government employees, Non -Government employees and people engaged in business in India. This current research will focus on the effects of financial literacy on financial inclusion in Zimbabwe and sample data will be obtained from the rural community area of Mhondoro Mubayira Chegutu district. The methodology used in Joseph's (2014) study was use of both primary and secondary data collection sources. Secondary data was mainly taken from published books, periodicals and journals.

Joseph's study is significant and provides insights in the modern approaches to financial literacy and financial inclusion as it encourages active participation of each and everyone in the financial system of the country to promote effective functioning of financial systems. However, although his study focused on financial inclusion and financial literacy, it is observed that the research was short of depth on the impacts of financial literacy and not much was covered on financial literacy in India. On the contrary, this present study will look at financial literacy in detail, even the questionnaire seeks to gather a substantial amount of information about financial literacy in order to assess the level of financial literacy in Zimbabwe as well as the effects of financial literacy on financial inclusion in line with the stated objectives of the study. In addition, Joseph's study used both secondary and primary data as data collection methods. Secondary data is problematic and could have resulted in inaccurate findings of the study since the researcher did not collect the data himself and relied on what was obtained by others, as a result the researcher will have no control over what is contained in the data set. This research will however use primary data as it is more accurate and reliable. Questionnaire will be used to gather primary data.

Another global scholar, Grohmann, (2018) also conducted a cross country research globally on the relationship between financial literacy and financial inclusion. He posits that lack of financial inclusion is still a far reaching problem pointing that the Findex data for 2014 had revealed that 2 billion adults world over were still unbanked and although the numbers later dropped to 1.7 billion in 2017 it was found to be still significantly high representing close to 40 percent of adults in the world. Grohman (2018) further noted that knowing the determinants of financial inclusion is imperative and a necessary condition to formulate policy. The broad objective of Grohmann's study was to explain financial inclusion by a demand side variable, which is financial literacy, together with the supply of financial services. He further noted that the most common measure of financial inclusion that is studied in the literature (as LHS-variable) is having a bank account.

Grohmann's research objectives syncs with some of the current study in that observably, it also aims to study the level of financial literacy. However unlike in Grohmann's research finding that having a bank account is the most common measure of financial inclusion, the current study seeks to investigate other key determinants of financial inclusion other than mere access to bank accounts. The study came up with measures of financial inclusion and applied four groups of variables which are; (i) the information about financial infrastructure consisting of supply side of financial markets such as financial depth and bank branch penetration, (ii) general country characteristics such as GDP per capita and educational level, (iii) institutional characteristics with relevance for finance, such as the strength of the legal rights index, and finally (iv) a measure of financial literacy. Gohmann applied stepwise regressions using a simple Ordinary Least Squares (OLS) regression to investigate the share of account ownership in a country by the degree of financial literacy. However, this study will use the Pearson correlation analysis and multiple linear regression analysis to analyse the data. This is because it is regarded as the best method of measuring the association between variables of interest because it is based on the method of covariance and gives information about the magnitude of the association, or correlation, as well as the direction of the relationship. Notably, Gohmann's (2018) study mostly focused on the supply-side factors that may determine financial inclusion, such as bank branch penetration. This current study will however look at other determinants of financial inclusion such as demand sided factors like financial literacy and its impact on financial inclusion.

Hasan *et al* (2021) interestingly studied the impact of financial literacy on inclusive finance in Bangladesh. The objectives of Hasan's research were to investigate the impact of financial literacy on financial access through three the following sections (i) impact on banking access, (ii) impact on microfinance access, and (iii) impact on mobile banking access. He employed the logit and probit models to examine financial literacy's impact on getting financial access. Also, a robustness test was conducted using complementary log–log regression to prove the significance of expected models. His study revealed among other things that 53% of adult people in Bangladesh are excluded from financial access, especially low-income groups and that the country is an emerging market economy with an overpopulation of over 166 million people and one of the common challenges in such countries consists of access to financial products and services. Some of the findings of Hasan's study were that majority of the rural population was found to be out of formal financial services and millions of people in the countryside do not know about banking access, fintech and microfinance. Thus justifying the research as he concluded that research on financial literacy and financial access is highly demanded in Bangladesh. There are similarities between this study and Hasan's although his research objectives did not include policies to further improve financial inclusion hence this gap necessitated further research on the effect of financial literacy on financial inclusion in order to proffer policies to authorities of Zimbabwe. In addition, Hasan's research was conducted in an emerging country (Bangladesh), it would be interesting to carry out similar studies in a developing country like Zimbabwe in order to establish the level of financial literacy in Zimbabwe and if financial inclusion can be significantly affected by financial literacy hence the significance of my study. Hasan's study used 852 participants from three main populous cities in Bangladesh, including the capital (Dhaka) and the other two industrially developed cities (Gazipur and Narayongonj). Selected respondents were 18 years of age or over and should have at least earning sources and millions of people work in these major cities. This study however, will draw participants from a sample size of 384 rural households from the community of Mubayira growth point with a total population of 174,

126. This study's target participants are different from Hasan's target population of mainly urban dwellers.

It can be argued that although Hasan's research was well conducted and concluded that financial knowledge was one of the most influential forces to enhance financial inclusion, the researcher did not proffer other policies to authorities of Bangladesh on ways of enhancing financial inclusion in Bangladesh and many other developing nations. This study will fulfil this research area hence its inclusion on the research objectives.

Khan, (2021) carried similar research on the role of financial literacy in achieving financial inclusion in India. He argued that financial inclusion is looked as an international policy agenda that can be achieved through financially literate people, who are able to make sound financial decisions and enhance people's well-being. The objectives of Khan's study were to combine the literature at the centre of financial literacy and financial inclusion through a systematic mapping of study and literature review, the other objective was to study the evolution of financial literacy and lastly to identify gaps and suggest un researched areas for further investigation and to frame a context of previously done scholarly work in order to position new research activities through a content analysis and financial inclusion in empirical literature. The OECD 2013, supported Khan's policy assertions by recognising financial inclusion as an important policy tool to achieve Universal Financial Access (UFA) and the Sustainable Development Goals (SDG) by different developmental bodies and further pointed of high interest for policy makers in order to learn about drivers of financial inclusion and how these can be influenced by national-level policies. The study used data synthesis which was performed using both quantitative and qualitative techniques. The quantitative synthesis comprises scoping and bubble plotting to combine the frequencies from the intersection of different sub-research questions and includes a detailed bibliometric analysis.

Intriguingly, the findings of Khan's (2021) study were that financial literacy is the backbone of financial inclusion. This has some interesting similarities to the current study as it will also focus on the effect that financial literacy will have on financial inclusion and recommend policies to enhance financial inclusion. The previous studies by Khan and other scholars did not comprehensively look at the effect of other determinants on financial inclusion which include income, education, age, and gender and these are crucial factors in the study of financial inclusion. This leaves a research gap and justifies why further research needs to be further examined.

Similar studies on Financial inclusion were carried out by Kazemikhasragh, (2021) on Financial inclusion and education during the covid-19 pandemic emergency in Latin America and the Caribbean. Kazemikhasragh's study shows the importance of financial inclusion as well as the value of education and the use of technology. The primary objective of the study was to identify education and access to financial services in the region's countries during the pandemic. The other objective of the research was to highlight that opening a bank account, the number of branches, and ATMs are not necessarily indicators of financial inclusion. Kazemikhasragh's study had some of the following research hypotheses: Hypothesis 1: Education has a positive impact on financial inclusion. Hypothesis 2: The use of technologies increases financial inclusion. There are similarities between the objectives of Kazemikhasragh and this study in that both studies place education factor as an essential factor in influencing financial inclusion. However Kazemikhasragh's research and many others scholars before did not attempt to conduct an in-depth assessment of the level of financial literacy and did not adequately investigate in detail the effect financial literacy have on financial inclusion hence the justification of this current study.

On the methodology, Kazemikhasragh used both primary and secondary data to measure the impact of the level of education on financial inclusion. A pooled-panel regression technique was applied to investigate and analyse the relationship between financial inclusion based on the gender equality index and independent variables such as education level, technology use, number of borrowers, HDI and Gini. In addition, the study used the stringency index as the restrictions during Covid-19 to analyse the key variables related to the education and number of borrowers in Latin America and the Caribbean. The study's findings were that the use of technology has a strong relationship with financial inclusion-based gender equality. In addition, the research also concluded that increasing literacy without improving the education level does not positively impact financial inclusion. Kazemikhasragh's research and many other studies had a greater emphasis on gender issues and its implication on financial inclusion particularly how lack of support for women had left women financially excluded. For instance a study by Moşteanu (2020) supported Kazemikhasragh's (2021) research and pointed that the inclusion of women in new financial services resulted in increased investment and the growth of production and economic growth in the countries studied.

Kazemikhasragh’s (2021) study concluded that advancing education, HDI and the number of borrowers directly increase financial inclusion. While Kazemikhasragh’s (2021) focused on impact of financial inclusion on women, the current study will investigate the impact of financial literacy on financial inclusion in Zimbabwe focusing on adults regardless of gender. Further the current study will rely on primary data which is more reliable and first hand as opposed to use of both primary and secondary data.

Manu (2015) studied the determinants of financial inclusion and financial literacy in India. The research also investigated the degree of awareness of people on various financial services and products using both primary and secondary data. The objective of the study was to establish the key determinants of financial inclusion and financial literacy in India. Primary data was obtained from Kanuur District, Kerala. The study relied on multivariate tests like F and hypothesis tests to answer its objectives. Independent variables used to proxy financial inclusion were borrowings, savings, financial services used, credit refusal and refusal of financial services by the respondents. The study found a significant relationship between the research variables and financial inclusion. The present study will solely use primary data as it is more reliable and collected by the researcher on his or her own. The present study avoided secondary data because it is collected by someone else, usually for different purposes, so such data may not be suitable for directly answering the study under consideration. The lack of familiarity with the data means that you will need time to fully understand it. There may also be limited secondary data information.

2.5.2 Regional Empirical Review

Kasozi (2020) carried a similar research but focusing on the effect of financial literacy on financial inclusion in Uganda**.** Kasozi’s (2020) primary objective was to determine whether, and to what extent, financial literacy influences financial inclusion in Uganda and to develop a composite financial literacy index among other objectives. Kasozi’s study objectives were quite comprehensive and sought to establish a causal relationship between financial literacy and financial inclusion. Kasozi’s study objectives did not cover any policy recommendations or to include how authorities in Uganda could come up with ways of improving financial inclusion in the Eastern African country (Uganda) hence creating a research gap that culminated in this current study. This study’s objective will also attempt to assess the level of financial literacy in Zimbabwe focusing on rural Mubayira growth point ward 5 under Chegutu district. Kasozi (2020) study did not specifically assess the level of financial literacy justifying need for further research on this area since his studies mostly looked at the effect financial literacy has on financial inclusion in Uganda. Kasozi (2020) study used both primary and secondary data collection sources. While secondary data is quite useful in that it allows researchers and data analysts to build large, high-quality databases, however the shortcomings of relying on secondary data is that secondary data may not answer the researcher's specific research questions or contain specific information that the researcher would like to have. This current study will use primary data collection and this will be done through a questionnaire. Kasozi's key findings were that there is a positive correlation between mobile money use and the levels of financial literacy indicating that mobile money use stimulates financial literacy. However the research could not empirically verify this using the current data sets and he recommended future studies to investigate this possible link further.

The other findings by Kasozi (2020) were that financial literacy appears to have more constructs than are what is currently found in the literature. His research found that monitoring economic indicators and attitude towards technology are the new sub-constructs not common in the existing literature. He recommended further study to look at the possible prevalence of such constructs particularly among less developed economies where technology levels are lower and mobile money use is higher.

Kamanga's (2018) investigated the role of Financial Literacy in Financial Inclusion in Emerging Markets such as South Africa. The primary objective of his study was to verify and understand the relationship between financial literacy dimensions and financial inclusion in emerging markets with evidence from South Africa. The secondary objective of his study was to establish the relationship between financial literacy dimensions and use/ownership of financial products and services. He found that despite a tremendous increase in financial inclusion in South Africa, the country still continues to have a low savings culture and highly indebted households. These interesting findings have necessitated further research on other developing nations in Southern Africa especially in Zimbabwe hence the area of focus for the current study. The current study's secondary objectives are to look at other dimensions not considered in Kamanga's (2018) study that is to establish the other determinants of financial inclusion as a way of closing some of the research gaps. In addition, it would be interesting to examine the impact financial literacy and financial inclusion has in the Zimbabwean context were the economy is largely informal and very unstable compared to the South African economy which is more formal and stable. Kamanga's research also adopted a quantitative descriptive research strategy because it sought to establish a relationship between two quantifiable variables that is, financial inclusion and financial literacy. The aim was to use an appropriate statistical test to establish the influence of financial literacy on financial inclusion. The current study will also use quantitative data. Kamanga's study concluded that all financial literacy domains with the exception of financial planning, are positively and significantly related to use/ownership of financial products (financial inclusion). There was no evidence to suggest a relationship between financial planning and investments/savings neither was a relationship found between financial planning and banking products nor credit/loan products. This current study however, is an opportunity to understand the effect of financial literacy on financial inclusion and to appreciate the level of financial literacy in a largely informal and unstable economy were the financial sector is less developed such as Zimbabwe. In addition, this is a research area that was not exactly covered by Kamanga in his studies and has rarely been done in previous studies.

Shibia (2012) studied the effects of financial literacy on financial access in Kenya. The study used the 2009 Fin Access National survey which consisted of a sample size of 6,329 representatives. The control variables used comprised of age, education, income, region (urban or rural), distance to financial institution and gender. Through the use of a multinomial probit regression, the study established that financial education strongly predicts formal financial access in Kenya. The other control variables were also found to be important in explaining financial access in the country. The present study uses data from questionnaires and interviews and variables such as demographic information, financial inclusion parameters such as having a bank account or mobile bank account, and financial literacy parameters such as reasons for having a bank/mobile bank account, ability to do a budget, ability to transact on mobile account among other variables to determine the effect of financial literacy on financial inclusion in the Zimbabwean context.

Kiiza and Paderson (2002) studied how different variables affect households' financial savings mobilization in Uganda. These factors comprised of a degree of household, access to financial institution, work experience, region, educational level of the household head, financial institutions density in an area, and the level of information available to the households. The study used logistic regression, work experience, information available to the household, Coefficients of education, as well as region rural or urban were highly significant. The limitation of the research is that it was carried out long back in 2002, as such; a lot of variables have since changed since then such as the introduction of digital finance, access to mobile money schemes by financial institutions and the significant impacts of globalisation on financial institutions and on the economies of most developing economies. The banking sector and financial industry at large has lately been advancing technologically and have seen the emergence of complex financial products in the past decades .It is therefore necessary to conduct a new study investigating financial inclusion and financial literacy assessing data on modern variables such as online or digital banking access, financial knowledge on mobile transaction, accessing financial information on line among other new developments, hence the focus of the present study focusing on Zimbabwe.

Mishi, Vacu and Chipote (2012) carried a research on the role of financial literacy in optimizing financial inclusion in South African rural areas. The area of study was East Cape Province which was used as the sample study and relied on household survey data collected by Southern Africa Labour Development Research Unit (SALDRU). Quintile and OLS regression were used for analysis to achieve the study's objectives. The major findings of the study were that an Increase in financial literacy resulted in increase in financial inclusion. The main factors affecting financial inclusion were poor infrastructure, illiteracy, lack of awareness, ease of access to informal credit, and social exclusion, among others. This study by Mishi, Vacu and Chipote (2012) did not use primary data and mostly relied on a survey conducted by SALDRU. The current study will use primary data and apply relative importance index, which is suitable for such the study objectives.

Matasyoh 2020 conducted similar studies and looked at effect of financial literacy on financial access and savings in Kenya. The main objective of Matasyoh study was to find out the effect of financial literacy on financial access and savings in Kenya. The study used cross sectional data from two surveys and the comparison between the findings: FinAcess 2013 and FinAcess 2016 were used. The study used an exploratory research design to achieve its objectives by using a cross sectional FinAccess survey data of 2013 and 2016. Data was collected from Central Bank of Kenya, Kenya National Bureau of Statistics and FSD Kenya in Kenya. This study used multinomial logit to achieve its objectives. The present study will solely use primary data to achieve the objectives of the study.

2.5.3 Local Empirical review

Mhlanga and Dunga's (2020) study was to assess the levels of financial inclusion among the smallholder farmers and to investigate its determinants among the same. The study showed that education level, age of head of the family, off-farm income, and degree of financial literacy are key elements propelling financial inclusion among small-scale farmers in Zimbabwe. The study's objective was to assess the levels of financial inclusion among the smallholder farmers and to investigate its determinants among the same. They employed a household measure to assess the level of financial inclusion and multiple regressions to assess the determinants of financial inclusion. Mhlanga and Dunga (2020) used the systems theory and the financial literacy theory of financial inclusion as the key theoretical pillars of their study. They asserted that the systems theory of financial inclusion and the findings of financial inclusion are related through the functioning of the various existing subsystems.

In their study, Mhlanga and Dunga (2020) stated the significance of the financial literacy theory on their study by stating that the theory emphasies the willingness of individuals to subscribe to financial services offered by the formal financial sector is significantly driven by the level of financial literacy. Curiously, this theory argues that improving financial literacy of people through education is critical for achieving the financial inclusion agenda. With enhanced financial literacy, individuals can make use of additional formal financial sector products such as investment and mortgage products. According to the theory, financial literacy is used as a national strategy for achieving financial inclusion. It gives a platform for educating the populace on financial management and the advantages of utilizing formal financial service. This present study however used the Self-Efficacy and Financial knowledge theory, the institutional theory, human capital theory and the capability theory to further support the objectives of the study on effect of financial literacy on financial inclusion in Zimbabwe.

Other scholars such as Sanderson *et al.* (2018) investigated the determinants of financial inclusion in Zimbabwe. The objective of their study was to evaluate the determinants of financial inclusion in Zimbabwe. In terms of methodology, they modelled the determinants of financial inclusion using the logistic model and the probit model. The models estimate the probability that a person chooses a particular alternative and are usually used to forecast how people's choices will change under changes in demographics and or attributes of the alternatives. Their key findings were that age, education level, financial literacy, income and internet connectivity were the factors positively related to financial inclusion while documentation required to open a bank account and distance to the nearest access point were negatively related to financial inclusion. In another study by Mhlanga and Dunga (2020) agreed with the findings by Sanderson et al., (2020). However, Mhlanga and Dunga (2020) assessed the level of financial inclusion among the smallholder farmers in Manicaland province of Zimbabwe. The 44 study discovered that off-farm income, education level, distance, financial literacy and age of the household were the significant variables in explaining the determinants of financial inclusion among the smallholder farmers in Manicaland Province of Zimbabwe. Due to low emphasis being placed on assessing financial literacy levels, the current study focused on the effects of financial literacy on financial inclusion with part of the objectives being to measure the level of financial literacy using a financial literacy index and this has not been widely covered by most researchers. In addition, factors such as distance to the nearest bank have now being mitigated by digitalisation of financial systems and may not be a significant factor affecting financial inclusion at present. Such factors have not been given much prominence in this current study.

Chikweche, (2021) conducted a research to investigate the successes, gaps, limitations and failures of initiatives to improve financial inclusion in Zimbabwe and their potential impact on achieving citizen-centred inclusive socio-economic development. The objective of his study was to investigate the successes, gaps, limitations and failures of initiatives to improve Financial Inclusion in Zimbabwe and its potential impact in achieving inclusive socio–economic development that is citizen centred. The study used a hybrid data collection method comprising two phases. The first phase involved primary data collection using a national survey administered through face to-face interviews with MSMEs. The second phase involved a secondary data-based review of institutional studies on financial inclusion in Zimbabwe by critical stakeholders such as the Reserve Bank of Zimbabwe (RBZ) and Fin Mark Trust. Data analysis was made up of descriptive statistics supported by qualitative thematic content analysis of the responses. Data from the secondary data-based studies was analysed mainly using qualitative content techniques. The findings of the study confirmed the low levels of asset ownership among MSMEs with variations across the different formats. Data collected from respondents and secondary data found that there was lack of awareness and education on financial products and services and complexities in the processes of loan applications. Access to information and knowledge of financial products influences to a large degree the extent, the quality and success of financial decisions made on behalf of an enterprise or individuals. The study also found that there are some barriers to financial inclusion in Zimbabwe which include mistrust in the financial services system and the regulatory sector. This was largely as a result of Zimbabwe's historical context of hyperinflationary which caused loss of value in people's savings and investments, such as pensions, deposits and savings. The current study's objectives will be to establish the link between financial literacy and financial inclusion and will use a financial literacy index to measure the level of financial literacy. In addition, unlike Chikweche's research which used mixed data collection method, the current study will instead use quantitative data analysis and primary data as collection methods.

Mashizha *etal* (2019) ascertained the level of financial literacy among SMEs business owners. The study was conducted in two provinces of Zimbabwe, namely, Harare and Mashonaland Central Province including small and medium enterprises (SMEs) already operating. The objective of this study was to identify factors that influence the financial literacy levels. A quantitative cross-sectional research design was employed, with data collected by means of a questionnaire administered to a sample of 384 SMEs in Harare and Bindura districts. Findings showed lower levels of financial literacy among SMEs. The major variables affecting financial literacy levels were found to be interest rates and inflation. The present study will however, focus on the effect of financial literacy on financial inclusion not from a targeted group such as SMEs or businesses. The current study will target the local rural community and use primary data to collect data gathered through questionnaires. The area of focus on the current study being a rural growth point of Mubayira under Chegutu district and no urban area will be considered.

2.6 Conceptual model of Financial literacy

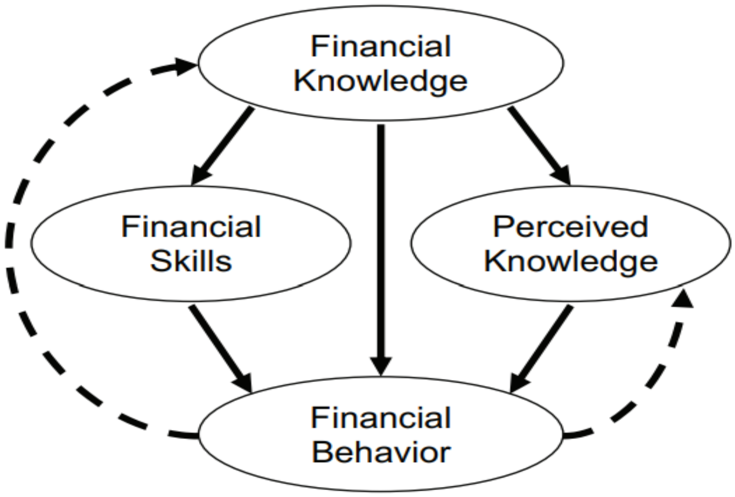

Figure 2.2: Conceptual Financial Literacy

Data Source: Angela A Hung, 2014

The above diagram depicts a mutual relationship among financial knowledge, skills, and behaviour, and should all be considered in an overarching conceptualization of financial literacy. Financial knowledge represents a particularly basic form of financial. On the other side, financial knowledge, is reflected in perceived financial knowledge and influences financial skills that depend on knowledge. Actual financial behaviour, in turn, depends on all three (actual knowledge, perceived knowledge, and skills). Finally, the experience gained through financial behavior feeds back to both actual and perceived financial knowledge.

2.7 Conceptual framework of financial inclusion

According to Hasan *et al*, 2021, financial access is categorised into three parts, financial access through banking, financial access through microfinance, and financial access through financial technology (mobile banking). This theoretical structure is given in Figure 2 below.

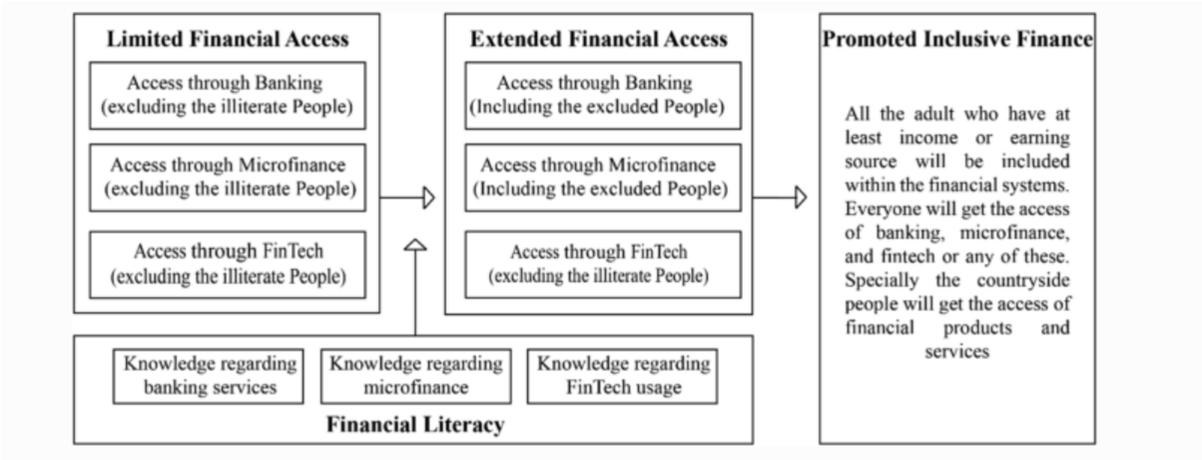

Figure 2.3: Conceptual framework: 3 Stages of promoting Financial Inclusion

Data Source: Adapted from Hasan *et al*. Financial Innovation (2021)

According to Figure 2 above, there are three stages of promoting inclusive finance: limited financial access, extended financial access, and advanced inclusive finance. The concept of promoted inclusive finance as borrowed from Hasan *et al*. 2021 observes that in the limited financial access stages, illiterate people are completely excluded from financial institutions' products and services. In the second stage of financial access extension, financial literacy operates as a moderating factor. Financial literacy helps to provide necessary financial knowledge to the rural illiterate people. From achieving proper financial knowledge relating to financial activities and services, those people are also included in the financial access group. Finally, the theory of more financial involvement of vulnerable and rural people contributes more to the rural economy, and the country's entire economy positively affects rural finance promotion. All the adults who have at least an income or earning source will be included within the financial systems.

2.8 An overview of financial literacy in Zimbabwe

In Zimbabwe, Financial literacy is considered as one the of key pillars of the National Financial Inclusive strategy, and recent studies have found that Zimbabwe has low levels of financial literacy this is despite the fact that the country has relatively high general literacy levels at 92% as per the World Bank Consumer Protection and Financial Literacy Review that was conducted in 2014. According to the Reserve Bank of Zimbabwe, 2022 Financial inclusion in Zimbabwe is a top priority area, with the strategic objective being to develop sound financial markets, and drive inclusive economic development in tandem with the country's development goals as outlined in the National Development Strategy 1 mantra of leaving no one and no place behind. The RBZ financial inclusion bulletin report 2022, further points that several initiatives were launched leading to the launch of the National Financial Inclusion Strategy II (NFIS II) in October 2022. Some of the initiatives included the introduction and commissioning of two Fin Scope Surveys, the Consumer, stakeholder consultations on the survey results and MSME surveys, formulation of a sound credit infrastructure, launch of financial literacy programs, and capacity building of the financial inclusion team through peer learning visits. In addition, a significant number of financial literacy promotional campaigns were kick-started to raise the level of awareness of financial products and services. These programs included the Global Money Week (GMW) celebrations, financial literacy programs in schools and colleges, and participation in women group meetings on financial inclusion and presentations at MSME conferences.

Despite the above highlighted efforts, a significant proportion of the local population is believed to be still financially excluded particularly the vulnerable community in rural areas and a section of the urban dwellers. Studies have also interestingly revealed that women in urban areas have greater access to financial services than those in rural areas. This supports findings of the (Fin scope Survey, 2014) that financial inclusion is much higher among the urban population (89%) compared to the rural population (62%) where two thirds of Zimbabwean adults reside.

2.9 Chapter conclusion

The foregoing chapter outlined financial literacy within the financial inclusion paradigm. It began by providing an overview of the evolution of financial inclusion and financial literacy, and then defined some key terms to describe the focus of the study. Thereafter, it moved to theoretical review, empirical review and the conceptual frameworks of both financial literacy and financial inclusion. The next chapter, research methodology will incorporate some of these findings to outline methodological issues by outlining the study area, research design, provide the data sources, data analysis, , provide an explanation of variables used and their measures, software used to analyse, and the general analysis procedure

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter focused on the literature of the study. The chapter gave an overview of the evolution of financial inclusion and financial literacy, provided definition of key concepts then outlined the theoretical, empirical reviews then concluded with some conceptual frameworks. This section will focus on the methodology and explanation of the research design. The methodology outlines approaches to be used in collecting data on the effect of financial literacy on financial inclusion targeting the rural communities in Mubayira ward 2, Mhondoro, Zimbabwe. Questionnaires will be used to collect the data. This section details the research method, research design, data sources, population and sampling, research instruments and data collection and analysis procedures. Lastly, this chapter seeks to also provide clarification of how the research will maintain data validity and reliability.

3.2 Research Paradigm

The positivist research paradigm is appropriate for this investigation. According to the positivist paradigm, there is only one reality that can be scientifically investigated and quantified. In quantitative research, which involves the gathering and analysis of numerical data, this paradigm is frequently applied. In order to get more in-depth and detailed responses to the study topic, the researcher used a mixed method that combined quantitative and qualitative techniques (Ahin & Ztürk, 2019). Because the goal of this study was to explore the causal relationship between structured financing choices and financial performance, the mixed-method approach was appropriate. The ideal approach for studying this kind of interaction was quantitative. The study applied its conclusions to additional community in Chegutu. A quantitative technique was used more successfully since it enabled the data to be gathered from a large number of individuals. The study aspires to objectivity and impartiality. According to the positivist paradigm, there is only one reality that can be objectively researched, which is consistent with the goal of this study.

3.3 Research design

The term “research design” describes the broad strategy that could be used to rationally and cogently combine the many components of the study. This is done to make sure the researcher explicitly addresses the subject of the inquiry (Kothari, 2004). To determine the relationship between financing alternatives and the financial performance of the small and medium firms, the researcher employed a descriptive survey design technique.

The researcher proposes a mixed or hybrid approach method. According to Ventakesh *et al* (2015), Mixed Research method is defined as an outline of carrying out a research, gathering and scrutinising as well as a mixture of both qualitative and quantitative data in one research. Kowalczyk (2015) recommended mixed approach method as it delivers deep appreciation of the research problem. Kowalczyk (2015) pointed limitations of applying qualitative and quantitative as separate methods and these limitations are compensated by delimitations of mixed research method. On the qualitative side, interviews and focus groups will be used to gather data on financial literacy and financial inclusion variables. The quantitative approach will involve a careful observation and measurement of the existing objective reality in order to either support or refute existing theory and make policy recommendations where applicable. (Creswell, 2003: 7). The research design is meant to validate whether the change in the dependent variable, which is financial inclusion, is caused by a corresponding change in the independent variable, which is financially literacy, and not any other variables outside this study.

3.4 Study area and choice of area

The study will be conducted in Mhondoro Mubayira area under Chegutu district situated in Mashonaland West Province. According to the Zimbabwe Election Support Network (ZESN) 2015, the area consists of nine (9) wards covering areas such as Mubayira Growth point, Marisamhuka, Watyoka, Denga, Chakara and Monera. The constituency is predominantly rural with people heavily reliant on subsistence farming for survival. The road infrastructure in the constituency is old due to lack of maintenance and is in need of urgent resurfacing. According to World food program report 2020, Chegutu district is located in Mashonaland West province of Zimbabwe and boarders with Seke district to the North, Sanyati to the South, Mhondoro-Ngezi to the East and Zvimba to the West. In addition, there is a shared boundary with Makonde district. There are 29 rural administrative wards under the authority of Chegutu RDC that has its offices in Chegutu town, Mubayira and Dombwe. The estimated total rural population is 174, 126 with 50.1% being males and 49.9% females. The district covers approximately 436, 200 hectares and of these 99, 877 hectares (22.91 %) is arable, 45, 000 hectares (10,31%) under forestry, 291 323 hectares (66,78%) is grazing land. The average annual cropping area for the district is 31, 307 hectares representing 7% of the total district area. The main rural business centres are Murena and Rukuma ward 1, Neuso ward 2, Musinami ward 3, Mubayira ward 4, Rwizi ward 5, Dzapata ward 6, Watyoka ward 7, Chingwere ward 8, Nyamweda ward 10, Selous ward 11 and 13 and Dombwe ward. The area was chosen for research because it being a geographical area of interest to the researcher due to it being the rural home of the researcher area. The other reason for selecting of this Mubayira growth point ward 5 is the desire to uplift the local communities of the farming population in Mhondoro and Zimbabwe at large in terms of financial literacy level and financial inclusion.

Ward 4 Mubayira growth point (Chegutu district) Map

Figure 3.1: Mubayira Ward 4, Chegutu district map

Data Source: Zimstats 2022

3.5 Data sources and collection methods

Primary data for the quantitative strand of the research study will be collected through questionnaire items. Primary data is information that is gathered directly from the source, or first-hand information.

A standardized questionnaire will serve as the primary data-gathering method for in-person interviews. Enumerators will be hired to help in data collection. Both open-ended and closed-end questions will be included in the Questionnaire. Open-ended questions can be used to obtain primary data because they enable respondents to provide more details. While respondents can respond more quickly and easily to closed-ended questions, it is simpler to compare, code, and do statistical analysis on less relevant responses from various respondents. The questionnaire will consists of a broad scope of questions ranging from individual demographics to access to bank accounts, mobile bank, reasons for opening bank accounts, money-generating activities and expenditure, budgeting abilities, savings, borrowings, payments and knowledge about financial products/services and service providers

3.5.1 Primary Data Collection

According to Shuttleworth (2008), the researcher collects this first-hand knowledge from an observer of the event under inquiry for a specific reason. It is unmediated information in its purest form. Surveys were used by the researcher to collect primary data.

3.5.2 Data collection Instruments

A questionnaire, which consists of a series of questions intended to collect both qualitative and quantitative data from respondents, is a major data gathering technique, according to (Abawi, 2013). In addition to being affordable, questionnaires provide for participant privacy (Kumar, 2011). The researcher had the advantage of gathering a lot of first-hand information quickly using questionnaires, although not all of them were returned. This was feasible because the surveys were self-administered by the respondents. The questionnaire is divided into four sections: A, B, C, D, and E. To collect both qualitative and quantitative data, structured questionnaires containing both open- and closed-ended questions were used. Dicoton (2017) adds that enormous amounts of data can be gathered from a lot of individuals quickly and reasonably affordably. It can also be done by the researcher or by any number of people with little impact on the data's validity and dependability. The survey was delivered through email.

3.6 Population size

According to World food programme Chegutu district food and nutrition profile report of 2020, the estimated total rural population of Mubayira was estimated at 174,126 with 50.1% being males and 49.9% females. The study’s target household population for Mubayira growth point ward 4 under Chegutu district is 766. Geographic representation will be used in which a sample of the total population in ward 4, would be selected using a probability proportional to size (PPS).

Given the total rural population of 174,126 and the target household population for Mubayira growth point ward 4 of 766, we can use the following formula to calculate the actual number of households to be reached out:

Population size = (Target household population * Total rural population) / Ward 4 population

Where:

- Population size is the number of households to be reached out.
- Target household population is the total number of households in ward 4 that the study aims to reach.
- Total rural population is the total number of people living in rural areas in Chegutu district.
- Ward 4 population is the total number of people living in ward 4.

Population size = (766 * 174,126) / 6,000

Population size = 21,783.16

Since a fraction of a household cannot be obtained, it is rounded down to the nearest whole number. Therefore, the actual number of households to be reached out is 21,783.

The formula used to arrive at this targeted number of respondents is called probability proportional to size (PPS) sampling. PPS is a sampling method where the probability of selecting a unit is proportional to its size. In this case, the size of a unit is the number of people in a household. PPS sampling is often used when the population is not uniform, such as when the population is made up of different ethnic groups or socioeconomic classes.

3.7 Sampling Plan

According to Som (2015), sampling is the process through which conclusions about the whole are drawn from the evaluation of just one component. By examining a small number of well-chosen components, sampling aims to provide various types of statistical information, either qualitative or quantitative, about the whole. Selecting a suitable sampling frame, sample size, and sampling process are some sampling-related considerations. (David 2012).

3.7.1 **Sampling Frame**

The samplings frame is the set of elements from which the sample is drawn (Smith et al., 2008). The list of all study population units that can be chosen for the study serves as the sampling frame for the investigation. The list of all SMEs registered with the Harare City

Council served as the sampling frame for the study on how structured financing alternatives affected the financial performance of SMEs in Harare. The true number of SMEs operating in Harare, however, is likely to be substantially greater given that many do not register with the government, as was already indicated. Consequently, the researcher employed an alternative sample frame, such as an industry organization or a business directory.

3.7.2 Sample Size

Geographic representation will be used in which a sample of the total population in ward 4, would be selected using a probability proportional to size (PPS). According to Dattalo (2008), the sample size is more important for determining the accuracy with which population values can be approximated,. The researcher must choose the right sample size for the study in light of this effect. A formula created by Trek (2015) called the Stat Trek's Sample Size Calculator was used to obtain a statistically representative sample size from a known population was used to estimate the sample size of the study.

With a total ward population of 766, the calculation of the sample size for the study's target household population for Mubayira growth point ward 4 under Chegutu district, using a 95% confidence interval was determined as follows:

Step 1: Determine the population size (N)

The population size is given as 766 households.

Step 2: Determine the desired confidence level (α)

The desired confidence level is 95%, which means that we want to be 95% confident that our sample estimate will be within the true population proportion ± the margin of error.

Step 3: Determine the desired margin of error (d)

The desired margin of error is not given, so we will assume a margin of error of 5%. This means that we want our sample estimate to be within 5% of the true population proportion.

Step 4: Calculate the sample size (n)

Using the formula for sample size, we can calculate the sample size as follows:

n = Z^2 * p(1 - p) / d^2

Where:

n is the sample size

Z is the z-score for the desired confidence level (1.96 for 95% confidence) p is the estimated proportion of the population with the characteristic of interest (since we don't know the exact proportion, we will use an estimated proportion of 0.5)

d is the desired margin of error (0.05)

n = (1.96)^2 * 0.5(1 - 0.5) / (0.05)^2

n = 384

Therefore, the sample size for the study's target household population for Mubayira growth point ward 4 under Chegutu district, using a 95% confidence interval and a margin of error of 5%, is 384 households. Questionnaires will be distributed to the sample population via email.

3.7.3 Sampling Technique

Sampling strategies are utilized to provide the researcher with the units that will be part of the research sample (Dhivyadeepa, 2015). According to Dhivyadeepa (2015), there are two sorts of sampling techniques: probability sampling techniques and non-probability sampling techniques.

In a probability sampling technique, each sampling unit has a known probability of being selected and comprised of the sample (Nargundkar, 2008). They also include stratified random sampling, basic random sampling, multi-stage sampling, cluster sampling, systematic sampling, and multi-stage sampling. Non-probability sampling, on the other hand, is the opposite of probability sampling; as a result, it eliminates the possibility of selecting other parts of the target population (Daniel, 2012). Dhivyadeepa (2015) claims that the following sample methods are taken into account: quota sampling, self-esteemed sampling, convenience sampling, snowball sampling, and purposive sampling.

This study will use a Probability proportional to size (PPS) sampling. This is a sampling process where each element of the population has some chance to be selected to the sample when performing one draw.

3.8 Variables under study

Mishi *et al.* (2012) use financial literacy variables as the ability to manage money and the ability to read English, while financial inclusion as bank access that is ownership of a bank account. This study will use variables on financial inclusion indicators as described by the Global Partnership Financial Inclusion (GPFI) and the WBG as the dependent variables and financial literacy dimensions as defined by the OECD/INFE as the independent variables. The dependent variables as shown on the questionnaire include ownership of banking products, investment and savings products, credit and loan products as well as insurance products. The selection of these variables is based on the various literatures and commonly guided by GPFI and findex reports. The World Bank also categorises the financial inclusion indicators selected for the purposes of this study as key indicators of financial inclusion. The study will also use financial knowledge such as why one needs to open a bank account and knowledge about where to obtain funds for emergencies or income generating projects financial skills such as ability to invest and transact on mobile bank application, financial confidence, financial information seeking and low financial inclusion as financial literacy variables. A financial literacy index will be used to measure the level of financial literacy while questionnaires will be used to assess financial inclusion variables.

3.9 Description of the Variables

(a) Dependent Variable

Financial Inclusion being the dependent variable in the model used for data analysis, is measured in terms access, usage and quality of financial services/products according to the GPFI. This study will focus on one of the access indicators and three of the usage indicators, which are the dependent variables, namely; ownership of a banking product; ownership of investment/savings products; ownership of credit/loan products; and ownership of insurance products. This study is focused on ownership of formal financial products and thus variables only apply to those owning a financial product at a financial institution such as a bank, credit union, cooperative, post office, microfinance institution and a mobile money account (Demirgüç-Kunt & Klapper, 2012; Demirgüç-Kunt , Klapper, Singer, & Oudheusden, 2015).

(b) Independent Variables

The independent variables include financial knowledge, financial behaviour, financial attitude and financial awareness. The research team at HSRC developed a theoretical framework with four domains to explain these variables which include financial knowledge and understanding, financial control, financial planning, and product choice and awareness to represent financial knowledge, financial behaviour, financial attitude and financial awareness respectively.

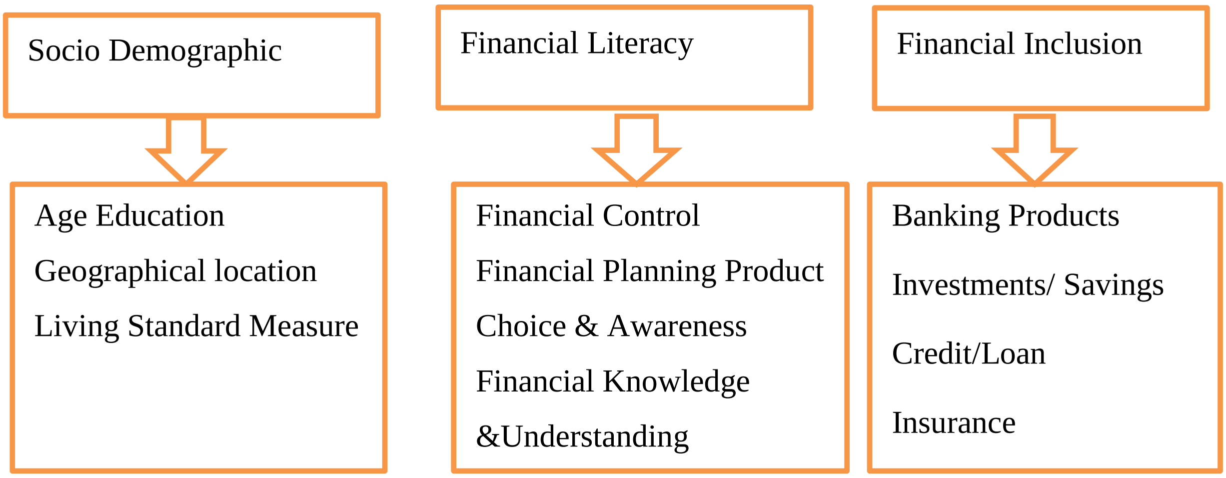

Figure 3.2: A summary of the study variables

3.10 Ethical Consideration

Research ethics, according to Hammersley and Traianou (2012), are a set of moral standards that one should adhere to when doing a specific type of study. The guidelines of the researcher adhered to when conducting the study are listed below:

(i) The researcher must ensure that there is no harm done to the subjects (Leavy, 2014). In order to protect the participants' reputations from being damaged, the researcher did not publish any of the material she collected from them. When conducting research, the notion of consent is crucial (Gregory, 2003). In order to proceed with this research, the researcher first obtained permission from the Great University of Zimbabwe.

(ii) The researcher also obtained permission from the participants before gathering data. The participant signed the consent form contained in the questionnaire that would be delivered by the researcher as proof of their agreement. According to Tracy (2012), the researcher must be open and truthful with the participants about the research's objectives. As a result, the researcher was honest with the respondents about any information that would be required for the study and promised not to use the participants' information for any other purposes.

3.11 Data Analysis and Presentations of Findings

Information analysis, according to William (2003), is the complete procedure that starts as soon as the data are collected and concludes when the results are really analysed. It offers coding, classifying, analysing, and modifying obtained data to ensure accuracy and completeness. Data analysis using quantitative methods was. After coding, the important information gathered through the questionnaire was loaded into SPSS 20 (Statistical Package for Social Sciences). In order to efficiently analyse the relationship between financial inclusion variables and financial literacy and socio-demographic variables both descriptive analysis (percentages, standard deviation, means), as well as inferential statistics (Pearson correlation analysis and multiple linear regression analysis), were used to analyse the data. This study's primary objective is to establish the effect of the independent variable over the dependent variable. In addition, this model has not been frequently applied in this area of study by previous researchers.

The process of data presentation and analysis involves categorizing and developing the information that has been collected through research and data interpretation. Making the data comprehensible and useful for the purposes for which it was acquired is the objective (Mark, 2012). Because it detects information gaps, redesigns questionnaires, and establishes quality objectives for the data, this component of the study is crucial (Jackson and Ross, 201

Table 3.1: Data presentation and analysis

Objective	**Data Required**	**Presentation Tool**	**Analysis Tool**
To assess the level of financial literacy in Zimbabwe	➢ Quantitative ➢ Qualitative	➢ Tables	➢ Mean score Index ➢ Relative Importance Index (RII)
To determine the effects of financial literacy on financial inclusion in Zimbabwe	➢ Quantitative	➢ Tables	➢ Mean Frequency Index ➢ Pearson Correlation
To establish the other determinants of financial inclusion	➢ Quantitative	➢ Tables	➢ Mean Frequency Index

3.12 Chapter Conclusion

This chapter detailed the methodology and outlined how Quantitative and qualitative data will be triangulated to provide a more comprehensive and detailed understanding of financial literacy and financial inclusion in Mubayira area Ward 4. This involves comparing and contrasting findings from both data sources to identify convergence and divergence, leading to a more holistic interpretation of the results. The study will adhere to ethical principles throughout the research process. Informed consent will be sought from all participants and confidentiality will be maintained throughout the study, while data will be handled with care. The next chapter is data analysis, presentation and interpretation.

CHAPTER 4

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.0 Introduction

The previous chapter looked at the methodology of the study and outlined how Quantitative and qualitative data will be used to provide a more comprehensive and detailed understanding of the study. This chapter gives an in-depth exploration of the findings relating to the analysis of effects of financial literacy on financial inclusion in Zimbabwe**.** This chapter presents an amalgamation of the findings from the survey in which questionnaires and interviews were employed as the research tools. The results were analysed using IBM Statistical Product and Services Solution (SPSS v23) and Microsoft Office Excel 2019 Software Package. Data was presented with the use of pie charts, graphs and tables for easy comprehension.

4.1 Discussion of the response rate

This section contains information mainly from section A of the questionnaire. It is dedicated to obtaining knowledge of the respondents and their demographic characteristics. It includes the respondent's age, respondent's profession, experience, religion, marital status usually undertaken and response rate of questionnaires.

4.1.1 Response Rate

Of the 384 questionnaires distributed, 280 was duly completed and returned to the researcher, giving an overall response rate of 73%. The response rate of 73% was quite significant enough to justify the study and therefore gave integrity to the findings that are presented and discussed in this chapter. According Martella *et al* (2013), response rate of 50% is satisfactory for data analysis, 60% is considered to be good, while 75% is considered excellent. The response rate for the questionnaires is shown in Table 4.1.

Table 4.1: Response Rate

Target Population	Distributed Questionnaires	Response Rate
384	**280**	**73%**

Source: Research Findings (2023)

The standard expectation of a response rate varies depending on the type of survey, the population being surveyed, and the method of survey administration. However, in general, a response rate of 50% or higher is considered to be good. A response rate of 70% or higher is considered to be excellent. Therefore, the response rate of the survey was 73% which is considered to have met the standard expectations.

4.1.2 Socio-demographic analysis

The Table below shows the distribution of the socio-demographics of the respondents that took in the study.

Table 4.2: Socio-demographic analysis

Variable	**N**	**%**
Gender		
Male	138	49.3%
Female	142	50.7%
Age		
18-24 years	36	12.9%
25-30 years	58	20.7%
31-36 years	65	23.2%
37-42 years	60	21.4%
43-47 years	35	12.5%
Above 48 years	36	9.3%
Educational Level		
Not Educated	37	13.2%
Primary School	49	17.5%
Secondary School	55	19.6%
Diploma/ Certificate	56	20%
Bachelor’s Degree	51	18.2%
Master’s Degree	32	11.4%
Type of Occupation		
Employed Full Time	41	14.6%
Employed Part Time	68	24.3%

Self-Employed	68	24.3%
Student	52	18.6%
Unemployed	51	18.2%

Source: Research Findings (2023)

The socio-demographics of the respondents in the table are as follows:

Gender

The sample is almost evenly divided between males and females, with 49.3% of respondents being male and 50.7% being female. This suggests that the study is representative of the gender distribution in Ward 4 of Chegutu district.

Age

The age distribution of the sample is fairly evenly distributed across all age groups, with the exception of the 18-24 years age group, which is underrepresented. This may be due to the fact that young people are more likely to be in school or unemployed, and therefore less likely to be available to participate in the study.

Educational Level

The majority of respondents (40.8%) have a secondary school education or higher. This suggests that the sample is relatively well-educated. However, there is also a significant number of respondents (26.7%) who have no education or only primary school education. This suggests that there is a need for financial literacy programs targeted at people with low levels of education.

Type of Occupation

The majority of respondents (48.9%) are employed full-time or part-time. This suggests that the sample is representative of the employment status of adults in Ward 4 Chegutu. However, there is also a significant number of respondents (18.6%) who are unemployed. This suggests that there is a need for financial literacy education programs that can help people to develop the skills they need to find and secure employment. Overall, the demographics of the sample suggest that it is representative of the adult population of Ward 4 Chegutu. This means that the findings of the study can be generalized to the wider population. This means that people who are more financially literate are more likely to have access to and use financial products and services. The study also found that there are a number of demographic factors that are associated with financial literacy, such as age, education level, and type of occupation.

This suggests that financial literacy programs should be targeted to the specific needs of different demographic groups.

4.1.3 Socio-Demographics Descriptive Statistics

The following Table 4.3 describes the descriptive statistics of the socio-demographics of the study

Table 4.3: Socio-Demographics Descriptive Statistics

Statistics					
		Gender	Age	Level of Education	Type of Occupation
N	Valid	280	280	280	280
	Missing	0	0	0	0
Std. Deviation		.50084	1.48381	1.56543	1.32246
Variance		.251	2.202	2.451	1.749
Skewness		-.029	.195	-.005	.067
Std. Error of Skewness		.146	.146	.146	.146
Kurtosis		-2.014	-.860	-1.079	-1.130
Std. Error of Kurtosis		.290	.290	.290	.290

Source: Research Findings (2023)

Gender

The mean value for gender is -0.01. This indicates that the sample is almost evenly divided between males and females.

The standard deviation for gender is 0.50. This suggests that the gender distribution of the sample is relatively spread out.

The skewness for gender is -0.03. This indicates that the distribution of gender is slightly skewed towards males.

The kurtosis for gender is -2.01. This indicates that the distribution of gender has a flatter peak than a normal distribution.

Age

The mean value for age is 28.83 years.

The standard deviation for age is 1.48 years. This suggests that the age distribution of the sample is relatively narrow.

The skewness for age is 0.20. This indicates that the distribution of age is slightly skewed towards younger ages.

The kurtosis for age is -0.86. This indicates that the distribution of age has a flatter peak than a normal distribution.

Level of Education

The mean value for level of education is 2.28. This indicates that the majority of respondents have a secondary school education or higher.

The standard deviation for level of education is 1.57. This suggests that there is a wide range of education levels in the sample.

The skewness for level of education is -0.01. This indicates that the distribution of level of education is almost symmetrical.

The kurtosis for level of education is -1.08. This indicates that the distribution of level of education has a flatter peak than a normal distribution.

Type of Occupation

The mean value for type of occupation is 2.12. This indicates that the majority of respondents are employed full-time or part-time.

The standard deviation for type of occupation is 1.32. This suggests that there is a wide range of occupation types in the sample.

The skewness for type of occupation is 0.07. This indicates that the distribution of type of occupation is almost symmetrical.

The kurtosis for type of occupation is -1.13. This indicates that the distribution of type of occupation has a flatter peak than a normal distribution.

4.2 Reliability Testing and Analysis

Reliability of items on the questionnaire were tested using Cronbach's Alpha. The Cronbach's Alpha obtained was 0.519 which was considered reliable as it is above the minimum threshold of 0.509. Table 4.4 below presents information relating to reliability testing of data questionnaire answering.

Table 4.4: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
0.519	0.509	29

Source: Research Findings (2023)

A Cronbach's alpha coefficient of 0.519 considered to be moderate levels of reliability. This means that the items on the scale are somewhat related to each other and that the scale is somewhat consistent in measuring what it is supposed to measure. However, it is important to note that a moderate level of reliability is not ideal. A higher level of reliability would be preferable.

4.3 Analysis and Discussion of Research Data

The following sections show the findings of the study.

4.3.1 Data Analysis for Objective 1

The purpose of objective 1 was to assess the level of financial literacy in Zimbabwe. To achieve the objective, Likert Scale questions were asked. The results of data analysis for each question are presented below.

Table 4.5: Financial Literacy Descriptive Statistics

	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
If you need an emergency fund, do you know any place or institution you can approach?	1.5071	.50084	-.029	.146	-2.014	.290
Have you ever borrowed money from	1.5071	.50084	-.029	.146	-2.014	.290

any financial institution?						
Do you have any insurance policy ?	1.5071	.50084	-.029	.146	-2.014	.290
Have you ever invested or thought of investing money?	1.5071	.50084	-.029	.146	-2.014	.290
Do you know what a budget is?	1.5071	.50084	-.029	.146	-2.014	.290
If yes have you ever done a personal budget or household budget?	1.5071	.50084	-.029	.146	-2.014	.290
Would you ever attempt your luck on a pyramid investment scheme which gives high and quick returns on your investment?	1.5071	.50084	-.029	.146	-2.014	.290
How confident are you when filling in forms at the bank?	2.1429	1.05458	.542	.146	-.909	.290
How confident are you when Transferring money from bank to mobile money account?	2.2500	1.00981	.365	.146	-.941	.290
How confident are you when understanding bank statements?	2.2893	1.03274	.380	.146	-.987	.290
How confident are you when keeping tracking of your account balance?	2.3571	1.03398	.221	.146	-1.096	.290

How confident are you when making a money transfer (e.g., paying a bill)?	2.5000	1.01247	.000	.146	-1.090	.290
If yes, what where the reasons for such a borrowing?	2.5679	.99589	-.035	.146	-1.050	.290
What were the reasons why you decided to open a bank account or mobile money account?	3.4679	1.56543	-.005	.146	-1.079	.290
If borrowed from banks, which of the following reasons led to this choice?	3.6464	2.40370	5.503	.146	43.360	.290
How frequently do you save in your account?	3.7964	1.54432	-.302	.146	-.841	.290
Valid N (listwise)						

The data consists of responses to a series of questions about financial literacy from a sample of residents of Ward 4 Chegutu, Zimbabwe. The questions cover a wide range of topics, including knowledge of financial products and services, budgeting, saving, and borrowing. The descriptive statistics for the data show that the mean score for all of the questions is close to 2, which indicates that the overall level of financial literacy in the sample is moderate. However, there is a wide range of scores, with some respondents scoring very high and others scoring very low. This suggests that there is a need for targeted financial literacy programs in Ward 4 Chegutu.

Specifically, the data suggests that there are gaps in financial literacy in the following areas:

1. Knowledge of emergency funds: A significant number of respondents (49.3%) do not know any place or institution they can approach if they need an emergency fund.
2. Experience with borrowing: A significant number of respondents (49.3%) have never borrowed money from any financial institution.

3. Experience with investing: A significant number of respondents (49.3%) have never invested or thought of investing money.
4. Financial confidence: Many respondents lack confidence in their ability to perform basic financial tasks, such as filling out forms at the bank (54.2%), transferring money from bank to mobile money account (36.5%), understanding bank statements (38.0%), keeping track of their account balance (22.1%), and making a money transfer (e.g., paying a bill) (0.0%).
5. Reasons for borrowing: The most common reasons for borrowing money were to start or expand a business (45.2%), to pay for school fees (36.5%), and to pay for medical expenses (30.4%).
6. Reasons for opening a bank account or mobile money account: The most common reasons for opening a bank account or mobile money account were to store money safely (82.1%), to receive and send money (76.4%), and to pay bills (53.8%).
7. Frequency of saving: The most common frequency for saving money was monthly (54.8%), followed by weekly (30.4%) and annually (15.2%).

4.3.1.1 Financial Knowledge

Emergency Funds: A significant proportion of respondents (61.2%) do not know where to approach for an emergency fund.

Financial Institutions: While 61.2% have borrowed money, only 32.1% have insurance policies, indicating limited understanding of risk management and financial protection.

Investments: Only 32.1% have ever invested or considered investing, suggesting a need for financial education to promote long-term financial planning.

Budgeting: While 61.2% know what a budget is, only 32.1% have ever created a personal or household budget, highlighting a gap between financial knowledge and practical application.

4.2.1.2 Financial Behaviours

Pyramid Schemes: Only 32.1% would consider investing in pyramid schemes, indicating some awareness of financial scams.

4.3.1.3 Financial Confidence

Regarding of the banking transactions abilities, respondents generally expressed moderate confidence in filling out bank forms (50%), transferring money (55.6%), understanding bank statements (57.1%), tracking account balances (60.3%), and making money transfers (62.5%).

4.3.1.4 Reasons for Borrowing

Business-Related Loans: The most common reason for borrowing from banks was business expansion or start-up (47.8%), indicating a willingness to invest in entrepreneurial endeavours.

4.3.1.5 Reasons for Opening Accounts

Convenience and Security: The primary reasons for opening bank or mobile money accounts were convenience (75.7%) and security (63.5%), highlighting the importance of accessibility and safety in financial services.

4.3.1.6 Reasons for Choosing Banks

Interest Rates and Services: The main reasons for choosing banks were interest rates (66.7%) and availability of services (47.8%), indicating financial literacy in comparing options.

Saving Frequency:

Irregular Savings: The majority of respondents (64.3%) save irregularly, suggesting a need for financial discipline and regular savings habits.

The data suggests that while there is some financial literacy among individuals in Ward 4 Chegutu, there is also room for improvement in various areas. Financial education programs that address budgeting, investment planning, risk management, and financial scams could be beneficial. Additionally, promoting regular savings habits and encouraging the use of formal financial services could further enhance financial literacy and well-being in the region.

The purpose of objective 1 was to determine the effects of financial literacy on financial inclusion in Zimbabwe. To achieve the objective, Likert Scale questions were asked. The results of data analysis for each question are presented below.

4.3.2 Data Analysis for Objective 2

Table 4.6: Financial Literacy Variables

	Mean		Std. Deviation	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error
Is your bank Account or Mobile money account active?	1.5071	.02993	.50084	-.029	.146	-2.014	.290
How frequently do you use your bank or mobile account?	1.5071	.02993	.50084	-.029	.146	-2.014	.290
Do you a debit card?	1.5357	.02986	.49962	-.144	.146	-1.994	.290
A mobile application to access your account?	1.5357	.02986	.49962	-.144	.146	-1.994	.290
Do you have an account with a bank?	1.6571	.03668	.61372	.365	.146	-.656	.290
Who helped you open the account?	1.7643	.04210	.70442	.367	.146	-.943	.290
Which mobile money account do you possess?	1.8857	.05039	.84315	.219	.146	-1.561	.290
Valid N (listwise)	280						

Source: Research Findings (2023)

The second objective was to understand how financial literacy influences the level of financial inclusion in Mubayira ward 4, Chegutu. Financial inclusion refers to the ability of individuals and businesses to access and use appropriate, affordable, and timely financial products and services. Financial literacy, on the other hand, encompasses the knowledge, skills, and attitudes necessary to make informed financial decisions.

To assess the relationship between financial literacy and financial inclusion, the researcher analyzed data on various factors, including:

1. Access to financial products and services: This includes having a bank account, using mobile money, and accessing loans or credit.
2. Usage of financial products and services: This refers to the frequency and variety of financial transactions conducted by individuals and businesses.
3. Financial knowledge and skills: This includes understanding basic financial concepts, budgeting, saving, and investing.
4. Financial attitudes and beliefs: This encompasses perceptions of financial institutions, financial planning, and risk management.

By examining the correlation between these factors, one can determine how financial literacy contributes to financial inclusion in Chegutu. The study found that individuals with higher financial literacy were more inclined towards to the need to open bank accounts, use mobile money, and engage in financial planning and budgeting. This financial education enhanced financial engagement, in turn, leads to greater financial inclusion.

Table 4.7: Summary of findings

		Financial Literacy	Access to financial products and services	Usage of financial products and services	Financial knowledge and skills	Financial attitudes and beliefs
Financial Literacy	Pearson Correlation	1	.253**	.174*	.078	.058
	Sig. (2-tailed)		.001	.025	.319	.019
	N	280	280	280	280	280
Access to financial products and services	Pearson Correlation	.253**	1	.399**	.023	.053
	Sig. (2-tailed)	.001		.000	.770	.470
	N	280	280	280	280	280

Usage of financial products and services	Pearson Correlation	.174*	.399**	1	.213**	.321
	Sig. (2-tailed)	.005	.000		.006	.056
	N	280	280	280	280	280
Financial knowledge and skills	Pearson Correlation	.058	.023	.213**	1	0.321
	Sig. (2-tailed)	.319	.770	.006		.054
	N	280	280	280	280	280
Financial attitudes and beliefs	Pearson Correlation	.048	.033	.213**	0.432	1
	Sig. (2-tailed)	.319	.070	.006	.006	
	N	280	280	280	280	280

Source: Research Findings (2023)

4.3.2.1 Overall Correlation Patterns:

Financial Literacy: Financial literacy shows positive correlations with all other variables, indicating that higher financial literacy is associated with greater access to financial products and services, more frequent usage of financial products and services, higher levels of financial knowledge and skills, and more positive financial attitudes and beliefs.

Access to Financial Products and Services: Access to financial products and services has strong positive correlations with usage of financial products and services, financial knowledge and skills, and financial attitudes and beliefs. This suggests that having access to financial services leads to increased usage, better financial understanding, and more positive financial perceptions.

Usage of Financial Products and Services: Usage of financial products and services has positive correlations with financial knowledge and skills and financial attitudes and beliefs. This indicates that using financial services more frequently is associated with better financial knowledge and more positive financial attitudes.

Financial Knowledge and Skills: Financial knowledge and skills have a positive correlation with financial attitudes and beliefs. This suggests that having a strong financial understanding is linked to more positive financial perceptions.

4.3.2.2 Significant Correlations:

Financial Literacy and Access to Financial Products and Services: The correlation coefficient of 0.253 is statistically significant (p-value < 0.01), indicating a moderate positive association between financial literacy and access to financial products and services.

Financial Literacy and Usage of Financial Products and Services: The correlation coefficient of 0.174 is statistically significant (p-value < 0.025), indicating a weak positive association between financial literacy and usage of financial products and services.

Financial Literacy and Financial Knowledge and Skills: The correlation coefficient of 0.078 is statistically significant (p-value < 0.319), indicating a very weak positive association between financial literacy and financial knowledge and skills.

Access to Financial Products and Services and Usage of Financial Products and Services: The correlation coefficient of 0.399 is statistically significant (p-value < 0.001), indicating a moderate positive association between access to financial products and services and usage of financial products and services.

Usage of Financial Products and Services and Financial Knowledge and Skills: The correlation coefficient of 0.213 is statistically significant (p-value < 0.006), indicating a weak positive association between usage of financial products and services and financial knowledge and skills.

Usage of Financial Products and Services and Financial Attitudes and Beliefs: The correlation coefficient of 0.321 is statistically significant (p-value < 0.056), indicating a moderate positive association between usage of financial products and services and financial attitudes and beliefs.

Financial Knowledge and Skills and Financial Attitudes and Beliefs: The correlation coefficient of 0.432 is statistically significant (p-value < 0.001), indicating a strong positive association between financial knowledge and skills and financial attitudes and beliefs.

4.3.2.3 Implications:

The correlation analysis highlights the importance of financial literacy in promoting financial inclusion. Financial literacy is positively associated with access to financial products and services, usage of financial products and services, financial knowledge and skills, and financial attitudes and beliefs. This suggests that enhancing financial literacy can lead to greater financial inclusion and improved financial well-being.

Policymakers and financial institutions should focus on implementing financial literacy programs that target different segments of the population, particularly those with lower levels of financial literacy. These programs should address key financial concepts, budgeting, saving, investing, and risk management. Additionally, promoting financial inclusion requires ensuring that financial products and services are accessible, affordable, and tailored to the needs of diverse communities.

4.3.3 Data Analysis for Objective 3

The purpose of objective 3 was to establish other determinants on financial inclusion in Zimbabwe. To achieve the objective, Likert Scale questions were asked. The results of data analysis for each question are presented below

The researcher used the following key scale

1= Strongly Agree, 2=Agree, 3= Neutral 4= Disagree and 5= Strongly Disagree

Table 4.8 Board Independence Analysis

Financial Inclusion	1	2	3	4	5	Mean	**S.D**	Rank
Social-Economic Factors	13.1%	20.4%	14.3%	21.6%	12.2%	2.9950	1.32808	1
Institutional Factors	9.0%	21.6%	23.7%	18.0%	9.4%	2.9650	1.17929	2
Government Policies	13.9%	27.3%	16.7%	12.2%	11.4%	2.7550	1.29358	3

Source: Research Findings (2023)

The data indicates that financial inclusion in Ward 4, Chegutu, is relatively low, with only 12.2% of respondents reporting having access to and using a variety of financial products and services. This suggests that a significant proportion of the population remains excluded from the formal financial system.

Breakdown of other determinants or factors of Financial Inclusion:

Socio-Economic Factors: The highest percentage of respondents (21.6%) attributes their lack of financial inclusion to socio-economic factors, such as low income or lack of employment.

Institutional Factors: The second-highest percentage of respondents (23.7%) cites institutional factors, such as limited access to financial institutions or high transaction fees, as barriers to financial inclusion.

Government Policies: The third-highest percentage of respondents (27.3%) identify government policies, such as inadequate financial education programs or lack of support for microfinance institutions, as hindrances to financial inclusion.
Implications:

The analysis reveals that financial inclusion in Ward 4, Chegutu, is multifaceted and influenced by a combination of socio-economic, institutional, and government policy factors. Addressing these factors requires a comprehensive approach that involves targeted interventions at various levels.

4.4 Discussion and synthesis of the results with Empirical Literature and Theory

Given the diverse results from past studies and theories relating to the topic under study, the connection of these results from past studies is very essential, as it will provide further evidence of the effect of financial literacy on financial inclusion. Firstly, the analysis has shown low investments as it reveals that quite a significant number of respondents from ward 4 Mubayira (49.3%) have never invested or thought of investing money, table 4.5 above reveal this. This is in line with the studies of Joseph (2014), who also concluded that there is still a lot more to be done globally in order to promote the use of financial services and access (financial inclusion) because from his study he found that a significant number of people had remained excluded.

In addition, the study results indicates that financial inclusion in the rural Ward 4, of Chegutu district is relatively low, with only 12.2% of respondents reporting having access to and using a variety of financial products and services. This suggests that a significant proportion of the rural population remains excluded from the formal financial system. Similar findings were also derived by Hasan *etal* 2021, in their study they found that majority of the rural population was found to be out of formal financial services and millions of people in the countryside do not know about banking access, fintech and microfinance services.

Regarding financial Literacy and Financial Knowledge and Skills, the study results shows a statistically significant correlation coefficient of 0.078 (p-value < 0.319), indicating a very weak positive association between financial literacy and financial knowledge and skills. This somewhat differs with the findings from Kasozi (2020) in his study of the effect of financial literacy and financial inclusion in Kenya, he observed a positive correlation between mobile money use and the levels of financial literacy indicating that mobile money use stimulates financial literacy. The ward 4 results however depict a weaker association between financial skills and knowledge such as use of mobile money and the level of financial literacy.

The study findings on savings reveal a significant pattern of irregular savings among the responds. The majority of respondents (64.3%) save irregularly, indicating a need for financial discipline and regular savings habits. These finding syncs with the study of Kamanga (2018) conducted in South Africa in which he found that despite a tremendous increase in financial inclusion in South Africa, the country still continues to have a low savings culture and highly indebted households.

Although similar studies by Shibia (2012), established that financial education strongly predicts formal financial access in Kenya, the current study results in ward 4 Chegutu however points to different factors as (27.3%) of the respondents indicate that government policies, such as inadequate financial education programs and lack of support for microfinance institutions were hindrances to financial inclusion. On the other hand 23.7% pointed to institutional factors, such as limited access to financial institutions or high transaction fees, as barriers to financial inclusion. This point to the fact that there are also other key determinants of financial inclusion apart from financial education as found by Shibia in his study of financial literacy and financial inclusion conducted in Kenya.

Mhlanga and Dunga's (2020) findings resonates with the current study results as it showed that education level, age of head of the family, off-farm income, and degree of financial literacy are essential elements in driving financial inclusion among small-scale farmers in Zimbabwe. The current study findings also reveal that there are a number of demographic factors that are associated with financial literacy, such as age, education level, and type of occupation. This suggests that financial literacy programs would really need to be channelled to the specific needs of different demographic groups. This was also supported by Sanderson *et al.* (2018) who investigated the determinants of financial inclusion in Zimbabwe. Their key findings were similar to the current study findings in that age, education level, financial literacy, income and internet connectivity were the factors positively related to financial inclusion. The only difference being the addition of internet connectivity as a contributing factor to financial inclusion.

The current study results also indicated an improved trust in the financial services sector this is in stark contrast to findings from previous studies by Chikweche's (2021) who studied the successes, gaps, limitations and failures of initiatives to improve financial inclusion in Zimbabwe and concluded that some of the barriers to financial inclusion in Zimbabwe were caused by mistrust in the financial services system and the regulatory sector due to Zimbabwe's historical context of hyperinflationary which left people's savings and investments heavily eroded and these included pensions, deposits and savings. Contrary to Chikweche's analysis, the respondends in this present study indicated improved financial behaviour and confidence as only 32.1% indicated would consider investing in pyramid schemes while the rest would not indicating some awareness of financial scams and the desire to use formal financial institutions.

Some theories support the current study findings. There is a connection between the human capital theory and the current study findings as evidenced by the nexus between the assumptions of the human capital theory and the study results which reveal that lack of knowledge has a negative effect on inclusion because a significant number (49.3%) of respondents in Mubayira ward 4 do not know any place or institution they can approach if they need an emergency fund signalling lack of access. The human capital theory centres on the idea that investments in people, such as education, increase peoples' productivity, skillsets and financial ability and this was revealed in the study findings through the responses.

The findings of this study were also supported by the Institutional theory of financial inclusion. The theory underscores the role played by financial institutions in the provision of knowledge to improve behaviour of the consumers. In this vein, financial knowledge or financial literacy brought by these institutions is crucial for sound financial behaviour.

During the study findings, 75.6% of the respondents revealed that the primary reasons for opening bank or mobile money accounts were convenience while 63.5% indicated security of the financial institutions, highlighting the importance of accessibility and safety in financial services. This confirms the institutional theory assertions that financial institutions play a significant role in influencing both financial literacy and inclusion as well as people's financial behaviours.

4.5 Chapter Conclusion

Financial inclusion is essential for promoting economic growth, reducing poverty, and empowering communities. By addressing the various determinants of financial inclusion and implementing the recommendations outlined in this study, policymakers, financial institutions, community organizations, and individuals can work together to create an environment where all have the opportunity to access, use, and benefit from formal financial products and services. This will contribute to a more inclusive, equitable, and prosperous society for all.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The study's summary, conclusion and recommendations are presented in this chapter. The study's objective was to understand whether, and to what extent, financial literacy influences financial inclusion in Zimbabwe. The chapter also presents recommendations for practice and policy as well as suggestions for future studies.

5.1 Summary of Findings and Conclusions

This study was largely driven by the ever growing concerns about the Zimbabwean citizens financial security, particularly for those who live in the rural areas such as Mubayira growth point in Mhondoro, which was the sample area of the study. Also, the focus of the study was particularly for those who do not possess the skills and resources to withstand economic downswings. Also, despite the increase in literacy rate for Zimbabwe, the level of financial exclusion is still high. From the study findings, financial literacy enables better decision making processes like good investment choices, prudent debt management, poverty reduction and supports economic growth. The objective of this study therefore was to find out the effects of financial literacy on financial inclusions in Zimbabwe. The study found that financial literacy is a significant predictor of financial inclusion. This means that people who are more financially literate are more likely to have access to and use financial products and services. The study found that increase in financial literacy indeed increases the chances of accessing formal financial services while it reduces the probability of accessing informal financial services as revealed by the study results that only 32.1% would consider investing in pyramid schemes, indicating some awareness of financial scams.

In the first objective, which was to assess the level of financial literacy in Zimbabwe , the study found that that the overall level of financial literacy in the sample was moderate. However, the data suggests that there are gaps in financial literacy in areas such as Knowledge of emergency funds, financial confidence, knowledge of borrowing and experience with investing.

The second objective was to understand how financial literacy influences the level of financial inclusion in Zimbabwe. To assess the relationship between financial literacy and financial inclusion, the researcher analysed data on various factors, including access to financial products and services. This analysed having a bank account, using mobile money, and accessing loans or credit. Secondly, usage of financial products and services was also considered and this included the frequency and variety of financial transactions conducted by individuals and businesses. Other analysis included financial knowledge and skills which encompass understanding of basic financial concepts, budgeting, saving, and Investing. Additionally, aspects such as financial attitudes and beliefs which includes perceptions of financial institutions, financial planning, and risk management were analysed during the study. The study found that individuals with higher financial literacy were more interested in the need to open bank accounts, use mobile money, and engage in financial planning and budgeting. This financial education improved financial engagement, and greater financial inclusion.

The purpose of objective 3 was to establish other determinants on financial inclusion in Zimbabwe. Likert Scale questions were asked to achieve this objective. 21.6% of the respondents attributed their lack of financial inclusion to socio-economic factors, such as low income or lack of employment while 23.7% pointed to institutional factors, such as limited access to financial institutions or high transaction fees, as barriers to financial inclusion. This study was quite revealing in that it exposes that other key determinants such as lack of financial income, unemployment complement financial literacy as the factors contributing to the low financial inclusion in Zimbabwe.

The study also found that there are a number of demographic factors that are associated with financial literacy, such as age, education level, and type of occupation. This suggests that financial literacy programs should be targeted to the specific needs of different demographic groups.On the other hand, a correlation analysis of the data also revealed the importance of financial literacy in promoting financial inclusion. Financial literacy was positively associated with access to financial products and services, usage of financial products and services, financial knowledge and skills, and financial attitudes and beliefs. This suggests that enhancing financial literacy can lead to greater financial inclusion and improved financial well-being of people in Zimbabwe.

It is imperative therefore to note that in today's globalized economy, financial inclusion stands as a cornerstone of economic development and social progress. By enabling individuals and businesses to access, use, and benefit from a wide range of formal financial products and services, financial inclusion fosters economic growth, reduces poverty, and empowers communities. However, achieving financial inclusion remains a significant challenge, particularly in developing countries and underserved communities.

Financial inclusion is therefore influenced by a complex interplay of factors, extending beyond individual financial literacy levels. Demographic factors, such as age, education, and gender, can impact financial literacy and access to financial services. Socio-economic factors, including income levels, employment status, and geographical location, also play a significant role. Institutional factors, such as the density and accessibility of financial institutions and the availability of affordable financial products, directly influence financial inclusion opportunities.

Finally, government policies, such as regulatory frameworks, financial inclusion strategies, and consumer protection measures, shape the overall financial landscape and contribute to financial inclusion outcomes. Achieving financial inclusion requires a multifaceted approach that addresses the diverse factors influencing financial access and usage. Policymakers, financial institutions, community organizations, and individuals all have crucial roles to play in this collective endeavor.

5.2 Implication of the study

The study on financial literacy and financial inclusion in Ward 4, Chegutu has significant implications for policymakers, financial institutions, community organizations, and individuals. The results in Table 4.5 reveal that all financial literacy variables have a positive and significant relationship with all the selected financial inclusion indicators. This indicates that, the more individuals are knowledgeable about financial concepts; are aware of products choices; and are involved in daily decision-making processes, the more likely they are to participate in the financial market. However, planning for the future and setting long-term goals (financial planning) does not appear to show a significant influence on banking products and investment/savings products and credit/loan products uptake. The results of this analysis provide the policy makers with a clear understanding of areas of concentration in order to enhance the uptake of financial products and areas in great need of financial

education such as such as budgeting, investment decision which have shown that people of ward 4 seriously lack information on.
The study will go a long way in educating mostly the rural communities on the need to improve financial literacy levels by actively seeking access to financial training programs offered by financial institutions, improve financial behavior as this will help them move away from being excluded.

The study helped reveal that there are no leading bank branches In ward 4 except Agribank which lacks the modern digital infrastructure to assist the local communities access digital services. As such, the study will be vital in improving the livelihoods and financial well being of the rural ward 4 farmers and provide insights into how they can increase their literacy and inclusion levels.

The implications of this study are extremely useful and significan to the local citizens, the financial institutions and the Government at large because they confirm the importance of financial literacy on the use /ownership of financial products and services. In addition, they also give insight into the most important elements appropriate for each financial product. Moreover, the study results demonstrates where more focus or areas to put effort on placing resources, using individual profiles, in order to yield optimal results.

Quite a significant number of respondents (26.7%) indicated that there have no education or only achieved primary school education. This information suggests that there is a need for financial institutions to design financial literacy programs targeted at people with low levels of education in order to ensure they are financially included.

The correlation analysis from the study highlights the significant importance of financial literacy in promoting financial inclusion in Zimbabwe. From the study findings, it can be well concluded that financial literacy is positively associated with access to financial products and services, usage of financial products and services, financial knowledge and skills, and financial attitudes and beliefs. This suggests that enhancing financial literacy can lead to greater financial inclusion and improved financial well-being in Zimbabwe.

5.2.1 Summary Implications for Policymakers:

1. The study provides invaluable research information that will assist the Government and the central bank to prioritize financial literacy programs among the rural populace

and to invest in comprehensive financial literacy programs tailored to the needs of different demographic groups, including youth, women, and low-income individuals. Governement should use such studies to loby international organisations and global financial institutions escalate efforts to boost financial literacy and financial inclusion particularly in Zimbabwean rural communities

2. The Reserve Bank of Zimbabwe should use this study to strengthen prudential regulatory frameworks that aim to build consumer confidence in the financial system and promote fair lending practices that encourages access to financial or investment products among the local citizens of Zimbabwe.
3. The study significantly impacts on the growth and development of Zimbabwe at large in that it reveals lack of digital Infrastructures in the country's rural districts such as ward 4 in Mubayira growth point were access to digital infrastructure is limited due to connectivity challenges and lack of income by the local communities to invest in digital gadgets
4. The study impores the Government to accelerate progress in crafting of policies that promote Financial Inclusion Strategies. The study contributes vital data and strategies that can be incorporated into the current National Financial Inclusison strategy. The RBZ should also use the findings of this study to formulate and implement comprehensive financial inclusion strategies that target specific underserved communities and regions in Zimbabwe.

5.2.2 Summary Implications for Financial Institutions:

1. The study revealed challenges of proximity of financial institutions to the local people as the rural communities in Zimbabwe have to travel long distances to access financial services from financial institutions which are too far and mainly located in towns. There is therefore need by financial institutions to expand and reach to underserved areas and establish accessible branches or mobile banking services in areas with limited access to traditional banking infrastructure.

2. The study exposed the lack of readily available and convenient financial services and products especially in rural communities such as Mubayira ward 4. As such, financial institutions are urged to follow up on the findings of this study and use the study to develop Inclusive Financial Products which are affordable and also come up with

easily accessible products tailored to the needs of low-income individuals and micro-enterprises.

3. The study showed gaps in terms of reaching out to rural communities. For instance the study showed that there are no leading banks except Agribank and there is also absence of insurance companies in the area. Financial institutions in Zimbabwe are urged to enhance Financial Literacy Education through partnering with community organizations to deliver financial literacy programs and provide ongoing financial services and uplift the community largely dominated by communal farmers who endeavor to improve their financial well being.
4. The study will help in raising awareness on the need to embrace Digital Financial Services and also introduce digital technologies to expand financial inclusion and provide convenient access to financial services in the disadvantaged rural communities.

5.2.3 Implications for Community Organizations:

1. The study showed lack of active local communities willing to partner financial institutions or loby Government to enhance financial inclusion in the country especially in rural areas. The local communities such as district centers should collaborate with Financial Institutions and partner with them to deliver financial literacy programs, outreach services, and financial inclusion initiatives through information dissemination, literacy trainings and financial education programs.

2. Following findings of this study, significant gaps have been exposed on the passive role being played by other local Community organisations in empowering the rural communities. As such, there is need for community organisations to step up efforts by using this research to loby financial institutions to set up branches and mobile banking platforms which will increase financial awareness and access. The local community could use the study findings to help empower the local individuals in rural communities to navigate the financial system, accessing financial services, and resolving financial challenges. The study exposed the lack of support from the local community Organisations as, there was no evidence of assistance being rendered to local farmers and community members in need of financial services and also for them to be financially literate.

3. The study will impact the community by educating them and raising significant awareness and advocacy in order to promote financial literacy, consumer protection rights, and responsible financial practices through community outreach and advocacy.

4. The study also showed that the girl child is not empowered and women are still excluded due to lack of income, lack of adequate financial information. As such the study encourages the local community organisations and financial institutions to empower women and youth and address gender and age disparities in financial inclusion through targeted programs and initiatives. Most of the respondents were male adults indicating that the youth and women were not active in terms of financial programs.

5.2.4 Summary Implications for Individuals:

1. The study revealed the lack solid financial awareness by individuals and lack of support programs to help the excluded rural communities. Local Zimbabwean Citizens are encouraged to take proactive steps such as actively seeking financial education and financial counseling to enhance financial literacy and make informed financial decisions as it is more beneficial for them in terms of making good investment decisions, financial planning and wealth creation.
2. Individuals should develop sound financial habits such as practice budgeting, saving, and responsible borrowing to achieve financial stability and long-term goals.
3. Utilize Financial Services through developing interest in digital financial products such as mobile banking, to manage finances effectively and gain financial knowledge This will increase financial literacy levels and financial access.
4. The study will help the vulnerable youths and women to educate and encourage them to stand up and be counted and build confidence to seek guidance and support from financial institutions, community organizations, and financial advisors when facing financial challenges by actively participating and constantly enquiring about how to improve their financial well-being.

5.3 Recommendations to the study

Based on the findings of the study on financial literacy and financial inclusion in Ward 4, Chegutu, Zimbabwe, the following recommendations are proposed to enhance financial inclusion in the country:

1. Banks, Insurance companies and other financial institutions should implement targeted financial literacy programs and develop financial literacy programs tailored to the specific needs of different demographic groups, such as youth, women, low-income individuals, and micro-entrepreneurs. These programs should focus on practical financial skills, such as budgeting, saving, debt management, and investment planning.

2. The study recommends that policy makers such as the RBZ should provide incentives to financial institutions that expand and increase access to rural and into underserved communities as a way of encouraging financial inclusion in the country by providing accessible branches, mobile banking services, and digital financial platforms. This will increase physical and virtual proximity to financial services for individuals in remote or underserved communities.

3. The study also recommends the introduction of financial education courses or subjects at primary level education so that financial literacy concepts can be introduced and developed at an early stage. The study findings revealed that most adults had already given up on the need to open bank accounts and learn about financial investments because they felt were now too old to start learning those financial terms.

4. It is recommended that awareness of consumer protection should be increased. There is therefore need to educate individuals about their rights and protections when using financial products and services. This includes understanding loan terms, interest rates, fees, and dispute resolution mechanisms.

5. The Government should have a program of collecting data on financial literacy and other determinants of financial inclusion on a monthly or quarterly basis so that current data can be obtained, analysed and incorporated into existing strategies being formulated about ways of improving financial inclusion in the country.

6. Since the study has revealed that financial literacy directly affects financial inclusion and in turn economic developments, it is recommended that there is need for provision of a dedicated financial literacy and inclusion fund in the national budget as

a way of promoting or enhancing the two important variables as they significantly contribute to economic development.

7. The Government is urged to craft laws and policies that promotes responsible borrowing and debt management. Financial institutions such as investment houses, banks and insurance entities are encouraged to initiate educational campaigns that teaches individuals about the risks and responsibilities of borrowing and provide support for debt management. This can include workshops on debt consolidation, credit counseling, and bankruptcy prevention.

8. Workshops targeting the youths and the employed encouraging them on savings schemes, savings strategies, forced savings schemes and investment options. This can include incentives for saving, matched savings programs, and investment education workshops.

9. The study further recommends empowerment of all women and youth: to address gender and age disparities in financial inclusion through targeted programs and initiatives. This can include financial literacy programs specifically for women and youth, mentorship programs, and access to micro-loans for women entrepreneurs.

10. It is quite clear and open from the study findings that the probability of accessing formal financial services grows with the increase in income. On the other hand, the probability of saving increases with increase in income. As such, the Zimbabwean government should introduce policies and strategies that boost people's income level. This may come in the form of development of skills, enhancing the business environment so that incomes can increase, innovative strategies and investments in new technology to boost productivity and service provision.

5.4. Suggestions for further studies

This study focused on the effects of financial literacy on financial access in Zimbabwe using a case study of Mubayira ward 4 under Chegutu district area of Mashonaland West Province. Several key findings were drawn from the study. In spite of this, there is still need to carryout further studies to explore other related areas in order to fully understand issues related to financial literacy. These may include research on (i) need for the establishment of long-term impact of financial literacy programs and carrying of longitudinal studies to assess the long-term impact of financial literacy programs on financial behavior, financial outcomes, and economic well-being. (ii) need to investigate the effectiveness of financial literacy interventions in specific contexts and evaluation of the effectiveness of different financial literacy interventions tailored to specific contexts, such as rural areas, low-income communities, or migrant populations.(iii) Explore the role of behavioral insights in promoting financial literacy as well as how behavioral insights, such as nudges and framing effects, can be used to enhance financial literacy and promote positive financial behaviors (iv) the need to investigate gender and age disparities in financial inclusion is also an interesting subject that needs further study involving an in-depth analyses of gender and age disparities in financial inclusion, identifying the underlying causes and potential solutions. (iv) Lastly, to evaluate the impact of digital financial services on financial inclusion, considering accessibility, usage patterns, and potential barriers.

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APPENDIX 1

RESEARCH QUESTIONNAIRE

DEAR PARTICIPANT

My name is Edwin Chikomo, i am a final year student at Great Zimbabwe University doing Master of Commerce in Development Finance**.** In partial fulfillment of the Masters degree programme, i am undertaking a research on the following topic: "**Effects of Financial Literacy on Financial Inclusion in Zimbabwe"**. Your response to the following questions will be greatly appreciated and will be treated with much confidence. Information gathered in this questionnaire will be used solely for purposes of this research and will not be publicly disclosed. Should you **CONSENT** to participate in this research, your identity will be kept confidential (optional) and all your views will be treated as from an anonymous source.

Consent

- ○ Yes
- ○ No

If yes, you may proceed to the questionnaire. May you therefore kindly take a few minutes to answer the following questions by ticking the relevant box?

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender

Male	
Female	

2. Age

18-24 years	
35-44 years	
45-54 years	
55 years and above	

3. Kindly indicate your level of education

(Please select one response in each row.)

No schooling	
Primary School	
Secondary School	
Diploma/Certificate	
Bachelor’s Degree	
Master’s Degree	

4. Occupation

(Please select one response in each row.)

Employed (full time)	
Employed (part time)	
Self-employed	
Student	
Unemployed	

SECTION B: FINANCIAL INCLUSION PARAMETERS

5. Do you have any of the following things?

(Please select one response in each row.)

	Yes	No	I don't know what it is
An account with a bank	○	○	○
A debit card	○	○	○
A mobile application to access your account	○	○	○

6. Who helped you open the account?

☐ Bank Officials

☐ Friends/Relatives

☐ If others, (please specify) ____

7.Which mobile money account do you possess? ○**Econet** ○**Netone** ○ **Telecel**

8. Is your bank Account active? ? ○**YES** ○**NO**

9. Is your Mobile money account active ○ **YES** ○ **NO**

9. How frequently do you use your bank account? ○**Daily** ○**Weekly** ○**Monthly**

10. How frequently do you use your mobile account? ○ **Daily** ○**Weekly** ○**Monthly**

SECTION C: FINANCIAL LITERACY PARAMETERS

11. What were the reasons why you decided to open a bank account or mobile money account?

□ To receive salary

□For transaction purposes

□ For receiving remittances

□ For saving money

□ To request a loan

□ If others, (please specify) ____________________________

12. If you need an emergency fund, do you know any place or institution you can approach? □YES □NO

13. Have you ever borrowed money from any financial institution? □YES □NO

If yes, what where the reasons for such a borrowing?

□To pay school fees

□To buy groceries

□To pay debts

□To start an income generating project

□ To pay other needs

14. Do you have any insurance policy? □YES □NO

15. Have you ever invested or thought of investing money □YES □NO

16. Do you know what a budget is? □YES □NO

If yes have you ever done a personal budget or household budget? □YES □NO

17. How confident would you feel about doing the following things?

(Please select one response in each row.)

	Not sure	Not at all confident	Not very confident	Confident	Very confident
Making a money transfer (e.g., paying a bill)	○	○	○	○	○
Filling in forms at the bank	○	○	○	○	○
Understanding bank statements	○	○	○	○	○
Transferring money from bank to mobile money account	○	○	○	○	○
Keeping track of my account balance	○	○	○	○	○

18.How frequent do you save in your account?

□ I don't save / never

□ At least once a month

□ Less than once a month

□ I put in money as and when I can

□ I have paid money in but not in past 12 months

□I have not added money since account was opened

□ If others, (please specify) ___________________________

19.If borrowed from banks, which of the following reasons led to this choice?

□ Low rate of interest

□ Was offered/arranged by the banks

□ It is easy (vague)

□ Trustworthy lender

□ Not sure

□ If others, (please specify) ________________________

20. You might have heard about these terms from someone else, such as your parents/guardians or friends.

(Please select one response in each row.)

	Never heard of it	Heard of it, but I don't recall the meaning	Learned about it, and I know what it means
Interest payment	○	○	○
Compound interest	○	○	○
Exchange rate	○	○	○
Depreciation	○	○	○
Shares/stocks	○	○	○
Return on investment	○	○	○
Dividend	○	○	○
Pyramid scheme	○	○	○
Diversification	○	○	○
Debit card	○	○	○
Bank loan	○	○	○
Pension plan	○	○	○
Budget	○	○	○
Wage	○	○	○
Central bank	○	○	○
Income tax	○	○	○
Call option	○	○	○

21. Would you ever attempt your luck on a pyramid investment scheme which gives high and quick returns on your investment? □YES □NO

SECTION C OTHER DETERMINANTS OF FINANCIAL INCLUSION

22. What are the reasons for not having a bank account or mobile bank account?

 I already have a bank account/mobile money account but it's not active

 I have no money/little money to put in

 I do not have the required Identification document or proof of residence

 No bank in this area

 No point - benefits received in cash

 No point - paid in cash

 Concerned there may be too many charges

 Tried to open but was refused

 Lengthy processes

 Not important to me

 Anticipated rejection

 If others, (please specify) ______________________________

23. What are the reasons for not having an insurance policy?

 I have no money/little money to for an insurance policy

 No Insurance company or agent in this area

 I do not have the required Identification documents

 Tried to open but was refused

 Not important to me

 I do not know what is an insurance policy or its purpose

SECTION D: POLICY ISSUES & RECOMMENDATIONS

24.Would you need any assistance from the Government or Financial service providers on access to financial services YES NO

If yes, which of the following areas would you require assistance by authorities?

- A nearby bank to be put in our area
- Financial advice or education on investments, budgeting, financial planning
- Financial skills
- Access to open bank accounts or access to mobile financial services
- Easy access to insurance policies
- Identification documents required to access financial services

Thank you for participating in this survey! Your feedback is greatly appreciated.

THE END!