UNIVERSITY OF EDUCATION, WINNEBA

AN ASSESSMENT OF THE IMPACT OF FINANCIAL EDUCATION ON LOAN REPAYMENT: A CASE STUDY OF UNIQUE TRUST BANK IN THE KUMASI METROPOLIS

THOMAS PREPEH

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A Dissertation in the Department of Accounting Studies, Faculty of Business Education, submitted to the School of Graduate Studies, University of Education, Winneba, in partial fulfillment of the requirements for the award of the Master of Business Administration (Accounting) degree.

AUGUST, 2017

DECLARATION

STUDENT'S DECLRATION

I, Thomas Prepeh, declare that this Dissertation, with the exception of quotations and references contained in published works which have all been identified and dully acknowledged, is entirely my own original work, and it has not been submitted, either in part or whole, for other degree elsewhere.

SIGNATURE: ……………………………….

DATE: ……………………………………….

SUPERVISOR'S DECLARATION

I hereby declare that the preparation and presentation of this work was supervised in accordance with the guidelines for supervision of Dissertation as laid down by the University of Education, Winneba.

NAME: DR. HADRAT YUSIF

SIGNATURE:……………………………………….

DATE:……………………………………………

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This piece of work has been possible by the support of some individuals. I want to take this opportunity to express my gratitude to them.

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May God richly bless them all.

DEDICATION

This Thesis is dedicated to my three lovely children, Yaw Amosah Prepeh, Efua Apanwah Prepeh and Kobena Egyir Prepeh

TABLE OF CONTENTS

Content **Page**

LIST OF TABLES

Table **Page**

LIST OF FIGURES

ABSTRACT

For rapid economic growth, there is the need for small businesses and individuals to have access to loan facilities to expand their businesses. Commercial banks therefore come in handy by way of granting of credits to facilitate the growth of businesses. However, despite the significant impact of credit on small businesses, quite a large number of customers default in repayment of loans granted to them thereby threatening the stability of financial institutions in the country. In this study the researcher have assessed the impact of financial education on loan repayment among customers of all the branches of Unique Trust Bank- Ghana in the Kumasi Metropolis (UTB – K). The main research question that guided the study was what is the impact of financial education on loan repayment? In this report, the researcher used descriptive approach. The population of the study was 200 customers of UTB – K. Data collection instrument was questionnaire and multi- stage sampling was employed. Data was analyzed using Statistical Package for the Social Sciences (SPSS) version 16. The study indicated that financial literacy has an effect on loan repayment. The managerial implications for UTB, limitations of the study, recommendations and suggestions for further studies have been discussed.

CHAPTER ONE

INTRODUCTION

This is the introductory chapter of the study. It presents the background to the study, the problem statement, the purpose and objectives, research questions, significance of the study, limitations of the study, scope of the study, and finally the organization of the study.

1.1 Background of the Study

For rapid economic growth, there is the need for small businesses and individuals to have access to loan facilities to expand their businesses. This partly explains why the Economic Recovery Programme was introduced in Ghana in the early eighties with its adjustments in the structure and operations of financial institutions to stimulate the needed credits for economic growth (Ministry of Finance, 1994). This view is corroborated by Owusu –Acheampong (1986) who posit that the most crucial factor for small businesses and entrepreneurs in Ghana is the availability of credit and not land as it may be in some countries. Commercial banks therefore come in handy by way of granting of credits to facilitate the growth of businesses. Commercial banks provide personal banking services (current account services, salary savings and deposit accounts, loans, local payment services, treasury bills, fixed deposits), financial advice (education) to customers and money transfers (Apex money transfer, Western Unions and E-Swizch etc.) to its clients. Bank of Ghana Report (2000), reports that commercial banks are the biggest providers of financial services to businesses and entrepreneurs. In the last ten years, new banks such as Intercontinental Bank (now Access Bank) Guarantee

Trust Bank (GTB) Stanbic Bank, Unique Trust Financial Services (now Unique Trust Bank) (UTB) and among others have joined the banking scuffle, which hitherto was made up of the more traditional banks such as Ghana Commercial Bank (GCB), Social Security Bank (SSB) now (SCGSB) Merchant Bank, Agricultural Development Bank (ADB) Rural Banks (RBs) etc. to grant credit to businesses and individuals (Bank of Ghana Report, 2010).

However, despite the significant impact of credit on small businesses, quite a large number of customers default in repayment of loans granted to them thereby threatening the stability of financial institutions in the country (Crockett, 1996). This view is shared by Nishimura, Kazuhito, and Yukiko, (2001) who assert that one of the underlying causes of prolonged economic stagnation is the non-performing or bad loans problem. Some experts attribute loan repayment challenges by clients of financial institutions to lack of financial education or financial illiteracy. According to Frazer and Kazi (2004) financial illiteracy couple with multiple borrowing are the major causes of loan default among customers of financial institutions in developing countries. Again, they argue that lack of financial education and the higher number of dependents on customers of financial institutions significantly influenced the number of loan contracts, that such customers (financially illiterate) enter into with a financial institution**.** This viewpoint is shared by Bicchanga and Aseyo (2013) who argued that inadequate training and lack of financial education of borrowers on utilization of loan funds, before they received the loans contribute to high rate of loan default among customers. They claim that in addition to borrowing from multiple banks, financially illiterate customers also borrowed from individual lenders thereby creating multiple pending loans, and hence repayment problems. The importance of financial education of customers is reinforced by Cheug and Sundaresan (2007) who argue that some entrepreneurs borrow at a high cost due to lack of financial education which will eventually lead to loan repayment problems. According to Van Rooij, Lusardi, and Alessie (2007) entrepreneurs with little or no financial education are more likely to base their behavior on financial advice from friends and are less likely to invest in stocks. This view is supported by Cocco, Gomez and Maechout (2005) who claim that many financially literate investors shun the stock market. Campbell (2006) sums up the importance of financial education when he asserted that financial ignorance arise not only in the saving and investment arena but also influences how consumers manage their liabilities. From the above it suffices to say that financial education and loan repayment are not mutually exclusive.

However, some experts in the financial sector hold the view that financial education and loan repayment are mutually exclusive. They claim is that poor credit policies by financial institutions are rather responsible for loan repayment problems of customers. They argue that entrepreneurs in Ghana are people of diverse educational backgrounds. That is those who are financially literate and those who have little or no financial knowledge. They argue that majority of the Chief Executive officers (CEOS) and business magnates in Ghana such as the founder of Despite Group of Companies, Kwame Osei „Despite‟ has no Master of Business Administration (MBA) in Finance. Thus stories are bound in Ghana of very successful entrepreneurs who did not have basic financial knowledge but ended up running business empires. This view is corroborated by

Ahmad (1997) who claimed that there are several factors that culminate into loan repayment problems of clients of financial institutions. These may include; unwillingness to pay loans, diversion of funds by borrowers, wilful negligence and improper appraisal by credit officers. This assertion is reinforced by Maina and Kalui (2014) who identify major causes of loan default among customers of financial institutions as poor credit policies, ineffective loan recovery procedures and poor loan appraisal by management of financial institutions. From the above it suffices to say that there is lack of consensus on the impact of financial education on loan repayment. So the multibillion cedi question is what is the impact of financial education on loan repayment? It is in the light of the above that the researcher investigated the impact of financial education on loan repayment.

1.2 Statement of the Problem

Most customers of commercial banks default in repayment of loans granted to them thereby threatening the stability of commercial banks in the country. Some experts (Frazer & Kazi 2004; Bicchanga & Aseyo 2013; Campbell 2006;) attribute loan repayment challenges to lack of financial education on the part of business owners and entrepreneurs. They argue that lack of financial education of borrowers on utilization of loan funds before they received the loans have contributed to high rate of loan default among customers. It therefore suffices to say that financial education and loan repayment are not mutually exclusive. However, some experts in the financial sector hold the view that financial education has no impact on loan repayment. According to (Ahmad 1997; Maina & Kalui 2014), the major causes of loan default among customers of commercial banks are poor credit policies, ineffective loan recovery procedures and poor loan appraisal policies by management. Again, stories are bound in Ghana of very successful entrepreneurs like Kwame Osei „Despite,‟ founder of Despite Group of Companies who had no degree in Finance. From the above it seems there is lack of consensus on the impact of financial education on loan repayment. So the multibillion cedi question is, what is the impact of financial education on loan repayment? It is in the light of the above that the researcher investigated the impact of financial education on loan repayment.

1.3 Research Objectives

In line with the purpose of the study, the research was guided by the following specific objectives:

1. To determine the causes of loan default among customers of Unique Trust Bank in the Kumasi Metropolis (UTB – K).
2. To find out the extent to which customers of UTB – K make use of financial education in their investment.
3. To find out the impact of financial education on loan repayment by customers of UTB – K.

1.4 Research Questions

To achieve the objectives of the study, the following research questions were asked to collect data from customers of UTB – K:

1. What are the causes of loan default among customers of Unique Trust Bank in the Kumasi Metropolis (UTB –K)

2. To what extent do customers of UTB – K make use of financial education in their investments?
3. What is the impact of financial education on loan repayment by customers of UTB – K?

1.5 Significance of the Study

The outcome of the study will help Unique Trust Bank, Ghana to identify the causes of loan default among its customers. Specifically, it will help UTB – K to know why their customers default in repaying loans granted to them. Such information is necessary for UTB – K to develop effective and efficient strategies in recovering loans from defaulting customers.

Another significance of the study lies in the fact that the outcome will unveil how the customers of UTB make use of financial education. The findings will also help management of UTB to examine financial literacy of customers and its impact on loan repayment.

Finally, for researcher in the field of Accounting, the study could contribute to knowledge and stimulate further research interest into financial education. In this regard, the work will serve as a reference material for future studies into financial education.

1.6 Limitations of the Study

Since questionnaire was the main instrument for the data collection, the usual problems associated with the use of questionnaire such as respondents‟ bias and lack of co-operation could not be completely avoided to a greater extent. Again, because all the questionnaires were close-ended, the respondents could not express themselves very well especially those who were known to the Researcher. Lastly, a study which is supposed to comprehensively sample the views of all customers of UTB across the country, had to be limited to only the customers of UTB due to the limited time the researcher had to complete the study. It was practically impossible to get views of all the customers of UTB‟s branches across the country. This could affect generalization of the results to the entire customers of UTB –Ghana. The UTB – K were selected because one of the researcher is a customer of the Adum‟s branch of UTB. Besides, the researcher is undergraduate students of Christian Service University College in Kumasi and therefore there was proximity advantage.

1.7 Scope of the Study

Unique Trust Bank offers a lot of financial services to its customers such as Emergency Loans, Special Purpose Loans and Stop Gap Loans. The other products and services are Working Capital Financing, Import/ Export Finance, U-plan, Gold Plan and Sika 24. However, this study focused only on special purpose loans to customers. Since questionnaire was the main instrument for the data collection, the usual problems associated with the use of questionnaire such as respondents‟ bias and lack of co-operation could not be completely avoided to a greater extent. However, the researcher bearing in mind how ethical issues are highly regarded in any research work, respondents were encouraged to be objective as far as possible as they were assured of their confidentiality in a covering letter attached to the questionnaire. The researcher also tried to remain objective in analyzing and discussing the data collected for the study. These measures put in place helped minimize the tendency of bias to make the results more reliable.

Also, for a comprehensive study, the views of staff, board of directors and shareholders of UTB needed to have been sought but this was not done. The researcher reduced the scope to only the customers and staff of UTB – K because they were the primary stakeholders so far as the study was concern. Besides, bringing the staff, shareholders and board of directors on board would have made the study too complex considering the limited time to submit the report.

1.8 Organisation of the Study

The study is structured into five main chapters. Chapter One is the introduction. It describes the background to the study, the problem statement, the purpose of the study, the research objectives, the research questions, significance of the study, limitations of the study, scope of the study, and the organization of the study.

Chapter Two is the review of related literature on the topic. The literature review was guided by the research purpose, the objectives, and the research questions. Literature was extensively reviewed around the two main variables of the research theme „loan repayment" and „financial education". Chapter Three is the methodology and it basically describes the main methods and procedures employed to collect and analyse data for the study. It talks about the research design, population, sample and sampling procedure, research instrument, pilot-testing of instrument, data collection procedure, and procedure for data analysis.

In chapter Four results were presented and discussed. Chapter Five is the summary of findings, conclusions and recommendations and suggestions for future research.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 Introduction

This chapter discusses the views expressed by various individuals on the subject. Theoretical literature is reviewed extensively on the two main variables of the research theme: „financial education" and „loan repayment", and was done in line with the research purpose and objectives. It reviews work on loan default, the meaning and definitions of financial education, dimensions of financial education, industry review, conceptual framework, causes of loan repayment problems, benefits of financial education, knowledge in savings, knowledge in investments, how knowledge influences personal decisions, theories of financial education and empirical study.

2.1 Conceptual Study

2.1.1 Loan Default

According to CGAP (1999) when a payment scheduled for a loan is late, loan is said to be delinquent when the chance of loan recovery becomes minimal then it is safe to assume that a delinquent loan is defaulted. There is the need to measure loan delinquency because its measurement will indicate to a financial organization, the risk of loss, potential operational problems, and may help to forecast how much of the portfolio will eventually be lost because borrowers will never pay. There are three broad types of delinquency indicators: collection rates which measure amounts actually paid against amounts that have are due; arrears rates measures overdue amounts against total loan amounts; and portfolio at risk rates which measures the outstanding balance of loans that are not being paid on time against the outstanding balance of total loans (CGAP, 1999). Maina and Kalui (2014) posit that default occurs when a borrower cannot or will not repay the loan borrowed and the bank no longer expects to receive payment. Default can be of two types which are debit service default and technical default. Technical default mainly applies to the traditional banks. There are three types of loan default namely: Arrears, Past due and Delinquency. „Arrears" refers to the late payment, partial payment or a skipped payment. „Past due" is a loan installment that has not been paid at the period stipulated in the loan contract and the term „delinquency" refers to a situation where payment is due and the beneficiary of the loan facility failed to honor a payment obligation at the stipulated time. Loan default can be defined as the inability of a borrower to fulfil his or her loan obligation as at when it is due (Balogun & Alimi 1990).

Ameyaw-Amankwah (2011) argues that default occurs when a borrower is unable to discharge his or her obligations under a loan contract. Murray (2011), in supporting Ameyaw-Amankwah (2011) argues that there are two ways that default may occur. That is either the beneficiary of a loan is reluctant or unable to discharge his or her obligations under a loan contract. A loan default occurs when the borrower does not make agreed payments per the loan contract or does not comply with the terms of the loan agreement.

However, it seems Pearson and Greeff (2006) gave a more comprehensive explanation to loan default when they explained that loan default occurs when the borrower missed at least three installments within one calendar year. The researcher cannot help but agree with Pearson and Greeff (2006) explanation because it seems their explanation is in consonance with international standards. This definitions do not suggest that the defaulting customer should be referred to collection or legal processes; or from the perspective of accounting that the loan had been classified as bad or doubtful, or actually written-off because the borrower has entirely stopped paying the loan

2.2 Meaning of Financial Literacy or Education

There is no commonly accepted conceptual and operational definition of financial education because the concept of financial knowledge comprises several aspects such as financial operations; experience; ability to communicate about different financial concepts; ability to use different financial concepts and instruments; ability to take adequate financial decisions; attitude towards the use of financial instruments and people"s confidence in financial operations performed (Zait, 2011).

The organisation for Economic Cooperation and Development (2005), defined financial education as the procedure by which financial consumers/investors enhance their comprehension of financial products, concepts and risks and, through information, guideline and/or objective exhortation, add to the skills and certainty to end up more mindful of financial risks and opportunities, to settle on educated choices, to know where to go for help, and to take other successful activities to enhance financial well-being.

The Canadian Federal Government Task force defines financial literacy as "having the knowledge, skills and confidence to make responsible financial decisions (Task Force on Financial Literacy, 2010). Financial literacy, is the measure of the extent to which a person or an entrepreneur understands basic concepts about finance and has the technical competence to manage own finances and taking decisions in the short, medium to long term and long term planning, taking into consideration the present economic and changing conditions (Remund, 2010). According to Cude (2010), financial literacy can be explained as the ability to read, analyze, manage and communicate about the personal financial conditions that affect material wellbeing. Emmons (2005) explained a financially knowledgeable person as the one who has the ability to compare offers and plan for future financial needs. This viewpoint is shared by Kim et al. (2001) who assert that to survive in the financial world, basic knowledge is necessary. In order to compete favorably in developed economies like America, entrepreneurs must understand basic financial concepts (Bowen, 2002). To Huston (2010) a person who is financially literate would have the ability to manage financial resources for a good financial well-being from the knowledge acquired throughout the entire life of the individual. ANZ (2005) also asserts that a person who has acquired financial knowledge has the ability to make informed judgments and taking decisive decisions with respect to money.

2.3 Dimensions of Financial Literacy or Education

According to Remund (2010), there are five dimensions or variables underlying financial literacy namely: (1) financial knowledge; (2) financial communication ability; (3) ability to use financial knowledge for decision taking; (4) real use of financial instruments (financial behavior) ; (5) financial confidence. For every dimension, the measures need to refer to at least four financial areas or fields: (a) personal budgeting, (b) savings, (c) credits and (d) investments; the health insurance aspects and pension issues should be treated within the investments area.

2.4 Industry Review

This section covers a review of Unique Trust (UT) Holding in Ghana

Unique Trust (UT) Holdings

Since the studies relate to Unique Trust Bank (UTB) a brief relevant country background information about UTB is deemed appropriate and presented below:

UT Holdings is a private leading brand with one of the most diversified holding interests in the financial services sector in Ghana. As an award winning brand, UT Holdings is made up of eight subsidiary companies which focuses on Banking, Life Insurance, Logistics, Properties Management, Debt Recovery and Private Security Services. It also has a non-bank financial institution in Nigeria. Dedicated to the vision of being "The best shareholder value creator in Africa".

With a workforce of over 1,800 dynamic and dedicated professionals working in 45 locations in Ghana and Nigeria, UT Holdings provides assorted but integrated solutions to small and medium-sized businesses and individuals, by driving the synergies of the various award winning businesses. UT Holdings, through its affiliates and subsidiaries demonstrates commitment to improving the lives of people through its numerous corporate social responsibility interventions. These include blood donations, financial literacy programmes, an ongoing breast cancer campaign and the Board Chairman"s annual Christmas Day outreach programme (www.ghanabusinessweb.com).

2.5 The History of UT Bank

UT began as a Finance House in 1997 under the name Unique Trust Financial Services Limited, with a capital of about $20,000 and operating from a single room office in the heart of Accra, the capital city of Ghana. It was co-founded by Messrs Prince Kofi Amoabeng, an Investment. Consultant and Joseph Nsonamoah, an Entrepreneur. The accelerated growth and success of Unique Trust Financial Services (now UT Bank), then created the need for restructuring of the business into a Group with diverse but synergistic entities that enabled it to offer value added services to clients. Built on a passion to serve the informal sector, UT has grown into a company that is able to provide innovative solutions to its clients; achieved through its solid business structure, flexibility and timely delivery of service. UT Bank has branches in all the ten regional capitals of Ghana (www.ghanabusinessweb.com).

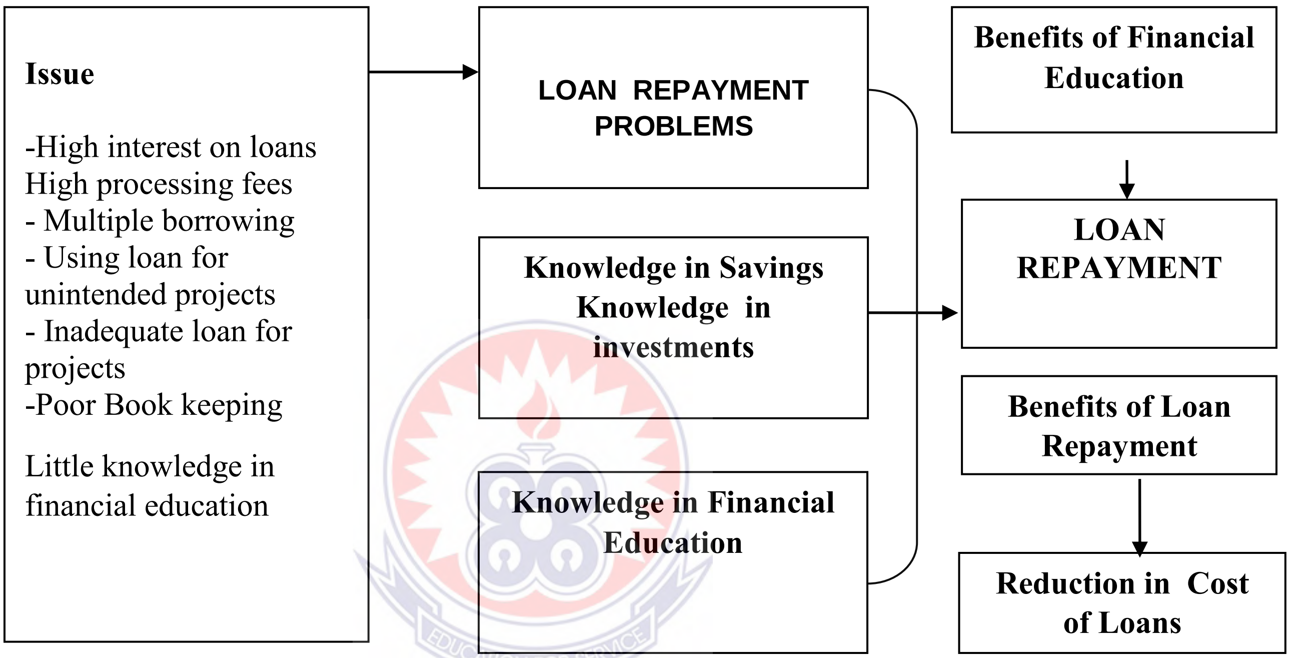
From a humble beginning as a privately owned company in Ghana, UT has evolved into a publicly owned company with shares listed and actively traded on the Ghana Stock Exchange. The initial focus of UT was centred on servicing the „unbanked" informal sector, but over the past few years, UT"s services have extended to cover the formal sector and provide stop gap loans and trade financing to SMEs. With over 300 staff members spread across Ghana, UT has become a household brand that offers financial services to both the formal and the informal sectors. What sets UT apart in the financial services market is its solid business structure, flexibility and its ability to tailor products to the specific needs of customers. The company was recognised as the best Non-Banking Financial Institution for three consecutive years (2003, 2004 and 2005) by the Ghana

Investment Promotion Centre (GIPC) in its Club 100 rankings which represents the top 100 companies in Ghana (Ghana Business News, 2006). In 2006, the company was recognized as the best financial institution and the second Best Overall Company in Ghana. In the same year the Chief Executive Officer (CEO) was recognised with the award for Marketing Man of the Year by the Chartered Institute of Marketing (CIMG) award for the Best Outdoor Advert of the Year. UT won the Gold Award for its contribution to the Social and Economic Development of Ghana during the Golden Jubilee Celebration (Ghana Business News 2008)

UT Bank (Formerly Unique Trust Financial Services) is the leading non-bank financial institution in Ghana specializing in loans and investments. The company for the past decade has committed itself to serving the needs of indigenous traders or business entities not being cared for by the traditional banks. „Unique Trust" resonated with the desire of the shareholders to create an entity set apart by it nonpareil standards of integrity in its dealings with clients and shareholders. On 19th February, 1997 Bank of Ghana formally granted Unique Trust the licence to operate as non- Banking Financial Institution (Bank of Ghana Report, 1997). This set the company running from a one-room office communication centre owned by the Chairman (Joseph Nsonamoah) at Kantamanto in the Central Business District of Accra. On 21st of July, 2008, Unique Trust further changed its name to FINANCIAL SERVICES to reflect the simple and effective manner in which it works, the strategic growth and the diversification of the company. The service and products of Unique Trust Bank are emergency loans, special purpose loans and stop gap loans. The other products and services are working capital financing, import/ export finance, U-plan, Gold plan and Sika 24. UT Bank has four branches in the Kumasi Metropolis namely: STC Branch, Suame, Adum and On Wheels branch.

2.6 Conceptual Framework

Below is an Analytical Model Adapted by the Researcher.



Source: Developed by the Researcher, (2017)

Figure 1: Conceptualization of key elements of Financial Education on Loan Repayment

Figure 1 is the conceptual framework underlying the study. It shows the main variables that the researcher used to assess the impact of financial education on loan repayment. The conceptual framework guided the development of the research questions and questionnaire items. The variables in the conceptual framework were derived from the theoretical review. From the diagram, causes of loan default, knowledge in savings, knowledge in investments, knowledge in financial education and benefits of loan repayment have all been reviewed

2.6 Causes of Loan Repayment Problems

Okorie (1986) had previously attributed loan repayment problems to the terms of loan repayment nature, time of disbursement, lack of follow- up, supervision and profitability of enterprises etc. His assertions were corroborated by researcher (Berger & De Young1995; Ahmad; 1997; Olomola 1999; Paulbankas & Stout 1999; Kohansal & Mansoori, 2009; Maina and Kalui; 2014; Maina & Kalui 2014).

Loan default can be attributable to factors such as diversion of funds by borrowers, improper appraisal by credit officers, lack of up measures, imposition of interest rate ceilings by government, monopoly power in credit markets often exercised by informal lenders and high transaction costs (high processing fees and interest rates) incurred by borrowers in applying for loans (Kohansal & Mansoori, 2009). According to Maina and Kalui (2014) one major reason for loan default among customers of MFIs is poor credit policies, ineffective loan recovery procedures and poor loan appraisal policies by management.

This viewpoint is shared by Ahmad, (1997) and Paulbankas and Stout (1999) who assert that causes of loan default include; lack of willingness to pay loans coupled with diversion of funds by borrowers, wilful negligence and improper appraisal by credit officers. According to Olomola (1999), delays in loan disbursement couple with high interest rates increases the cost of borrowing thereby creating loan repayment problems. Also, Berger and De Young (1995) posit that poor screening of an entrepreneur, poor feasibilities studies of the viability of a project(s), inadequate or lack of collateral security against loans, unrealistic terms and schedule of repayment, poor supervision have all contributed to high default rates among borrowers. Bicchanga and Aseyo (2013) also posit that high rate of loan default among customers of MFIs is as a result in inadequate training and education of borrowers on utilization of loan funds before they received the loans. They further argue that most borrowers did not spend the loan amount on intended agreed projects.

According to Frazer and Kazi (2004) education level and number of dependents of customers significantly influenced the number of loan contracts they enter into with a financial institution. They further argue that the major reasons for multiple borrowing among customers of MFIs were insufficient loans and loan recycling by management of these institutions. The prevalence of multiple borrowing is one of the major causes of loan default among customers of MFIs in developing countries. Frazer and Kazi (2012) further argue that customers of MFIs have had problems in loan repayment because of multiple pending loans. They claim that in addition to borrowing from multiple MFIs, some customers also borrowed from individual lenders, thereby, creating repayment problems. Most defaults occur as a result of poor management procedures, loan diversion and unwillingness to repay loans (Kohansal & Mansoori, 2009). According to them a number of factors can cause loan defaults and some of which are: Interest rate ceilings usually imposed by the government, monopoly power in credit markets often exercised by informal lenders, large transaction costs incurred by borrowers in applying for loans, moral hazard problems and many more.

2.7 Benefits of Financial Education/ Literacy

Some researcher have examined the decision to acquire financial literacy and to study the links between financial knowledge, saving, and investment behavior (Delavande, Rohwedder, and Willis 2008; Jappelli and Padula 2013; Hsu 2011; and Lusardi, Michaud, and Mitchell 2013). Capuano and Ramsay (2011) have shown the impact of literate investors/consumers on investments, the community and the broader economy. Financial education enhances the ability and the capacity of the individual to make informed financial decisions (Ali, 2013). This viewpoint is reinforced by Holzmann (2010) who posits that a financially educated customer is sure of his or her investment choices. Kidwell and Turrisi (2004) reported that individuals who prepare budgets often spend within their means and therefore regulate their personal finances. Therefore, impulse spending is prevented and budget maintenance is met with a positive mentality. This was corroborated by research finding by Chen and Volpe (1998) which revealed that people who have financial knowledge manage their spending patterns and choices by keeping point by point financial records. Collins (2012) also claims that financially illiterate investors has less capacity to make informed or educated financial decisions.

2.8 Knowledge in Savings

Study carried out in South Africa by Fatoki (2014) assessed the level of financial literacy surveying amongst the business and non-business students of two universities located in Gauteng and Limpopo province of South Africa and found that financial literacy has an impact on sound investments. This research finding is in consonance with Fatoki (2014) who asserts that financial literacy has a significant impact on an individual's investment decisions especially in the area of savings, borrowing, retirement planning, portfolio decisions etc.

2.9 Knowledge in Investment

Hastings and Mitchell (2011) argued that there is a connection between financial literacy and investment in low-cost fund. They further argue that high financially literate investors would consider more about the fund expenses and is more likely to choose low cost funds. This argument is consistent with (Hoffman et al (2011) who also posit that a financially literate investor has the ability to comprehend financial statements and make informed financial investment.

2.10 How Knowledge in Finance Influences Personal Decisions

Klapper and Panos (2011) assert retirement planning and investing in private pension funds is associated higher financial literacy. Christelis, et al. (2010) in supporting Klapper and Panos (2011) confirmed that investors who are literate invest in both equity and stocks because of their knowledge and understanding about the need to diversify their investments. These viewpoints are shared by De Bassa and Scheresberg (2013) who claimed that individuals who are less financially proficient are less likely to anticipate his or her retirement and invest into it financially, and more averse to investing in the stock market. Collins (2012) finds that people with more elevated amounts of financial literacy or capacity are more inclined to use investment, insurance, and tax advice, but not debt or loan advice. Individuals who are financial literate have a tendency to be surer of their retirement planning when contrasted with the individuals who are financially illiterate (Mullock and Turcotte, 2012).

2.11 Theories of Financial Education

2.11.1 The Organization for Economic Cooperation and Development (OECD Theory)

This theory gathers and analyzes data on a variety of economic and political issues facing OECD countries. To assist policy implementation and standardization of best practices, the organization disseminates its findings and brings together government officials of OECD countries to compare different national policies, regulations and problems and to coordinate efforts on shared concerns. In 2003 the OECD launched a comprehensive financial education initiative to respond to member governments‟ growing concerns over the adverse effects of low financial literacy levels: low individual savings rates, high rates of personal bankruptcy, the purchase of unsuitable financial products and an unacceptably high level of „unbanked‟ households (those with no bank account) (OECD, 2006).

This project was developed under the aegis of two OECD Committees: the Committee on Financial Markets and the Insurance and Private Pensions Committee (Labour, 2009, May 20). Enhancing the understanding of financial consumers/investors on financial products and concepts was the objective of OECD, 2006. The goal of the project is to assist financial consumers/investors to improve their understanding of financial products and concepts. Through information, instruction and/or advice, the OECD, 2006 theory sought to develop the skills and confidence of financial consumers/investors to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial wellbeing (OECD, 2005). According to OECD, 2006 theory, the dissemination of financial information through education programs is expected to enhance the competitive process by enabling market participants to know the risk-return associated with certain investments, thereby making informed decisions as to where the investor should direct his or her investments (OECD, 2006). From this narrative, financially literate consumers can help bring about improve market stability because financially educated consumers will be more responsive to demand for financial products that satisfy their needs. Again, financially literate consumers will encourage providers to develop new products and services, thus increasing competition in financial markets with its attendant benefits such as product innovation and improvement in product quality (OECD, 2005). Again, The OECD singled out schools as the place for the teaching and learning of financial education to address the specific problems facing students. From the narrative, young generations are less financially capable than the older generation. However, the older generation may not have the financial knowledge which could be imparted into the younger generation to help their children understand financial issues. This assertion is reinforced by Messy (2011). Additionally, financial literacy in schools is thought to be a strategy to circumvent inequality because financial literacy levels has a positive correlation with socio-economic status. This is corroborated by Messy (2011)

2.12 Financial Literacy Education in Ontario

Like the OECD, the Federal and Ontario Taskforces argue that consumer financial literacy or education empowers individual consumers and aids national economies and the global economy. Canada also has a variety of its own government financial literacy education initiatives at the federal and provincial level. At the federal level, financial literacy education is a policy initiative prepared by the Canadian Task Force on Financial Literacy. The task force has outlined how the people of Canada can enhance their level of financial education through the dissemination and teaching of information via various government agencies, private corporations and non-profit community organizations (Task Force on Financial Literacy, 2010). The literature from the National Task Force on Financial Literacy features claim that financial literacy education will help individuals understand financial risk, interest rates, Registered Retirement Savings Plans (RRSPs), Tax Free Savings accounts (TFSAs) and assist them in making informed decisions on major investments (Task Force on Financial Literacy, 2010).

Most Canadian financial literacy advocates are of the opinion that the inability of majority of Canadians to read market signals properly due to ignorance of basic money management principles has either caused or contributed to the economic crisis through supporting massive indebtedness, poor consumer choices and the proliferation of poor quality products (high interest rate credit cards, mortgages, lines of credit). The belief that a financial literate consuming public will enhance economic stability and mitigate or eliminate economic crises. This belief is based on the assumption that a financially literate investors picks the correct signs for successfully investment. This assumption is shared by Linda Pendergast, the co-chair of the Ontario financial literacy working group. Various influential financial literacy groups (Toronto Foundation for Student Success, the Investor Education Fund (IEF), Canadian Bankers Association, Money School Canada, Camp Millionaire, etc.) are of the view that financial literacy has a positive correlation with investment. The IEF, an influential group providing financial literacy resources in Ontario, offers print materials and a website replete with resources that are of assistance for teaching financial concepts and learning about financial products and regulation in order to increase the utility of one‟s money (IEF, 2010). From the two theories (OECD, TFSAs) of financial literacy, it suffices to say the mandatory teaching of financial education in schools is gaining roots worldwide after the recent economic crisis. However, the researcher can conclude that no single theory can completely address problems of financial illiteracy, but theories of financial education can give a guide to investors in their investment decisions

2.13 Empirical Study

2.13.1 Financial Literacy and Economic Decisions

Many studies have connected financial illiteracy with economic decisions. (Calvet, Campbell, and Sodini 2009; Agarwal et al. 2006; Driscoll, Gabaix, & Laibson 2009; Cocco & Wise 2013; Brown, Kapteyn, Luttmer, and Mitchell 2011; Bucher-Koenen and Ziegelmeyer 2011; Klapper, Lusardi, and Panos 2012). Bernheim (1995) was one of the early researcher to find that U.S. households which lacked basic financial knowledge used crude rules of thumb when engaging in saving behavior. This research finding is confirmed by Brown, Kapteyn, Luttmer, and Mitchell (2011) in their study of financial investors which revealed that financially savvy investors valued annuities and are more likely to buy additional income streams when offered the opportunity than those who are less financially literate. Calvet, Campbell, and Sodini 2009) also in their study of Swedish investors‟ found that the poor, less educated, and immigrant households with lowest financial knowledge made more financial errors in their investment decisions than those with high financial knowledge.

Agarwal, Driscoll, Gabaix, and Laibson (2009) in their study of youth and old groups found that financial mistakes were prevalent among groups that normally display the lowest financial knowledge. Again, Calvet, Campbell, and Sodini (2007) in their study of Swedish investors found that costs of financial ignorance arise not only in the saving and investment arena, but also influence how consumers manage their liabilities is also substantial. This finding is confirmed by Wise (2013) whose research finding also revealed that increases in financial literacy prompts a more continuous production of financial statements. Bucher-Koenen and Ziegelmeyer (2011) in their research of German households during the financial crisis and found that the least financially literate were more likely to sell assets that had lost value, thus locking up investments. Again, a research conducted by Klapper, Lusardi, and Panos (2012) in Russia revealed that investors who are financially savvy are better equip to deal with macroeconomic shocks than those who are less literate financially. Berhanu (1999) in his study of poverty alleviation in Ethiopia showed that personal financial literacy have a positive correlation with client understanding of a loan facility and consequently loan repayment.

This view is supported by Agarwal et al (2010) whose study among female customers of microfinance in India revealed that customer groups that received loan literacy training had higher loan repayment rate thereby corroborating the research finding of Gataka (2010). Olima (2010) in his study among employees of Kenyan Revenue Authority found out that financial literacy has an effect on financial decisions. This is confirmed by Wanjohi (2010) whose research findings revealed that lack of financial skills is one of the major challenges that confront loan administration in Kenya. A study carried out in South Africa by Fatoki (2014) to assess the level of financial literacy of students in two universities located in Gauteng and Limpopo province of South Africa revealed that financial literacy has an impact on sound investments.

CHAPTER THREE

METHODLOGY

3.0 Introduction

This chapter presents the methods and procedures used in collecting and analysing data for the study. It describes the research design, the research method, population, sample, and sampling procedure. It further describes the research instrument employed for the study, pilot-test of instrument, administration of research instrument and procedure for data analysis.

3.1 Research Design

The study was based on a descriptive survey which was intended to find the impact of financial education on loan repayment among customers of UTB-K. According to Arthur (2012) descriptive survey research is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. As cited in Akrofi, (2010), Osuala (1991) also maintains that descriptive surveys are widely used in educational research since data collected through descriptive survey presents current field conditions which are relevant to the present needs. Elsewhere many social researcher have opined that descriptive survey is best where large populations are involved. In view of these, descriptive survey was adopted in this study because of the large size of the population and also the potential of providing information on financial literacy level of the current customers of UTB-K and how it impact on their loan repayment.

This research is a quantitative study. The researcher adopted this research method because they wanted to collect quantitative data to know how their findings on the impact of financial literacy levels of customers of UTB-K on loan repayment will agree with existing theory. The choice of the quantitative research method was further influenced by the research purpose, the data collection instrument, the sampling technique employed and the procedure for data analysis.

3.2 Population

The customers of UTB in the Kumasi Metropolis were the population of the study. The population is a composition of people with varied backgrounds and characteristics in terms of age, sex, level of education and marital status. The total population from which the sample was drawn was 4000 and was made up of 1000 customers each of the four branches of UTB-K. Customers of UTB-K were made the population for the study because of the proximity the branches of UTB-K provide to the Researcher .

3.3 Sample and Sampling Procedures

The sample for study was made up 200 customers of UT Bank branches at Adum; State Transport Company (STC), Suame and „On Wheels Branch‟, all suburbs of Kumasi. The researcher focused on these branches of UT Bank in the metropolis because of their accessibility coupled with the fact a wider coverage would have been more expensive and time consuming. The sampling method employed for the study was Multi-stage sampling. Multi-stage sampling involves selecting the samples from the sample in stages. This sampling technique was used by the researcher because the population is large and extensive.

At the first stage Purposive Sampling Method was used. Purposive Sampling Method also known as judgmental sampling is chosen arbitrary on the basis of some characteristics possessed by the subjects and deemed appropriate for the research. This sampling method was used to select the elements of the sample Fifty (50) customers each from Suame and STC branches of UTB in Kumasi. The researcher used this method because he learnt from branch managers that customers of these branches of UT Bank default in their loan repayment. The research was aimed at finding out causes of loan default among customers. In short, the researcher focused on these branches because the research work will provide a platform for customers to share with researcher why default rate is high with these two branches of UTB in Kumasi.

At the second stage, the simple random sampling method, precisely the Lottery Method was used to select fifty (50) customers of Suame Branch of UTB. The researcher selected this branch because the researcher is a customer of the bank. The researcher visited the premises of the bank from Monday-Friday, with two folded papers with "YES" and "NO" written in them. The researcher talked to customers and explained to them the purpose of the study. Those customers who agreed to be part of the research were asked to choose one of the folded papers. Questionnaires were administered to those who chose "YES" there and then. This was done by the researcher to prevent the potential respondents from changing their minds. Ten customers were contacted each day for the five working days. In all fifty (50) customers of Adum Branch of UTB participated in the questionnaire administration. The researcher used this method because he wanted to give each element of the population an equal chance being of being selected for the study.

At the third stage, the researcher used the Snowball Sampling Method in selecting fifty (50) customers from „On Wheels Branch" of UTB. The researcher used the snowball sampling method because they had scanty information about the customers of this branch of UTB. Snowball sampling is useful when the information about a population is scanty (Marshall, 1997). Babbie (2005) also sees snowball sampling as appropriate when the members of a special population are difficult to see. The researcher in conjunction with the marketing manager of this special branch of UTB who is a friend of the researcher, selected five (5) customers from the bank who could assist the researcher to achieve the objectives of the study. The five customers also introduced five other customers each until twenty-five (25) customers of „On Wheel Branch" of UTB were selected. The researcher also contacted a few customer friends of this special branch of UTB in Kumasi to help them identify customers who could help the researcher to achieve the objectives of the study. These customers also introduced other customers to the researcher who were also contacted until the remaining twenty-five (25) customers of the bank were selected.

3.4 Research Instrument

Questionnaire was the main instrument used to collect the relevant data to answer the formulated research questions to achieve the objectives of the study. The questionnaire was self-designed by the researcher to suit the context of the study with guidelines from related studies on „financial education" and „loan repayment". Relevant information from the related literature review, as well as the research questions and the study purpose aided in the design of the questionnaire. The questionnaire was divided into five sections (A – E) and consisted of 28 items. (See Appendix A). All the items were closed-ended questions except two of them. The closed-ended items were largely on a five point Likert scale. The researcher largely made use of close-ended items to facilitate completion rate, to restrict respondents responses, and to facilitate coding and analysis. The Likert scale was also important to show the degree of responses per the purpose of the research. The five point scale was chosen because such a scale with middle (neutral response) ensures that respondents who are not sure of their level of financial literacy and the cause of loan repayment problems are not „forced" to make a definite choice which does not represent what they actually feel (Anderson, 1985).

The section „A" centred on the demographic information about the respondents. The section „B" focused on customers borrowing. Precisely the focus was to ascertain the factors that customers of UTB in the Kumasi take into consideration before borrowing. The section „C" focused on causes of loan default among customers. The section „D" aimed at knowing how financial literacy influences investments decisions of customers and the section „E" sought to find the impact of financial education on loan repayment (See Appendix A).

3.5 Data Collection Procedure

The procedure used in the data collection is outlined below:

First was the pilot study, followed by actual administration of questionnaire, data collection and lastly editing and coding of the data collected to make it more meaningful.

3.6 Pilot-test of Instrument

The main study was preceded by a pilot study in February, 2017. The main aim of the pilot study was to improve upon the actual questionnaire items, which also had four main sections as the final questionnaire used, namely: sections on factors considered before borrowing, causes of loan default, how financial education influences investments and the impact of financial education on loan repayment. In view of this, management, staff and customers of Adum branch of UTB were asked to comment on the ambiguities and the relevance of items in relation to problem of the study. Customers who took part in the pilot study who were literate were provided space to comment on ambiguities, underlined items that were not clear and make any other comments. The item improvements were based on the comments of the participants. The questionnaire and various data collection instrument were thus pre-tested using the customers, management and the staff of Adum branch of UTB. This bank was selected because of accessibility and its strategic location. Ten (10) customers, three (3) employees of the bank were given questionnaires to respond. This exercise was necessary to ascertain that adequate information could be tapped by the instrument. Prior to administration of the questionnaire, a visit was made by the researcher to formally introduce themselves to the branch managers of Suame, STC, Adum and „On Wheels‟ all of which are branches of UTB in the Kumasi Metropolis (see, Appendix B).

3.7 Data Collection Procedure

The questionnaire was administered personally by the researcher to the respondents. This method was preferred by the researcher because it provided him with the opportunity to establish rapport and explain the meaning of items that appeared unclear to respondents.

Additionally, it offered opportunity to the researcher to emphasize the importance of the study to the respondents which ensured maximize response level. Ethical issues are highly relevant and require due consideration in any research (Sarantakos, as cited in Akrofi, 2010). The researcher had an obligation to respect the rights, values, and desires of the respondents.

In line with these ethical issues, the researcher went through the following steps to reach the respondents thereby protecting their rights. The administration of the questionnaire was preceded by an introductory letter to the branch managers of Adum, Suame, STC and „On Wheels" branches of UTB in the Kumasi Metropolis which was granted (See Appendix B). The consent of the respondents was also obtained so that they could fully and voluntarily participate in the study. The purpose of the study was explained to the respondents in the covering letter attached to the questionnaire. To ensure the confidentiality of the respondents, the questionnaire did not require that respondents to write their names, addresses, or phone numbers. It took the researcher one month to administer and collect date from the customers of UTB in Kumasi. Data was collected on 3rd to 7th April 2017 and 10th to 14th April from customers of Adum and STC Branch of UTB respectively. Again, data was collected from customers of Suame and On Wheels Branches of UTB from 17th to 21st April and 24th to 28th April 2017 respectively.

Practically, on the four said dates, the researcher went to the premises of all the branches of UTB in the Kumasi Metropolis. The researcher was at the premises of the banks by 8:30am on each of the four occasions. The Researcher first point of call was the branch manager‟s office to inform him about the intended exercise. From there the actual work began. The researcher talked at random to any customer they met about the study and the purpose. They then asked them to pick one of the two folded papers with the „YES‟ and „No‟ responses. Those who picked the „YES‟ were given the questionnaire to complete.

This strategy appeared very effective to the researcher due to the co-operation of branch managers who helped in persuading the customers to complete the questionnaires. 190 questionnaires representing 95% of the sample size distributed to the respondents were retrieved. The success of the exercise was made possible as a result of the cooperation of respondents who were eager to answer the questions probably because they had been made a part of a study which directly affect them. Also the exercise was successful probably because the respondents knew the results could help them manage their investments in order to repay loans granted them.

3.8 Procedure for Data Analysis

The SPSS computer software was used to analyse the data except item 17 which was analysed manually. Items 17 was analysed manually because it required respondents to provide more than one response and it was difficult for the researcher to use the SPSS to analyse such a data.

The responses to the questions were coded and entered into the SPSS computer software for analysis. The statistical tools employed for the data analysis were descriptive statistics. The Likert-type scale items and few others like age were scored as ordinal data whiles the few categorical items such as gender, marital status, and type of institution were scored as nominal data. The Likert-type scale items for sections „B", „C"and „E" of the questionnaire were weighted as follows: 1 to 5 where 1= Strongly Disagree, 2= Disagree, 3= Uncertain, 4= Agree and 5= Strongly agree. Section „D" was dichotomous which solicited „Yes" or „No" responses.

The analysis of the responses was done in the order of the questionnaire (Section A – E). Customers" demographic background information was analysed using pie charts, frequencies, percentages and tables. Research question one to three were analysed using frequency distribution tables, percentages and pie charts. Responses from the various categories of respondents were interpreted and discussed systematically in line with the research objectives.

CHAPTER FOUR

DATA ANALYSIS PRESENTATION AND DISCUSSION

4.0 Introduction

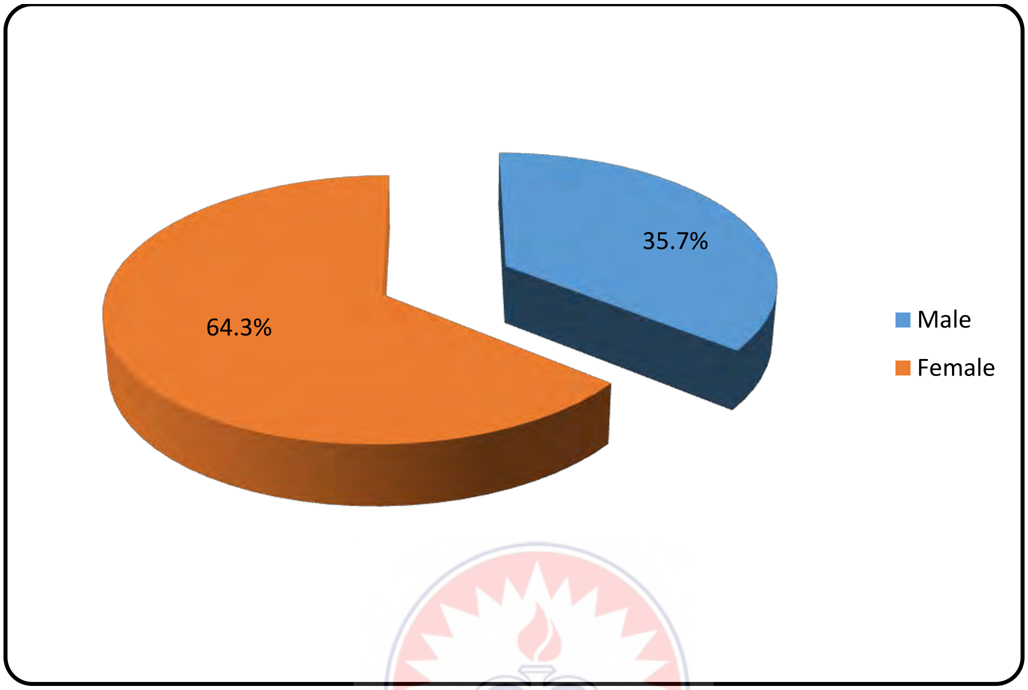
The study gathered data on the impact of financial education on loan repayment. The data was obtained from the questionnaires administered to the respondents. This chapter presents and discusses the results of the empirical data collected from the survey.

4.1 Demographic Background of Respondents

The survey included questions that sought information about the demographic characteristics of the respondents. It included demographic variables such as gender, age, level of education, marital status, customers having businesses and the number of years customers have stayed in business if they own a business. These variables could be linked to the main research purpose. For instance, the gender, age, marital status or level of the financial education of a customer can have an impact on his or her loan repayment. Similarly, owing a business and how long one has stayed in business can have an impact on his her ability to repay loans collected.

4.1.1 Gender of Respondents

Many researcher (Karim and Nayan 2011, & Kheng et al. 2010) believe that customers of financial institutions are female dominated. It is in the light of the above that the researcher administered questionnaire (see appendix A, Questionnaire item 1) to respondents based on their gender in order to find out whether gender has an impact on the patronage of financial services. The result on the gender of the respondents is presented in Figure 2.



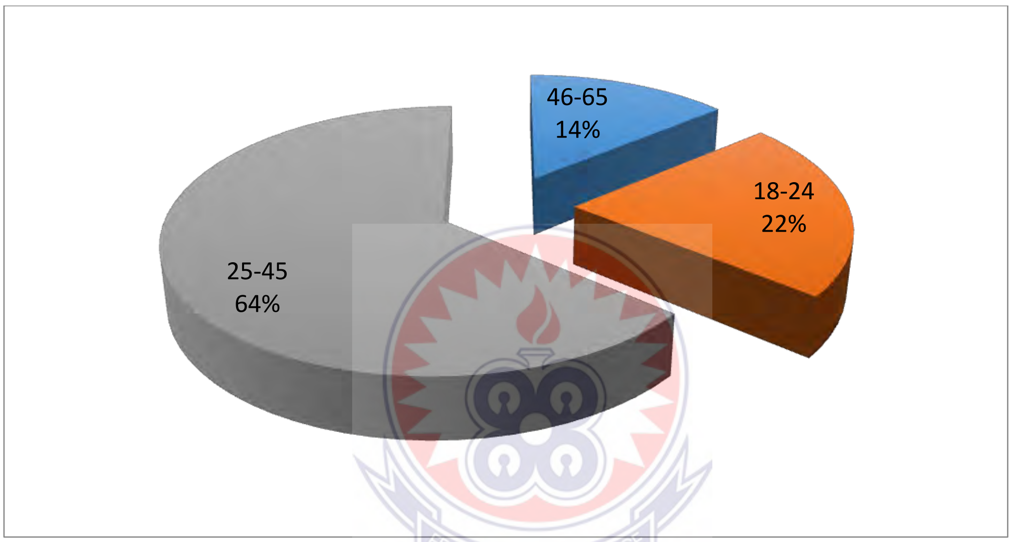
Source: Researcher"s Field Data, 2017

Figure 2: Gender of Respondents

The results in Figure 2 show that the majority (64.3%) of the respondents were females. Male customers (35.7%) constituted the minority. This indicates that close to two-thirds of the customers of UTB-K were females. This finding is confirmed by (Karim and Nayan 2011, & Kheng et al. 2010) whose research showed that more females often enter banking hall than their male counterparts using One Bank Limited as the study area. This finding is also in line with Kheng et al. (2010) whose study on 238 bank customers in Malaysia found that 54% and 46% of females and males respectively visited banks in Malaysia.

4.2 Distribution of Customers by Age

There have been numerous studies measuring the financial literacy of both the young and the old (Lusardi & Mitchell 2011; Rooij et al. 2011). Therefore a self-administered questionnaire (see Appendix A, Questionnaire item 2) to respondents based on their age would help the researcher to find out whether the age groups of customers has an effect on their level of financial literacy.



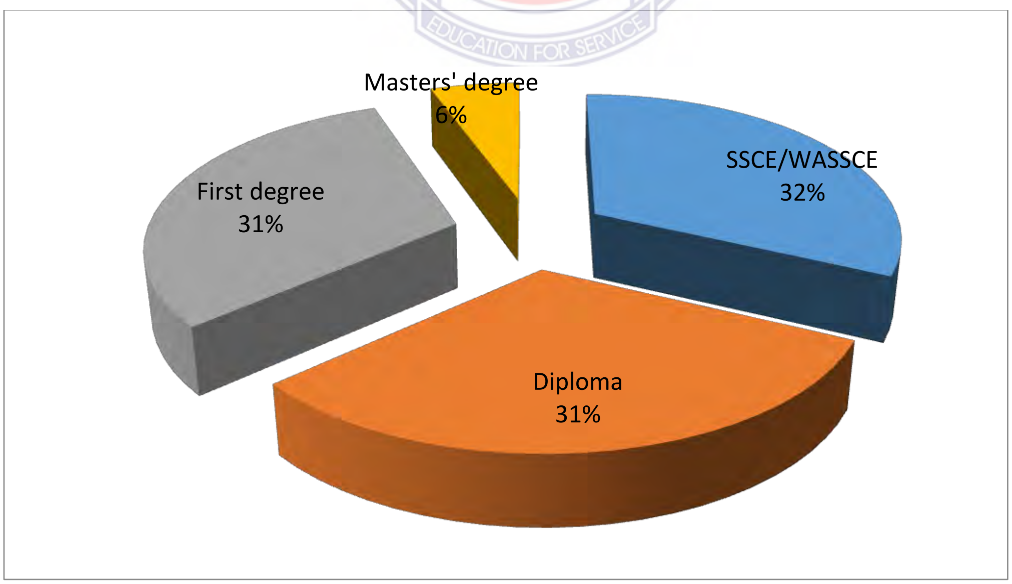
Source: Researcher"s Field Data, 2017

Figure 3: Distribution of Customers by Age

The results in figure 3 shows that 44 of the respondents representing 22% were less than 25 years. 128 respondents representing 64% were between 25-45 and between 46-65 were 28 respondents representing 14% who were in the minority; probably constituted of people with jobs and retired people with families. The results show that respondents who are 25 years and above are mostly taking banking services from UTB –K. This also confirms that in Ghana people below 18-24 are patronizing the services of financial institutions less than other age groups probably because they are still in school or learning a trade. From figure 3, it can be observed that 64% of the respondents were between 25 to 45. This finding is in line with previous studies by Frimpong (2008) whose work revealed that people who are between 24 and 50 years were mostly taking banking services from Rural Community Banks (RCBs).

4.3 Distribution of Customers by their Level of Education

A number of studies (Samkin et al. 2014; Taft et al. 2013) have established that educational levels were positively correlated with financial literacy. Therefore categorizing customers based on their level of education would help the researcher appreciate the levels of education of customers. It is in the light of the above, that questionnaire based on the level of education of respondents was administered (see Appendix A, Questionnaire item 3). Figure 4 shows the responses of respondents based on their level of education.



Source: Researcher‟s Field Data, 2017

Figure 4: Distribution of Customers by their Level of Education

Respondents who had not acquired first degree were 127 representing 63%, 62 respondents representing 31% of the customers surveyed were first degree holders and only 11 of the respondents representing 5.5% were second degree holders. There were no respondents whose highest level of education was B.E.C.E. This category of customers probably did not show interest in the survey because the study was not based on interview.

Results from figure 4 clearly show that most of the respondents had not acquired first degree which is a clear indication that most of the educated elites in Ghana do not patronize the banking services of UTB - K.

4.3.1 Marital Status of Respondents

Many people believe that marital status of customers has an impact on borrowing. It is in the light of the above, that questionnaire based on the marital status of respondents was administered (see Appendix A, Questionnaire item 4). Table 1 shows the responses of respondents based on their marital status.

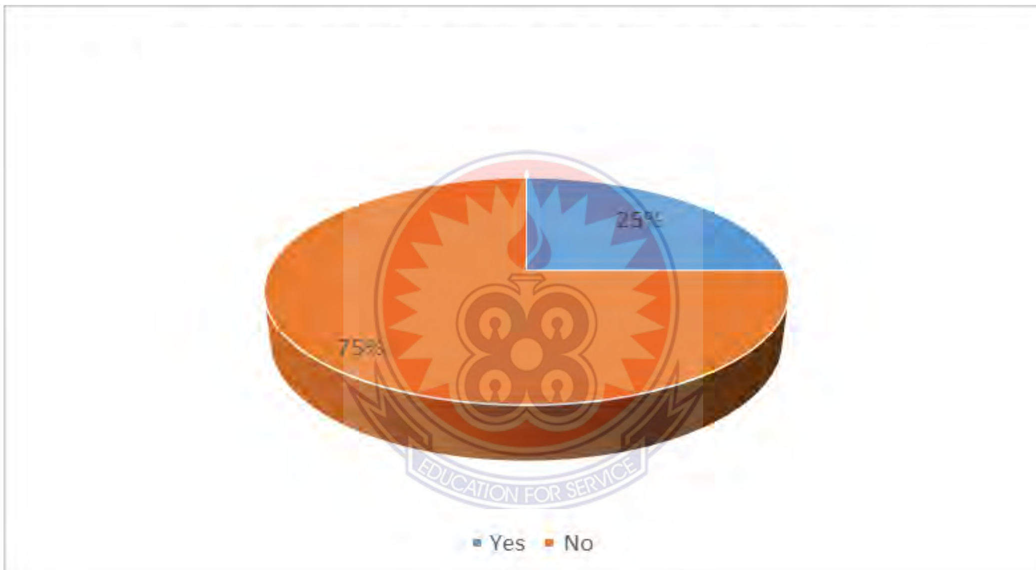
Table 1: Marital Status of Respondents

Status	Response	
	Frequency	**Percentage (%)**
Married	120	60.0
Single	63	31.5
Divorced	5	2.5
Widow	10	5.0
Widower	2	1.0
Total	**200**	**100.0**

Source: Researcher‟s Field Data, 2017

Table 1 shows the marital status of the respondents. The majority 120 (60.0%) of the respondents were married against 63 (31.5%) minority who were single. This shows that married people are more likely to go for credit to start a business than singles.

Data was also gathered on whether customers of UTB-K have their own business(s) or not. This was done with the view of knowing the number of customers who run their own businesses. Figure 5 shows the responses of respondents who own their own business(s)



Source: Researcher‟s Field Data, 2017

Figure 5: Distribution of Customers who run their own Business

From figure 5, we can see that 150(75%) of the respondents responded „No‟ to the question that they run their own businesses whiles 50(25%) responded „Yes‟ responded that they run their own businesses. This finding is an indication that only few customers of UTB-K are self employed or entrepreneurs. This finding agrees with Singer et al. (2014) whose research finding in the Republic of South Africa revealed that propensity is low in developing economies than in the developed economies.

As part of the demographic information about the respondents, information was collected about the number of years the participants have stayed in business if they own one. (See appendix A, Questionnaire item 6). The result is in Table 2 show the number of years respondents who own their own business have stayed in business.

Table 2: Number of Years Respondents have stayed in Business

Years	**Response**	
	Frequency	**Percentage (%)**
1 Yr.	10	40
2 – 3 Yrs.	7	28
4 – 5 Yrs.	4	16
6 – 7 Yrs.	3	12
8 Yrs. and above	1	4
Total	**25**	**100.0**

Source: Researcher‟s Field Data, 2017

Table 2 shows how long customers who run their own businesses have stayed in business. The results show that the greater majority 17 (68%) of the respondents had stayed in business for less than four years. The minority 8 (32%) of the respondents had stayed in business for more than four years. The results suggest that the majority of the customers of UTB-K do not stay in business for long. This may be attributed to their lack of financial education which results in poor investments. As observed by Fatoki (2014), that the financial literacy has a significant impact on an individual's investment decisions especially in the area of savings, borrowing, retirement planning, portfolio decisions etc.

Many researcher (Kohansal & Mansoori; Olomola 1999) believe that interest rates on loans, processing fees, terms of loan repayment and knowledge with the processes of acquiring loans are the factors that prospective loan applicants consider before acquiring loans. It is in the light of the above that the researcher administered questionnaires (see Appendix A, Questionnaire items 7 – 10) to respondents. Table 3 shows the responses of respondents based on the factors prospective loan applicants consider before acquiring loans from UTB-K.

Table 3: Factors that Prospective Loan Applicants Consider before Acquiring Loans from UTB-K

Issue	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Total	%
Considers interest on loans	35(17.5%)	40(20%)	10(5%)	55(27.5%)	60(30%)	200	100
Considers Processing fees	30(15%)	35(17.5%)	15(7.5%)	65(32.5%)	55(27.5%)	200	100
Considers Terms of loan repayment	30(15%)	37(18.5%)	16(8%)	55(27.5%)	62(31%)	200	100
knowledge with the process of acquiring loans	49(24.5%)	40(20%)	10(5%)	50(25%)	51(25.5%)	200	100

Source: Researcher"s Field Data, 2017

The finding from table 3 indicates that 70 (37.5%) disagreed with the statement that they consider interest on loans before acquiring loans; 10 (5%) of the customers were uncertain, and significant majority 115 (57.7%) agreed with the statement. With respect to „processing fees", only 65 (32.5%) of the respondents disagreed with the statement that they consider processing fees before deciding to acquire loans 15 (7.5%) were uncertain whilst majority 120 (60%) of the respondents agreed with the statement. On

„terms of loan repayment" being a factor before acquiring loans; only 67 (33.5%) of the respondents disagreed with the statement; 16 (8%) of the respondents were uncertain whereas most of the respondents117 (58.5%) agreed with the statement. On the last leg of factors respondents consider before acquiring loans, the statement was that you considered your knowledge with the process of acquiring loans as factor before acquiring loans; 89 (44.5%) disagreed with the statement, 10 (5%) of the respondents were uncertain however, 101 (50.5%) of the respondents agreed with the statement. The researcher can conclude that high interest rates and processing fees, favorable terms of loan repayment are the major factors that prospective loan applicants consider before acquiring loans. This finding is consistent with Kohansal and Mansoori (2009) whose research finding revealed that and high processing fees and interest rates incurred by borrowers are major considerations before prospective applicants go for credit. This finding also reflects the beliefs of Olomola (1999), who thinks that delays in loan disbursement couple with high interest rates increases the cost of borrowing thereby creating loan repayment problems.

Research Question One: What are the causes of loan default among customers of UTB-K?

Research Question 1 sought information on the causes of loan default among customers of UTB-K on issues such as interest on loans, processing fees, multiple borrowing by customers, inadequate loans for projects, book-keeping practices and financial literacy of customers. A five-point likert scale was used to assess how these issues contribute to loan default among customers of UTB-K (See Appendix A, questionnaire items 11-16).

The result was computed using descriptive statistics that is making use of Statistical Package for the Social Sciences (SPSS). Table 4 presents responses from the respondents.

Table 4: Causes of Loan Default among Customers of UTB-K

Issue	Strongly Disagreed	Disagreed	Uncertain	Agreed	Strongly Agreed	Total	%
High interest on loans	25(12.5%)	35(17.5%)	15(7.5%)	60(30%)	65(32.5%)	200	100
High processing fees	40(20%)	30(15%)	10(5%)	64(32%)	56(28%)	200	100
Multiple borrowing	30(15%)	25(12.5%)	15(7.5%)	70(35%)	60(30%)	200	100
Inadequate loan for projects	25(20%)	35(15%)	15(5%)	60(28%)	65(32%)	200	100
Poor book keeping	40(20%)	40(20%)	10(5%)	40(20%)	70(35%)	200	100
Little knowledge in financial education	25(12.5%)	20(10%)	15(7.5%)	70(35%)	70(35%)	200	100

Source: Researcher"s Field Data, 2017

The findings from Table 4 indicates that 125 (62.5%) agreed with the statement that high interest on loan is one of the reasons why customers default in repayment of loans; 60 (30%) of the customers disagreed with the statement and only 15 (7.5%) were uncertain. This finding is an indication that high interest on loans is one of the major causes of loan default among customers of UTB-K. This research finding is in line with Maina and Kalui (2014) whose research finding among 59 microfinance institutions in Kenya revealed that one major reason for loan default among customers of microfinance institutions (MFIs) is poor credit policies by management. However, this research finding is inconsistent with Qayyum et al (2006) whose research finding among customers of MFIs suggested that micro credit has not only helped the poor to obtain financial services in a better way than the traditional banks, but also the poor have been saved from exploitation by local creditors who charge extraordinary interest.

On „high processing fees" by customers of UTB-K as a cause of loan default, only 70 (35%) of the respondents disagreed with the statement that, high processing of fees was a cause of loan default among customers,10 (5%) were uncertain whilst majority120 (60%) of the respondents agreed with the statement. This research finding shows that high processing fees has contributed to the defaulting rate among customers of UTB-K. This finding is in consonance with Olomola (1999) whose study revealed that delays in loan disbursement couple with high interest rates increases the cost of borrowing thereby creating loan repayment problems.

„On customers receiving loans from more than one bank" being responsible for loan default; only 55 (27.5%) of the respondents disagreed with the statement, 15 (7.5%) of the respondents were uncertain whereas most of the respondents 130 (65%) agreed with the statement. This finding is an indication multiple borrowing is a major cause of loan default among customers of UTB-K. This research finding is consistent with Frazer and Kazi (2004) whose study on causes of loan default among customers MFIs in Nyota in Tanzania revealed that over 70% of the microfinance clients had at least two loans from different MFIs at the same time.

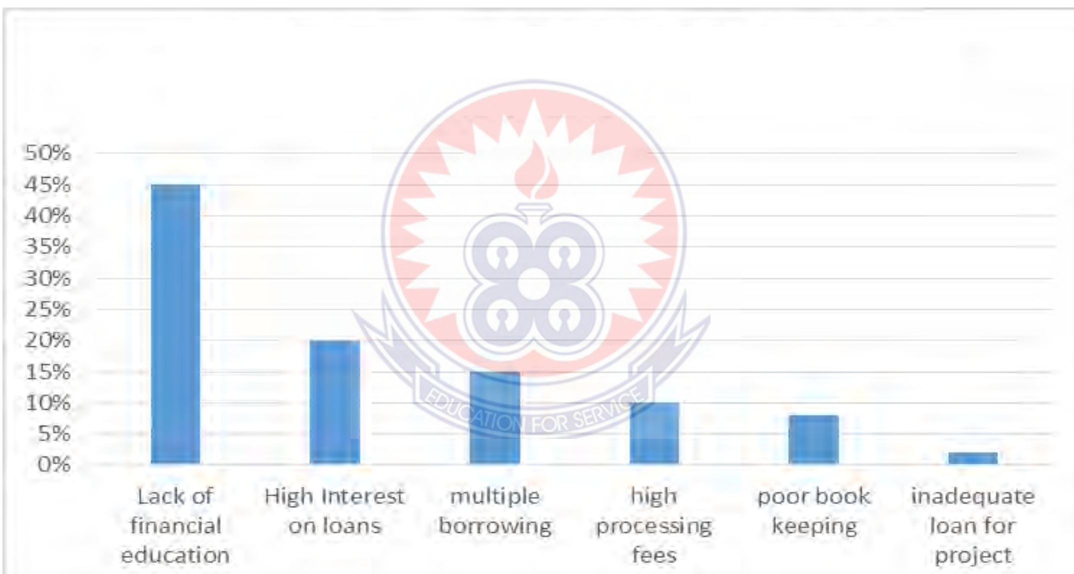
With respect to „inadequate loan for projects" being a cause of loan default among customers, 120 (60%) of the respondents agreed with the statement; 10 (5%) were uncertain and only 70 (35%) disagreed with the statement. This finding suggests most customers of UTB-K had problems of loan repayment because of inadequate loan for projects. This research finding is confirmed by Frazer and Kazi (2004) who conducted a study that revealed that the major reasons for multiple borrowing among customers were insufficient loans from MFIs, loan recycling, and family obligations.

On „poor book keeping practices" by customers causing of loan repayment problems among customers, 110 (55%) agreed, 10 (5%) were uncertain and only 80 (40%) of the respondents disagreed. Obviously, the analysis shows that poor book keeping practices contributes to high rate of default among customers of UTB-K. This finding is consistent with previous studies by Paulbinkas and Stout (1999) whose research findings revealed that poor accounting practices such as poor book keeping contributes to loan repayment problems.

On the last leg of loan default survey, the statement was that financial illiteracy contributes to loan repayment problems among customers of UTB-K; 45 (22.5%) disagreed with the statement, 15 (7.5%) of the respondents were uncertain however, an overwhelming majority 140 (70%) of the respondents agreed with the statement. This research finding is an indication that lack of financial education contributes significantly to loan repayment problems. This finding is consistent with previous studies by Ali (2013) whose research findings revealed that financial education enhances the ability and the capacity of the individual to make informed financial decisions. This viewpoint is reinforced by Holzmann (2010) who posits that a financially educated customer is sure of his or her investment choices.

The number one cause of Loan Default

Information was gathered information on what customers of UTB-K considered to be their number one cause of loan default. Figure 6 presents the responses of respondents on the number one cause of loan default among customers.



Source: Researcher‟s Field Data, 2017

Figure 6: Number one Cause of Loan Default among Customers

The response from the survey revealed that majority (45%) of the respondents considered lack of financial education as the number one cause of loan default among customers. This was followed by high interest on loans (20%), multiple borrowing (15%), high processing fees (10%), poor book keeping (8%) and inadequate loan for projects (2%). The results is a clear indication that financial illiteracy is the primary cause of loan default among customers of UTB-K. This research finding is consistent with Ali (2013) who observed that financial education enhances the ability and the capacity of the individual to make informed financial decisions which reduces their rate of default. This research is corroborated by Holzmann (2010) who posits that a financially educated customer is sure of his or her investment choices. Again the findings of the study is in consonance with a report by Chen and Volpe (1998) which revealed that people who have financial knowledge manage their spending patterns and choices by keeping point by point financial records thereby reducing their defaulting rates.

Research Question Two: To what extent do customers of UTB – K make use of financial education in their investments?

Research Question 2 sought information on the extent customers of UTB-K make use of their knowledge in financial education in their investment decisions with respect to issues such as investment of surplus cash/income, financial measures, investment in financial education and the extent to which customers of UTB-K use their knowledge in financial education to diversify their investments. (See Appendix A, questionnaire item 18-22). The result was computed using descriptive statistics that is making use of Statistical Package for the Social Sciences (SPSS).

Table 5 presents responses relating to the extent to which customers of UTB-K use of their knowledge in their investment decisions.

Table 5: The Extent to Customers of UTB-K make use of Financial Education

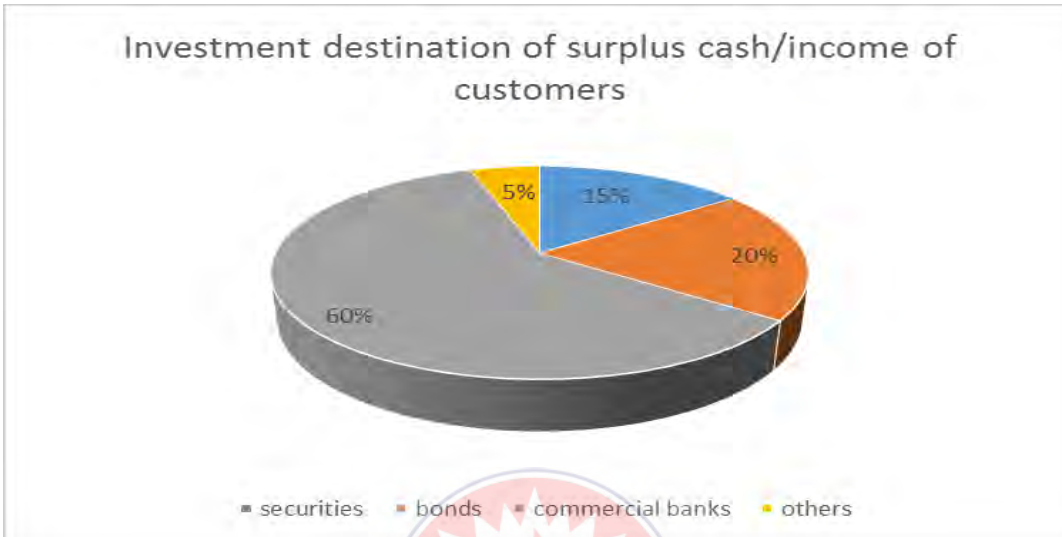
Issue	**Response**	
	Yes (%)	**No (%)**
You invest surplus cash/income	85 (42.5%)	115 (57.5%)
Consider financial measures before investing	75 (37.5%)	125 (62.5%)
Do you invest in financial education	72 (36%)	128 (64%)
Do you diversify your investments	88 (44%)	112 (56%)
You have training in investment	75 (37.5)	125 (62.5%)

Source: Researcher"s Field Data, 2017

With reference to table 5, majority 115 (57.5%) of the respondents responded „No" to the statement that they invest surplus cash or income. On considering financial measures before investing only 75 (37.5%) of the customers of UTB-K reported that they consider financial measures before investing. With respect to customers of UTB-K investing in financial education, an overwhelming majority 128 (64%) of the respondents responded „No" to question whether they invested in financial education. With respect to respondents receiving training on investments, a majority 125 (62.5) of the responded „No" to the question of receiving investment training. On whether customers diversify their investments, majority (75%) of the respondents responded „No" to diversification of their investments. Generally, customers of UTB-K do not make use of their financial literacy in their investments. This could be probably be that majority of customers are not financially savvy to make informed financial decisions. This finding is consistent with Ali (2013) who asserts that financial education enhances the ability and the capacity of the individual to make informed financial decisions. This finding is corroborated by Christelis, et al. (2010) who in supporting Klapper and Panos (2011) confirmed that investors who are literate invest in both equity and stocks because of their knowledge and understanding about the need to diversify their investments.

Investment Destination of surplus income/cash of customers of UTB-K

Information was gathered on investment destination of surplus cash/income of customers of UTB-K. The result is presented in Figure 7.



Soruce: Researcher‟s Field Data, 2017

Figure 7: Shows the number one investment destination of surplus cash/income by customers of UTB-K.

The response from the survey revealed that majority 120 (60%) of the respondents considered commercial banks as the number one investment destination of surplus cash/income. This was followed by investments in bonds 40 (20%), investment in securities 30 (15%) was the third destination and others 10 (5%). This finding is an indication that the majority of the customers of UTB-K considered commercial banks as the number investment destination of surplus cash or income.

Research Question 3: What is the impact of financial education on loan repayment by customers of UTB-K?

Research Question 3 sought information on the impact of financial education on loan repayment by customers of UTB-K with respect to issues such as the impact of financial education on loan management, repayment, sound investment, good investment and good bargain for loans (See Appendix A, questionnaire item 24-28). The result was computed using descriptive statistics that is making use of Statistical Package for the Social Sciences (SPSS). Table 6 presents responses on the impact of financial education on loan repayment by customers of UTB-K.

Table 6: The Impact of financial education on loan repayment by customers of UTB-K?

Issue	Strongly	Disagreed	Uncertain	Agreed	Strongly	Total	%
Financial literacy has an effect on loan management customer of this RB	40(20%)	20(10%)	20(10%)	55(27.5%)	65(32.5%)	200	100
Financial literacy has an effect on loan repayment	28(14%)	26(13%)	28(14%)	42(21%)	76(38%)	200	100
Financial literacy has new bank I will stick to RB							
Has an effect on sound investment Good investment Contributes to loan repayment	21(10.5%)	34(17%)	9(4.5%)	68(34%)	68(34%)	200	100
Knowledge in financial education helps to get	22(11%)	33(16.5%)	10(5%)	60(30%)	75(37.5%)	200	100
Good bargain for loans	40(20%)	45(22.5%)	22(11%)	55(27.5%)	40(20%)	200	100

Source: Researcher‟s Field Data, 2017

The finding from Table 7 indicates that only 60 (30%) of the customers disagreed with the statement that financial literacy has an effect on loan management; 20 (10%) of the customers were uncertain and a significant majority 120 (60%) agreed with the statement. This finding is an indication that financial literacy has an effect on loan management.

This research finding is inconsonance with Frazer and Kazi (2004) whose research findings revealed that financially illiterate customers of MFIs have had problems in loan repayment because in addition to borrowing from multiple MFIs, some customers also borrowed from individual lenders thereby creating repayment problems because of multiple pending loans. This finding also reflects the views of Kohansal and Mansoori (2009) who asserts that most defaults occur as a result of poor management procedures, loan diversion and unwillingness to repay loans.

On „financial literacy having an effect on loan repayment", only 54 (27%) of customers of UTB-K disagreed with the statement that, financial literacy has an effect on loan repayment, 28 (14%) were uncertain whilst majority 118 (59%) of the respondents agreed with the statement. Obviously, financial literacy has an effect on loan repayment. This finding is consistent with Bicchanga and Aseyo (2013) whose study revealed that high rate of loan default among customers of MFIs is as a result in inadequate training and education of borrowers on utilization of loan funds before they received the loans. This research finding is also supported by Collins (2012) who claims that financially illiterate investors has less capacity to make informed or educated financial decisions. Berhanu (1999), also in their study of poverty alleviation in Ethiopia showed that personal financial literacy have a positive correlation with client understanding of a loan facility and consequently loan repayment. However, this research finding is inconsistent with Maina and Kalui (2014) whose research finding among 59 microfinance institutions in Kenya revealed that the major reason for loan default among customers of microfinance institutions (MFIs) is poor credit policies by management.

„On financial literacy having an effect on sound investment"; majority 136 (68%) of the respondents agreed with the statement that high level of financial education of the customer has an effect on sound investment decisions; 9 (4.5%) were uncertain whereas only 55 (27.5%) of the respondents disagreed with the statement. This research finding is an indication that financial literacy has an effect on sound investment. This research finding is corroborated by Fatoki (2014) whose research finding among financially literate students in two universities located in Gauteng and Limpopo province of South Africa revealed that financial literacy has an impact on sound investments.

With respect to „good investments contributing to loan repayment", an overwhelming majority 135 (67.5%) of customers of UTB-K agreed with the statement; 10 (5%) were uncertain and only 55 (27.5%) disagreed with the statement. This finding suggests that good investments contributes to loan repayment. This research finding is in line with Berhanu (1999) whose study on poverty alleviation in Ethiopia showed that personal financial literacy has a positive correlation with good investments and consequently loan repayment. This research finding is confirmed by Agarwal et al (2010) whose study among female customers of microfinance in India revealed that customer groups that received loan literacy training had higher loan repayment rate.

On the last leg of the impact financial literacy on loan repayment, the statement was knowledge in financial education helps customers of UTB-K to get good bargain for loans; 85 (42.5%) disagreed with the statement, 22 (11%) of the respondents were uncertain however, a slim majority 95 (47.5%) of the respondents agreed with the statement. This research finding is an indication that a financial savvy customer of UTB-K can get good bargain for loans. This finding is consistent with previous studies by Hastings and Mitchell (2011) who argued that there is a connection between financial literacy and bargaining power of a borrower. This research finding is also consistent with Hoffman et al (2011) who also posit that a financially literate investor has the ability to comprehend financial statements and make informed financial investment revealed that financial education enhances the ability and the capacity of the individual to make informed financial decisions. This viewpoint is reinforced by Holzmann (2010) who posits that a financially educated customer is sure of his or her investment choices.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.0 Introduction

This is the concluding chapter of the study and presents a brief summary of the whole work, summary of findings, conclusions and recommendations. Areas for further research are also suggested.

5.1 Summary

The study was a descriptive survey which sought to find out the impact of financial education on loan repayment among customers of UTB-K. The study specifically sought to find the causes of loan of loan default; determine the extent to which which customers make use of financial education in their investments and also find out the impact of financial educationon loan repayment. Three research questions were posed to direct the study. They were: What are the causes of loan default among customers of UTB-K?; To what extent do customers of UTB-K make use of financial education in their investments?; What is the impact of financial education on loan repayment among customers of UTB-K?

Literature was reviewed extensively on the two main variables of the research theme: „financial education" and „loan repayment", and was done in line with the research purpose and objectives. It reviewed work on loan default, meaning of financial education/literacy, history of UT Holdings, causes of loan repayment problems, benefits of financial education, knowledge in savings, knowledge in investments. The influence of financial education on personal decisions, theories of financial education and empirical study. The conceptual framework was a model that underlies the study. It explains the impact of financial education on loan repayment.

The sample size for the study was 200 customers of UTB-K. The multi-stage sampling technique was used to select the respondents. The research instrument was a self-designed questionnaire containing 28 items. The questionnaire was pilot-tested with 10 customers and 3 employees of Adum Branch of UTB-K. 190 out of the 200 questionnaires distributed to the respondents were retrieved indicating 95% return rate. The responses were coded and entered into the SPSS for analysis and interpretation. The main statistical tools used for the analysis were descriptive statistics. The interpretation was followed by a full discussion of the results.

5.2 Summary of Major Findings

1. Majority (75%) of the customers of UTB-K do not own a business(s).
2. Majority (50 - 57%) of the respondents considered the following factors/issues before acquiring loans from UTB-K. These factors are: interest on loans; processing fees; terms of loan repayment and the kowledge with the processes of aquiring loans.
3. Majority (55 – 70%) of the customers of UTB-K identified the following factors as the causes of loan default: high interest on loans; high processing fees; multiple borrowing; inadequate loan for projects; poor book-keeping and little knowledge in financial education.

4. Number one cause of loan default among customers of UTB-K was lack of financial education whilst the least cause of loan default was inadequate loan for projects.
5. Majority (57 – 75 %) of the customers of UTB-K do not make use of financial education in their investment decisions. They do not consider the following investments as important: Investment of surplus cash/income; Investment in finacial education; Diversification of investments; and investing in financial training.
6. The number one investment destination for customers of UTB-K was Commercial Banks.
7. Majority (47 - 68%) of the respondents considered financial literacy as having an effect on loan repayment by customers of UTB-K. Financial literacy has an effect on the following: Loan management; Loan repayment; Sound investment; Good investment; and Good bargaining of loans.

5.3 Conclusions

The fact that majority of the customers were financially illiterate suggests that they were likely to make poor financial decisions which will culmulate into loan repayment problems. If customers especially borrowers are given adequate financial education and training on utilization of loan funds before they received the loans, it is likely that the loan repayment problems will be minimized.

5.4 Recommendations

Following the research findings and the conclusions drawn from the study, the following recommendatios have been made:

1. To address loan repayment problems, management of UTB-K should give financial education to their clients on the utilization of loan funds before advancing credit to customers.
2. Management of UTB-K must educate their customers on the need to diversify their investments. If investors invest in both equity and stocks they will be able to withstand financial shocks thereby reducing loan repayment problems.
3. UTB-K management should put in place pragmatic measures to reduce cost of borrowing to its customers. If possible, the interest on loans and processing fees should be reduced in order address the defaulting rate.
4. If default rate rises to an extent that it threatens the life of UTB-K, management must suspend lending to new clients untill potfolio ratios reaches an acceptable level.
5. The There must be constant monitoring of customers to reduce the diversion of resources by the borrower from productive uses.
6. The government should also make financial education part of the curriculum of Junoir and Senior High Schools. This will to develop the skills and confidence of junior and senior high school graduates to become more aware of financial risks and opportunities; to make informed choices; to know where to go for help, and to take other effective actions to improve their financial wellbeing.

5.5 Suggestions for Further Research

The researcher employed a single data collection instrument (questionnaire) and also focused on only the customers UTB-K due to time constraints. It is therefore suggested that future researcher should employ more than one data collection instrument (interview and observation) and the scope of the study should also be expanded to include the employees, management and board of directors of UTB-K. This would help provide a fair assessment of the impact of financial education on loan repayment among customers of UTB-K.

The study was limited to only the customers of UTB-K. The researcher therefore suggest that this study should be replicated across the districts in Ghana so that the results could be generalized to cover all the branches of UTB in the country.

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APPENDICES

APPENDIX A: QUESTIONNAIRE

UNIQUE TRUST CUSTOMERS‟ FINANCIAL LITERACY QUESTIONNAIRE

Dear Customer,

This questionnaire is part of a study designed to find out customers of Unique Trust Bank level of financial literacy and its impact on loan repayment, and I would be grateful to have you participate in the study.

Please, be informed that this questionnaire is designed purely for academic purpose in partial fulfilment of the award of Bachelor of Business Administration, Accounting Option. All information shall be treated as confidential. Besides, your anonymity is guaranteed. You are encouraged to respond to the items as objectively as possible.

Thank you very much in anticipation of your co-operation.

Section A - Background Information

Instruction: Please tick [√] the appropriate response.

1. Gender? Male [ ] Female [ ]

2. Age group?

20 and below [ ] 21-30 [ ] 31-40 [ ] 41-50 [ ] 51-60 [ ]

61 and above [ ]

3. What is your level of education?

B.E.C.E [ ] S.S.C.E [ ] Diploma [ ] First Degree [ ] Second Degree [ ] Tertiary Degree [ ]

4. Marital status?

Married [ ] Single [ ] Divorced [ ] Widow [ ] Widower [ ]

5. Do you have a business? Yes [ ] No [ ]

6. If yes how long have you been in business?

1Yr [ ] 2-3 Yrs [ ] 4-5 Yrs [ ] 6-7 Yrs [ ] 8Yrs and above [ ]

Section B: Factors customers of UTB-K consider before borrowing

The following set of questions relates to the factors you consider before borrowing from UT Bank. Please for each statement show the extent to which you agree or disagree with the statement

1 = Strongly Disagree

2 = Disagree

3 = Uncertain

4 = Agree

5 = Strongly Agree

Selecting 1 means you strongly disagree with the statement and selecting 5 means you strongly agree with the statement. If your feelings are less strong then select one of the numbers in between. There are no wrong or right answers.

Section C: Factors customers of UTB-K consider before borrowing

Factors You Consider Before Taking a Loan	Response				
	1	**2**	**3**	**4**	**5**
7. Interest rates before taking a loan from UTB?					
8. Considers processing fees before taking a loan from UTB?					
9. Considers terms of loan repayment from UTB?					
10. Conversant with the process of acquiring UTB?					

Section C: Causes of Loan Default among customers of UTB

Causes of Loan Default among Customers of UTB	Response				
	1	**2**	**3**	**4**	**5**
11. High interest on loans					
12. High processing fees					
13. Multiple Borrowing					
14. Inadequate loan for projects					
15. Poor Book Keeping practices					
16. Little knowledge in financial education.					

17. What do you think is the number one cause of loan default among customers of UTB?...

Section D: The extent to which you apply your financial knowledge in investments

18. Do you invest surplus cash/ income to generate more income in future?

Yes [ ] No [ ]

19. Do you consider financial measures before committing to an investment?

Yes [ ] No [ ]

20. Do you invest in financial education?

Yes [ ] No [ ]

21. Do you diversify your investments?

Yes [ ] No [ ]

22. Do you have any training in investment

Yes [ ] No [ ]

23. Where do you invest surplus cash?

Securities [[Bonds [ ] Commercial Banks [ ] Others [ ]

Section E: The impact of financial education/ literacy on loan repayment

The following set of questions relates to the impact of financial education on loan repayment. Please for each statement show the extent to which you agree or disagree with the statement

1 = Strongly Disagree

2 = Disagree

3 = Uncertain

4 = Agree

5 = Strongly Agree

Selecting 1 means you strongly disagree with the statement and selecting 5 means you strongly agree with the statement. If your feelings are less strong then select one of the numbers in between. There are no wrong or right answers.

The impact of financial literacy on loan repayment	**Response**				
	1	**2**	**3**	**4**	**5**
24. Financial literacy has effect on loan management					
25. Financial literacy has an effect on loan repayment.					
26. Financial literacy has effect on sound investment.					
27. Good investment contributes to loan repayment.					
28. Knowledge in financial education helps to get good bargain for loans.					

Thanks for your assistance ! It is greatly appreciated!

University of Education, Winneba
Box 1277,
Kumasi.
16th February, 2017

The Branch Manager,
Unique Trust Bank, (--------- Branch)
Kumasi
Box

Dear Sir/Madam,

INRRODUCTORY LETTER

I humbly write to introduce myself to you to get your permission to collect data about your bank from your valued customers for my Masters of Business Administration (MBA) research work.

I am a final year student of University of Education, Winneba - Kumasi pursuing Masters of Business Administration, Accounting Option. In partial fulfillment for the award of the degree, I have to carry out a research. My research topic is The Impact of Financial Education on Loan Repayment

As ethical issues are highly relevant in any research work, I would very grateful to have your consent to collect data about your bank for my study. All information would be treated as confidential and be used for analysis purposes only. Thank you.

Yours faithfully,

…………………………..
Thomas Prepeh