Assessment Of Financial Education And Financial Literacy (Knowledge, Behaviour And Attitude) Of Micro And Small Enterprises Operators: A Comparative Study Between Hawassa City And Dale Woreda, Sidama Regional State, Ethiopia

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Abstract

Assessing the levels of financial literacy in the population is a key component of a successful national strategy for financial education, enabling policy makers to identify gaps and design appropriate responses. MSEs are taking up huge role in the economy in creating job opportunity, but still struggling to be included in the formal financial sector. Available literatures confirm that no studies were conducted in the study area. Hence, this calls for an in-depth study. The objective of the study was to examine access to financial education and financial literacy of MSEs. To that end, the study followed the mixed approach. A total of 352 samples were contacted to collect data. The stratified random sampling is considered to be the right sampling technique to identify relevant respondents. Interview technique was utilized for the collection of primary data. The OECD/INFE (2020) interview schedule was adapted for this study. The collected data was fed to the SPSS and STATA soft wares for analysis purpose. The data was later analyzed with the help of descriptive and inferential statistics. The study identified that, of the required financial knowledge, the respondents know almost half of it (59%). The respondents were found to be showing only 3 of the 9 required behaviors. The respondents showed an average of only 1 of the required 3 good financial attitude. The grand mean financial literacy was found to be 6.89 which well below the expected average of 8.5 [half of the maximum 17]. The mean financial literacy at Dale town is 5.8, which is lower than the Hawassa city literacy level which is 7.4 out of the maximum 17 score. The independent sample t-test result shown below revealed that the financial literacy levels in the study areas have statistically significant difference. This study identified that living in relatively bigger cities plays positive role in financial literacy. Of the total respondents, 60.8% of the respondents replied that they had access to financial education; the other 39.2% had no prior chance for financial education. The overwhelming majority 84.1% have no knowledge to place complaints if treated unfairly by a financial provider. Despite the lack of knowledge, only 36.6% of the respondents replied they train themselves to learn more about dealing with business finances. Hence, it is better to include financial literacy course as an independent subject in the curriculum to all educational levels. All the stakeholders (including the various NGOs, Labor and social affairs office, the Small and Micro enterprises organizing office…) need to take notice of findings of this study and do further so as to provide further financial education for the operators of the MSEs. Financial education should be taken into account in the regulatory and administrative frame work and considered as a tool to promote economic growth, confidence and stability, together with regulation of financial institutions and consumer protection (including the regulation of financial information and advice).

Key words: financial education, financial literacy, financial knowledge, financial behaviour, financial attitude.

1. Introduction

1.1. Background of the study

Financial education, by the definition of the OECD, is the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence 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 well-being (OECD, 2020). Knowing how to move within the continuous evolutions of the economic and financial world that surround our daily lives allows us to live our lives in a truly active and conscious way. Thinking about money in accordance with the times is the most efficient way to achieve, step by step, the life you want to live, in harmony with others.

General literacy refers to a person's ability to read and write. Literacy in the broadest sense consists of understanding (i.e., knowledge of words, symbols and arithmetic operations) and use (ability to read, write and calculate) of materials related to prose, document and quantitative information. This idea of literacy has been expanded to the study of particular skill sets, for example computer literacy (Wecker, Christof, Christof Kohnle, & Fredrich, 2007), statistical literacy (Callingham, Rosemary, & Jennifer , 2005) (Callingham and Watson 2005) and health literacy (Baker, 2006). Each type of literacy measures how well an individual can understand and use information. For example, health literacy measures how well an individual can understand and use health-related information related to five activities (health promotion, health protection, disease prevention, health care maintenance and systems navigation).

Like general or health literacy, financial literacy could be conceptualized as having two dimensions—understanding (personal finance knowledge) and use (personal finance application) (Huston, 2009).

Although several financial literacy definitions have been proposed, there is no universally accepted meaning. Financial literacy could be defined as measuring how well an individual can understand and use personal finance-related information. Financial literacy is the ability to make informed judgments and to take effective decisions regarding the use and management of money (Noctor, Stoney, and Stradling, 1992; (Beal, Diana, & Sarah , 2003) and (ANZ, 2008).

OECD (2020) defines financial literacy as the combination of awareness, knowledge, skills, attitudes and behaviour that a potential entrepreneur or an owner or manager of a micro, small or medium sized enterprise should have in order to make effective financial decisions to start a business, run a business, and ultimately ensure its sustainability and growth.

Lusardi & Mitchel (2013) succinctly alluded that financial literacy is peoples' ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt, and pensions which become increasingly important to enable individual and household to cope with the ever growing complexity of products and service in financial market.

Micro and small enterprises (SMEs) make up the majority of enterprises in the world, providing employment and contributing significantly to national incomes. They can play an important role in sustainable, inclusive economic growth and development and improved financial stability given appropriate conditions and timely support. Successful development and growth of MSEs depends on supply- and demand-side factors, including the possession of adequate financial knowledge and skills (OECD, 2017).

Hence, the purpose of this study is to assess the access to financial education and Financial Literacy level of MSEs operators and identify its effect on financial performance in Hawassa city and Dale woreda.

1.2. Statement of the problem

Evidences show that most people in developing country lack access to formal financial service. And this contributes to persistent poverty. Improving access to financial service, as part of the solution to poverty reduction in developing countries, has thus, become a global and national public policy concern (Zakaria & Sabri, 2013).

Besides, level of financial literacy is low both in developed and developing countries. One of the basic reasons for many business firms to fail is because of having in adequate financial literacy, lacking sufficient business perception. OECD survey of 30 countries found that "overall levels of financial literary, taken as a combined scores on knowledge, attitude and behavior are relatively low. The average score is just 13.2 out of a possible 21, showing significant room for improvement (OECD, 2020). Moreover, the financial literacy among business owners in larger cities and smaller towns are found to have significant difference (Lachance , 2014; Michael , Thomas , & Yigitcan, 2018).

The policy and academic response in developing countries in general and Africa in particular is at low level (Mathewos , Navkiranjit , & Jasmindeep , 2015). Low levels of financial literacy can have wider implications on the economy. The financial crisis and aftermath showed the increasing complexity of a financial system and participants' inability to understand and cope with has been a challenge (Zakaria.S, 2013).

Around the world, there is an increasing attention to financial literacy due to the greater complexity and evolution of the financial landscape, the transfer of broad range of (financial) risks to consumers, raising number of participants and the limited ability of a regulator alone to protect consumers. The negative spillover effects of low levels of financial literacy and potential implicit costs for the society and the economy at large have mandated regulators to focus on prudent programs to educate consumers. International organizations such as G20 have highlighted the importance of financial literacy in its High Level Principles on Consumer Protection and Financial inclusion.

Organization for Economic Co-operation and Development (OECD), its International Network for Financial Education (INFE), and the World Bank have pioneered in developing principles, best practices, survey instruments, diagnostic tools, measurement and evaluation techniques for financial literacy. An increasing number of countries have **state-run programs** to develop and implement national strategies for financial education. In spite of the considerable international and national efforts taken to improve financial literacy, much remains to be done.

With regard to academic studies, far fewer available researches specifically emphasize measurement of access to financial education and financial literacy as an objective. The following are the available studies in Ethiopian context: Sunitha (2019), (Tsigereda, 2014), Mathewos, Navkiranjit and Jasmindeep (2015) and (Habtemariam, 2018). But none of these studies were conducted in the study area. And none of these studies used the Comprehensive OECD/INFE Survey Instrument to Measure the Financial Literacy of MSEs. None of the above mentioned studies ever tried to conduct a comparative study to identify if living in cities [like Hawassa] makes people more financially literate as compared to the others living in towns [like Dale woreda]. Hence, this calls for an in-depth study into the access to financial education

and literacy of the MSEs in the study area as per the international financial literacy measurement tools.

1.3. Objectives of the study

The general objective of the study is to measure the access to financial education and financial literacy of the MSEs in the study area

Specific objectives of the study

- 1. To examine the overall Financial literacy score of the MSEs operators
- 2. To examine the access to financial education of the respondents
- 3. To identify if living in city (Hawassa) and town (Dale) has effect on one's financial literacy

1.4. Significance of the research

Financial literacy allows business owners to make informed and effective decisions with all monetary matters in order to create healthy business. Enhancing financial literacy and personal financial decision making capabilities of people would enhance the outcome of financial inclusion and other poverty reduction initiatives for the fact financially literate people can demand and properly use beneficial financial services such as savings, microcredit, and insurance. Moreover, enhancing financial literacy is at the advantage of financial service providers and contributes to the development of a stable financial system.

This study may reassure the effort underway by **National Bank of Ethiopia (NBE)** to bring financial inclusion. While drafting national financial inclusion strategy, NBE identified financial illiteracy as one of the major barriers of financial inclusion. Therefore, by measuring the current level of financial literacy and identifying financial literacy gaps and needs among MSE**s owners/managers** in Sidama region, this study could help the **NBE governors, Policy makers and academics in Ethiopia** to understand the

level of financial literacy in the population in order to devise suitable financial education strategy and other related policy interventions to improve personal financial literacy.

This study is of immense importance for the government bodies which always tries to include the MSEs in the formal finance sector. The micro finances in the study area could get due benefit from the study, these includes the **Sidama Micro finance**, **Omo Micro finance** etc. The study could be beneficial for the MSEs operators themselves in showing them their level of financial financial literacy. Moreover, the study may also be helpful for the **NGOs** working in the areas of the financial education and financial inclusion. **Hawassa university community service directorate** can use the output of the study to identify the potential need of financial education and training of the MSEs in both Hawassa city and Dale woreda.

Moreover, Ethiopia opens the **capital market** sooner or later and in order to select the right investments areas (such as bonds, common stock, preferred stock …) the financial consumer needs to have the right mix financial knowledge. One of the purposes of this study is to identify the stock of financial knowledge available with the consumer and identify the missing. Hence, **financial educators** can focus on the missing knowledge while giving education.

2. Methodology

2.1. Description of the study area

Hawassa city is the capital of the Sidama Region and it is located 273 km south of Addis Ababa. Based on the 2007 Census conducted by the Central Statistical Agency of Ethiopia, the city has a total population of 258,808, of whom 133,123 are men and 125,685 women. While 157,879 or 61% are living in the city of Hawassa, the rest of the population is living in surrounding rural kebeles.

Dale is one of the woredas in the Sidama Region of Ethiopia and it is located 325km far away from Addis Ababa along main highway to Moyale. Dale is bordered on the south by Aleta Wendo and Chuko, on the west by Loka Abaya, on the northwest by Boricha, on the north by Shebedino, and on the east by Wensho. Based on the 2007 Census conducted by the CSA, this woreda has a total population of 242,658, of whom 122,918 are men and 119,740 women; 30,348 or 12.51% of its population are urban dwellers.

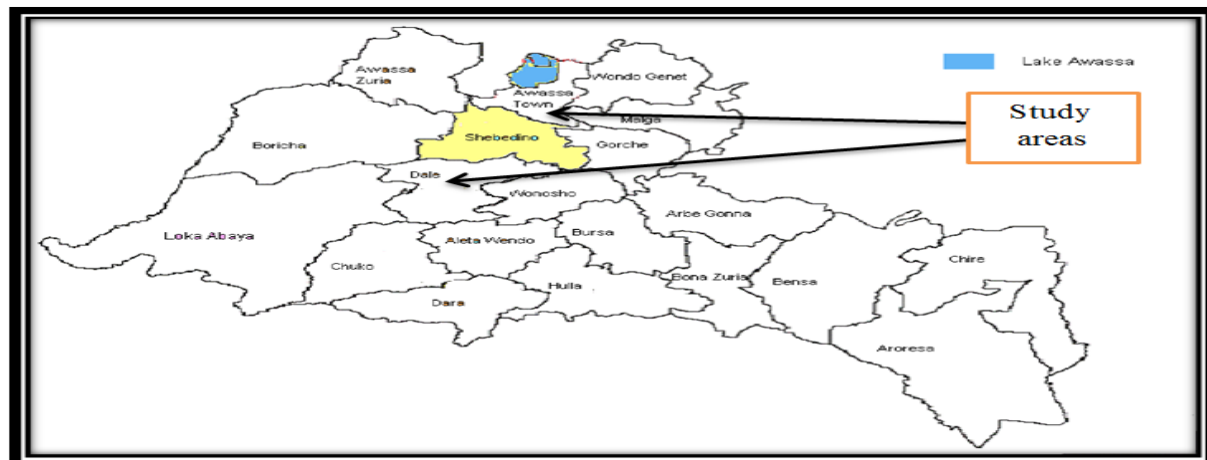The following map shows the location of Sidama region in Ethiopia.

Figure 1: map of Sidama regional state

Source: Regional finance and economic development bureau (2021)

The following map shows the study areas in the Sidama region

Figure 2: location of Hawassa and Dale woreda in Sidama region

Source: Regional finance and economic development bureau (2021)

2.2. Study Design
By considering the nature and objective of the research, a mixed research approach was adopted and both primary and secondary data were considered for this particular study. The combination of qualitative and quantitative approaches provides a complete understanding of a research problem than each approach alone.

2.3. Study Population; Sampling Procedure and the sample size

For this comparative study, Hawassa city and Dale woreda are deliberately selected for their high concentration of the MSEs, as the official figures indicate. The study population constitutes Only the Owners of the MSEs. Stratified random sampling was used to select the respondents for the study purpose. This MSEs sector is diversified with heterogeneous characteristics; hence, this stratified random sampling is the right technique. The strata were the sectors in which the MSEs operate. The following is population size

Table 1: total number of MSEs in Hawassa city and Dale woreda

Sectors	Hawassa	Dale	Total
Agriculture	404	206	610
Manufacturing	514	340	854
Service	900	402	1302
Construction	176	34	210
Total	**1994**	**982**	**2976**

Source: MSEs Development bureaus of Hawassa city and Dale woreda (2021)

The sample size for the study was calculated by considering the Yemane (1967) formula with 95% confidence interval

$$n = \frac{N}{1+Ne^2} = \frac{2976}{1+2976(0.05)^2} = \mathbf{352}$$

Hence, this 352 sample size was proportionately distributed to both study areas

Table 2: **Proportional distribution of samples to Hawassa city and Dale woredas**

Study areas	Population size	Proportion	Proportional sample size
Hawassa	1994	1994/2976 = 67%	352*67% = 236
Dale	982	982/2976 = 33%	352*33%= 116
Total	**2976**	**100%**	**352**

Source: own computation

Further, these proportional sample sizes of each of the study areas were further proportionately distributed to each of the strata

Table 3: proportional distribution of the samples to the various strata in Hawassa and Dale

Sectors	Hawassa		Dale	
	Population size	Proportional sample size	Population size	Proportional sample size
Agriculture	404	48	206	24
Manufacturing	514	61	340	40
Service	900	107	402	47

Construction	176	20	34	5
Total	**1994**	**236**	**982**	**116**

Source: own computation

2.4. Data Type & Source

Both the primary and secondary data were used for the study purpose. The primary data sources include the operators of MSEs, key informants and office bearers in the government bureaus. While, the secondary data was collected from: 1) the financial statements of MSEs; 2) the concerned government bureaus; 3) possibly relevant NGOs.

2.5. Methods and tools of data collection

The researcher decided to use the most popular tool of data collection instrument developed by the OECD. The instrument is comprehensive, already checked for validity and it is internationally comparable. Thus, the study utilized the face to face interview to overcome the possible low levels of literacy. For the intimate communication with respondents data enumerators with the knowledge of local language and Amharic and with Accounting, Economics, and Management academic background were utilized to collect data. The data enumerators were trained for 2 days on the contents of the questionnaire and the aims of the study. In addition, unstructured interview was conducted with the relevant key informants. Data sheets were prepared to collect secondary data.

Tools of data collection: the OECD/INFE interview schedule

To start with what is OECD; it is an organization that was formed by the G20 countries to primarily create cooperation for the economic development. This organization oversees the financial system health and financial education[1]

across the globe and it has developed an instrument which helps to measure the financial literacy specifically for the MSEs. Hence, OECD/INFE Survey Instrument to Measure the Financial Literacy of MSMEs 2020 version[2] was adopted[3] and utilized to collect data for the study purpose. The instrument is attached at the end of this research report.

2.6. Data management & Analysis methods

The collected data was fed to the SPSS and STATA soft wares for analysis purpose. The data was analyzed with the help of descriptive and inferential statistics. These includes: percentage, mean, mode, median, standard deviation etc. The index proposed by the OECD (2020) was utilized to measure the financial literacy of the respondents. The analyzed data was presented with the help of various tables, charts and diagrams.

2.7. Measurements of the variables of the study

2.7.1. Financial education

The access to financial education of the respondents was ascertained with the help of QF1, QF2, QF3 questions in the instrument. This variable takes the value of 1 if the respondent ever received training on how to manage business finances. The variable takes the value of 0 if the respondent never took training managing business finances. Hence, this is a dummy variable.

2.7.2. Financial literacy and its measurements score

Financial literacy is defined as the ability to effectively evaluate and manage one's finances in order to make frugal decisions in order to reach life goals and achieve financial well-being (AICPA, 2003). Financial literacy has the following components: financial knowledge, financial attitudes and financial behaviour (OECD, 2020).

As for the OECD/INFE financial literacy survey of adults, the overall financial literacy score was computed as the sum of the financial knowledge, financial attitudes and financial behaviour scores.

$$\text{Financial literacy} = \text{financial knowledge} + \text{financial attitudes} + \text{financial behaviour}$$

2.7.2.1. Financial knowledge score

The knowledge score is expected to be computed as the number of correct responses to the financial knowledge questions, which include a mix of questions specifically about business finance (dividends, meaning of equity) and more general financial knowledge (inflation, risk and return, understanding of interest on loans). The sum of points ranges between 0 and 5. This variable is categorical.

2.7.2.2. Financial behaviour score

The behaviour score is expected to be computed as the count of "financially savvy" behaviour. The sum of points ranges between 0 and 9; this variable is categorical.

2.7.2.3. Financial attitudes score

The attitudes score is expected to be computed as the count of "financially savvy" attitudes. The sum of points ranges between 0 and 3. This variable is categorical.

2.7.2.4. Summary of competencies and overall score

Table below summarizes how the questions used to compute financial literacy scores and its sub-components (knowledge, attitudes and behaviour) cover the core competency framework (OECD, 2018). In particular, the table reports the number of questions in each core competency sub-topic. Financing be the business, Planning beyond the short term and Risk and insurance are the most important areas in the overall financial literacy score. As mentioned before, each question is associated to the core competency areas that it best represents, even though in practice a question may capture more than one competence or competencies in different areas.

Table 4: Summary of **Number of questions covering each core competency**

Competencies	Knowledge	Attitudes	Behaviour	Total
Basic payment and deposit services			X X	2
Financing the business	X X	X	X	4

Registration, taxes and other legal requirements				
Keeping records and accounting			X	1
Short-term financial management				
Planning beyond the short term	X	X	X	3
Risk and insurance	X	X	X X	4
External influences	X		X	2
Financial protection for MSEs			X	1
Financial information, education and advice				
Total	5	3	9	17

Source: OECD/INFE (2020)

The overall financial literacy score was based on the sum of the knowledge, attitude and behaviour scores. The sum of the three components is expected to range from 0 to 17 points,

and the overall financial literacy score was expressed in percentage of the maximum possible score (e.g. a sum of 17 points is rescaled to give an overall financial literacy score of 100%). In the determination of financial literacy, financial behaviour counts for almost half of the total score (with 9 maximum points out of 17), financial knowledge weights for about one third (5 maximum points out of 17) and financial attitudes weights for about one fifth (3 out of 17). This variable is a continuous one.

$$Financial\ literacy\ score = \frac{financial\ knowledge\ score + financial\ attitudes\ score + financial\ behaviour\ score}{Maximum\ possible\ score\ of\ 17}$$

3. Result and discussion

3.1. Financial knowledge of the respondents

The OECD financial literacy measurement instrument has a component of financial knowledge. The 5 statements were posed for a "True" or "false" response. If the reposndents know the right answer, then 1 will be given, and zero otherwise. The questions were about the inflation, equity, dividends, risk of investment, and loan repayment. Accordingly, as the table below shows, the respondents were found to have the highest knowledge on inflation (0.81); while the least knowledge was on loan repayment issue (0.22). Overall, of the required financial knowledge, the respondents know almost half of

it (59%). The details are provided in the table below

Table 5- Financial knowledge of the respondents

S.No	Financial knowledge related statements and the responses	Mean
1	High inflation means that the cost of living is increasing rapidly: 1=True; 0=False	**0.81**
2	When a company obtains equity from an investor it gives the investor part of the ownership of the company: 1=True; 0=False	0.75
3	Dividends are part of what a business pays to a shareholder: 1=True; 0=False	0.61
4	If a financial investment offers the chance to make a lot of money it is likely that there is also a chance to lose a lot of money: 1=True; 0=False	0.54
5	A 15-year loan typically requires higher monthly payments than a 30-year loan of the same amount, but the total interest paid over the life of the loan will be less: 1=True; 0=False	**0.22**
	Grand mean	59%

Source: field survey (2022)

NB: 1 is given if the respondent correctly knows the answer to the statement; 0 if the respondent doesn't correctly know the answer.

3.2. Financial behavior of the respondents

The second component of the financial literacy index is financial behaviour. It was measured with the help of 9 "yes or no" and "agree or disagree" questions. For a financial literacy to happen, the respondents need to show the required or the right financial behaviour. Accordingly, for a person to be financially literate, the following are the required good behaviors

- considering the options from various financial service providers before choosing a financial service or products for the business
- adjusting planning according to the changes in the economic environment
- having the insurance for the business equipment
- regularly forecasting the profitability of the business
- keeping the data and information of the business secured
- comparing the cost of different sources of finance for the business
- having separate accounts for household and the business
- thinking how to finance one's own retirement
- keeping the business records formally

Likewise, the mean of 0.82 shows that most of the respondents have considered options from financial providers before choosing a financial product or service for their own businesses. On the contrast, very few (with a mean of 0.10) of the respondents had the experience of keeping track of financial records of the business formally. Overall, a grand mean of 32% revealed that the respondents were found to be showing only 3 of

the 9 required behaviors. The details are provided
here in the table below

Table 6- Financial behavior of the respondents

S.No	Questions on particulars of financial behavior	Mean
1	Have you considered options from financial providers before choosing a financial product or service for the business? 1) Yes 0) No	**0.82**
2	I adjust my planning according to the changes in economic factors: 1 = agree; 0= disagree	0.39
3	Do you have a way of insuring (like setting aside money for emergencies or having insurance) the business equipment? 1) Yes 0) No	0.38
4	I forecast the profitability of the business regularly: 1 = agree; 0= disagree	0.34
5	I keep secure data and information about the business: 1 = agree; 0= disagree	0.32
6	I compare the cost of different sources of finance for the business: 1 = agree; 0= disagree	0.24
7	Do you have separate accounts for your household and for your business? Yes (1); No (0)	0.19
8	Have you thought about how you will fund your own retirement or maintain yourself when you will no longer work due to old age? 1) Yes 0) No	0.14
9	Do you keep track of financial records of the business formally? 1) Yes 0) No	**0.10**
	Grand mean	**32%**

Source: field survey (2022)

3.3. Financial attitude of the respondents

The third and the final component of the financial literacy index was the financial attitude. With a mean of 34%, the respondents showed an average of only 1 of the required 3 financial attitude. Especially, almost all of the respondents lacked confidence to approach banks and external investors to obtain business finance. The table below shows the remaining data.

Table 7- Financial attitude of the respondents

S.No	Particulars of financial attitude	Mean
1	I prefer to follow my instinct rather than to make detailed financial plans for my business: 1 = agree; 0 = disagree	**0.53**
2	I set long term financial goals for the business and strive to achieve them: 1 = agree; 0 = disagree	0.45
3	I am confident to approach banks and external investors to obtain business finance: 1 = agree; 0 = disagree	**0.03**
	Grand mean	**34%**

Source: field survey (2022)

3.4. Financial literacy score of the MSEs operators

The study is interested in products that respondents use for business, not for personal/household purposes. The field survey result shows that 42.6% of the respondents are found to be having low financial literacy levels of 0-5 scores. The other 40.3% of the respondents were found to be having medium financial literacy levels of 6-11 scores. The remaining minority of 17.0% of the respondents were found to be having a high financial literacy level.

Table 8: Financial literacy of the MSEs operators

Literacy levels	study areas of Hawassa and Dale		Total (Percentage)
	Hawassa	Dale	
Low financial literacy level [0-5 scores]	86	64	150 (42.6%)
Medium financial literacy level [6-11 scores]	107	35	142 (40.3%)
High financial literacy level [12-17 scores]	43	17	60 (17.0%)
Total	236	116	352 (100.0%)

Source: field survey (2022)

Furthermore, the table below shows the descriptive statistics of the descriptive statistics of the financial literacy of the MSE operators. Accordingly, the minimum was found to be zero, which can be called financially illiterate. And the maximum was found to be 14. The grand mean financial literacy was found to be 6.89 which well below the expected average of 8.5 [half of the maximum 17]. The mean financial literacy at Dale town is 5.8, which is lower than the Hawassa city literacy level which is 7.4 out of the maximum 17 score.

Overall, with regard to the financial literacy levels, the finding of this study is similar with (Habtemariam, 2018) who studied the financial literacy level of owners of micro and small enterprises in Addis Abeba. Sunitha (2019) and Lachance (2014) also almost found similar result in their study on Financial Literacy of Employed and Business People.

Table 9: Descriptive statistics of financial literacy of the MSEs operators

	N	Min	Max	Mean	Std. Dev
Overall literacy scores	352	0	14	6.89	4.11
Financial literacy at Dale town	116	0	14	5.83	4.31
Financial literacy at Hawassa city	236	1	14	7.40	3.92

Source: field survey (2022)

The independent sample t-test result shown below revealed that the financial literacy levels in the study areas have statistically significant difference. This study identified that living in relatively bigger cities plays positive role in financial literacy; which is again in line with the findings of (Gashaw & Gebe, 2017). They identified that financial literacy is better in the capital city of Addis Ababa.

Table 10: T-test output

variance assumptions	t-test for Equality of Means						
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
						Lower	Upper
Equal variances assumed	3.413	350	.001	1.571	.460	.666	2.476
Equal variances not assumed	3.304	210.373	.001	1.571	.475	.633	2.508

Source: SPSS output (2022)

3.5. The access to financial education of the of the MSEs Operators

One of the objectives of this study is to the financial education in the study areas. Accordingly, 60.8% of the respondents replied that they had access to financial education. The other 39.2% had no prior chance for financial education. In this regard, all the stakeholders (including the various NGOs, Labor and social affairs office, the Small and Micro enterprises organizing office…) need to take notice of this finding and do further so as to provide financial education for the operators of the MSEs.

Table 11: Access to financial education of the MSEs operators

Access to financial education	study areas of Hawassa and Dale		Total (Percentage)
	Hawassa	Dale	
Yes	149	65	214(60.8%)
No	87	51	138 (39.2%)
Total	236	116	352(100.0%)

Source: field survey (2022)

The below table shows the knowledge of the respondents on how to place complaints if mistreated by the financial providers; the overwhelming majority 84.1% have no knowledge to place complaints, hence, this calls for all stakeholders to focus on this area so as to empower the MSE owners. In this regard, the **Financial Consumer Protection** directive FCP/01/2020 was issued just during 2020 by the National Bank of Ethiopia, hence, the rights and duties of the consumer has not instilled so far.

Table 12: Knowledge on how to place a complaint if treated unfairly by a financial provider

knowledge on how to place a complaint if treated unfairly by a financial provider	study areas of Hawassa and Dale		Total (Percentage)
	Hawassa	Dale	
Disagree	199	97	296 (84.1%)
Agree	37	19	56 (15.9%)
total	236	116	352 (100.0%)

Source: field survey (2022)

Despite the lack of knowledge, as the table below shows, only 36.6% of the respondents replied they train themselves to learn more about dealing with business finances. Such self-initiation can be taken as a fertile ground for their trainability.

Table 13: Train oneself to learn more about dealing with business finances

train oneself to learn more about dealing with business finances	study areas of Hawassa and Dale		Total (Percentage)
	Hawassa	Dale	
Disagree	133	90	223 (63.4%)
Agree	103	26	129 (36.6%)
Total	236	116	352 (100.0%)

Source: field survey (2022)

4. Conclusions

After the thorough analysis of the data, the following are the major conclusions of the study

- of the required financial knowledge, the respondents know almost half of it (59%). the respondents were found to be showing only 3 of the 9 required behaviors. the respondents showed an average of only 1 of the required 3 good financial attitude.
- The grand mean financial literacy was found to be 6.89 which well below the expected average of 8.5 [half of the maximum 17]. The mean financial literacy at Dale town is 5.8, which is lower than the Hawassa city literacy level which is 7.4 out of the maximum 17 score. The independent sample t-test result shown below revealed that the financial literacy levels in the study areas have statistically significant difference. This study identified that living in relatively bigger cities plays positive role in financial literacy.

- Of the total respondents, 60.8% of the respondents replied that they had access to financial education; the other 39.2% had no prior chance for financial education. The overwhelming majority 84.1% have no knowledge to place complaints if treated unfairly by a financial provider. Despite the lack of knowledge, only 36.6% of the respondents replied they train themselves to learn more about dealing with business finances.

5. Recommendations

- It is be better to include financial literacy course as an independent subject in the curriculum to all educational levels (from grade one up to Tertiary level institutions). This helps children to grow equipped with the required financial skills, behaviors and attitudes. It enables them make wise and responsible financial decisions and achieve better financial wellbeing in their latter ages being engaged in any socio-economic activity including running their own business.

- All the stakeholders (including the various NGOs, Labor and social affairs office, the Small and Micro enterprises organizing office…) need to take notice of findings of this study and do further so as to provide further financial education for the operators of the MSEs. Financial education should be taken into account in the regulatory and administrative frame work and considered as a tool to promote economic growth, confidence and stability, together with regulation of financial institutions and consumer protection (including the regulation of financial information and advice).

- Financial institutions 'accountability and responsibility should be encouraged not only in providing information and advice on financial issues, but also in promoting financial awareness clients, especially for long-term commitments and commitments which represent a substantial proportion of current and future income.

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