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SCHOOL OF POSTGRADUATE STUDIES

EXPLORING THE INTERPLAY BETWEEN PUBLIC TEACHERS LEVEL OF INDEBTEDNESS AND FINANCIAL LITERACY LEVELS: A CASE OF TEACHERS IN EIGHT SELECTED PUBLIC PRIMARY AND SECONDARY SCHOOLS IN LUSAKA.

A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, UNIVERSITY OF LUSAKA IN PARTIAL FULFILLMENT OF THE AWARD OF THE MASTER OF BUSINESS ADMINISTRATION IN FINANCE.

BY

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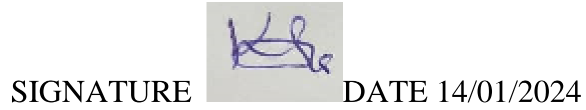
DECLARATION

This research paper is my original work and it has not been presented for any academic award in any university or institution of higher learning.



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This dissertation report has been presented for examination with my approval as the University Supervisor

Signature:…… …………………………………..Date: 14/01/2024

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DEDICATION

This dissertation is dedicated to my siblings who are teachers: Mwangala Kakula, simangolwakakula, Mariah kakula, kakulakaula, nalukuikakula for their noble proffesion take up three quarters of the professions we have in the family.

ABSTRACT

Most people's principal source of income is employment. This includes public workers, who are essential to the administration and management of organistions and have significant impact on the success or failure of the organisations. The financial security of educators, whether in the public or private sector, is nevertheless crucial to the health of organizations. Lack of financial knowledge is frequently linked to the amount of debt. In order to ensure the welfare of educators as well as the schools in which they work, it is important to examine the relationship between the two variables. The issue at hand is how teachers' degrees of financial literacy and debt may affect their general well-being and ability to perform their jobs effectively inside the educational system. Teachers, who are crucial contributors to the academic development of students, may face challenges related to debt burden and insufficient financial literacy, which could negatively influence their job satisfaction, performance, and overall quality of life. The main objective of this study was to explore the interplay between public teachers level of indebtedness and financial literacy levels, which was a case of all the teachers in eight selected public schools in Lusaka central. Lusaka Central was used because it is strategically located at the heart of the capital city, making it a central and accessible hub for the researcher and for the fact that teachers from various backgrounds and demographics are found in this area, hence the researchers choice. This study used a mized method approach and analyzed data descriptively and using the SPSS version 16 software.

The findings revealed that teachers who had less knowledge about financial literacy were found to have borrowed excessively and repeatedly, at least following their responses, an indication that financial literacy levels had a direct relationship on the level of debt most teachers had accumulated. A regression analysis further explored the extent of indebtedness among teachers, uncovering a strong and positive relationship between lack of financial literacy and the frequency of obtaining loans. This suggested a potential pattern of recurring financial commitments and indebtedness within this group, emphasizing the necessity for targeted interventions to address such trends. Moreover, the study elucidated a negative coefficient (beta) of -0.516, suggesting that better financial literacy levels by respondents were associated with a reduced frequency of obtaining loans or credit among teachers. This study highly recommend that tailored financial literacy programs should be designed to address the diverse financial practices and attitudes identified among teachers.

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ACRONYMS

BOZ-Bank of Zambia

MFIs –Microfinance institution

NAPSA- National Pension Scheme Authority

CHAPTER ONE

INTRODUCTION

1.0. Introduction

The employment sector serves as a primary source of income for individuals, including civil servants, who play a vital role in organizational administration and management, influencing the success or failure of an organization (Mihat, Hassan & Anwar, 2020). The ever-increasing cost of living, coupled with a tendency to follow current trends, encourages excessive spending. This situation can severely impact the financial stability of individuals, including civil servants, pushing them towards financial distress and ultimately resulting in significant financial indebtedness. Financial distress occurs among employees when they lack financial knowledge and exhibit poor financial behaviors that lead to accumulating debt (Ramli et al., 2014).

1.1 Background of the study

It is crucial to recognize the growing global importance of responsibly managing individuals' personal and household finances. This holds true across the board, but it is particularly vital for low-income households. These households must have the capacity to save a portion of their income whenever possible. This practice serves several purposes, including smoothing income fluctuations, establishing a financial safety net for unforeseen emergencies, and avoiding unnecessary financial risks,).Concurrently, the promotion of financial education through financial literacy programs has gained substantial traction across various spheres, garnering support from policymakers, educators, and government agencies. The underlying motivation for this surge lies in the expectation that individuals undergoing financial training will be better poised to make well-informed decisions, thereby fortifying the economic security and overall welfare of their families. This emphasis on financial education holds not only individual households but also carries equal weight in the broader societal context (Willie, 2020).

Inextricably linked to the notion of financial education is the concept of financial behavior, encapsulating the spectrum of attitudes and strategies individuals employ in managing their finances, encompassing expenditure, savings, and investments. The core purpose of financial education is to equip individuals with the knowledge and tools indispensable for adeptly

navigating the intricacies of personal finance. By offering insights and understanding, it empowers both individuals and families to articulate and pursue their financial aspirations. This mandate is underpinned by the acknowledgment that financial management constitutes a multifaceted endeavor, featuring a diverse array of financial behaviors and decisions, each characterized by varying degrees of significance and priority (Siame, 2020).

The connection between financial education and the indebtedness of civil servants becomes evident in this context. Civil servants, like any other segment of the population, are susceptible to financial challenges and indebtedness if they lack the requisite financial knowledge and skills. The absence of sound financial management practices can lead to personal financial crises, potentially exacerbating the burden of debt. Therefore, implementing comprehensive financial literacy programs, especially targeted at civil servants, can serve as a critical intervention to equip them with the necessary tools and insights to manage their finances prudently. By enhancing the financial capabilities of civil servants, financial education can help mitigate the risks of indebtedness and promote greater financial well-being, not only for individuals but also within the broader societal framework.

In Zambia, the institution that provide financial education include banks, microfinance, insurance. It is true to state that financial landscape is heavily dominated by banks. Since 2017, banks have accounted for 69 percent of the total assets within the financial sector. A noteworthy aspect is that the majority of these banks are foreign-owned, comprising over 83 percent of the total bank assets. In addition to banks, Zambia's financial sector includes non-bank financial institutions (NBFIs), with pension funds playing a significant role. The government-owned National Pension Scheme Authority (NAPSA) contributes over 67 percent of pension fund assets. Furthermore, the sector encompasses microfinance institutions (MFIs), both those that accept deposits and those that do not(MOF, 2019).

On July 16, 2021, the Ministry of Information and Broadcasting made a significant announcement regarding a debt swap initiative aimed at alleviating the financial burden on civil servants in terms of repaying loans to various financial institutions. This move was prompted by the recognition that the substantial deductions from civil servants' salaries were adversely affecting their productivity and ability to provide efficient public services. The debt swap initiative underscored the government's commitment to addressing the concerns of civil servants,

as evidenced by the signing of memoranda of understanding with multiple lending institutions to facilitate loans for public service employees (PMRC, 2021).

The Public Service Micro-Finance Company, a government institution, played a central role in this initiative. It was tasked with taking over the loans of civil servants at a significantly reduced interest rate. The agreed-upon interest rate was set at a mere 5%, and the repayment period was extended, making it a much more favorable arrangement compared to commercial banks and other financial institutions. Furthermore, the government took proactive steps to provide structured and favorable terms and conditions for these loans (Ibid).

To further ease the financial burden on civil servants, the government took the exceptional step of freezing loan salary deductions for those who owed various financial institutions. This freeze was implemented for a period of three months to allow for a comprehensive process of debt consolidation and reconciliation. During this period, the government also engaged in negotiations with the financial institutions to ensure that loan deductions from the paychecks of public service employees would be temporarily halted. This facilitated a thorough reconciliation process, and as a result, some civil servants saw their outstanding debts completely cleared(PMRC , 2021).

For those public service workers who still had outstanding loans after the reconciliation process, the government devised a solution. These remaining debts would be transferred from their existing financial lending institutions to the Public Service Micro-Finance Company. This transition would enable them to benefit from the more favorable terms and conditions offered by the government-backed institution, ultimately relieving them of the burden of high-interest loans from other financial institutions. In summary, this comprehensive initiative by the government aimed to not only ease the financial strain on civil servants but also streamline and optimize the loan repayment process for their benefit.

1.2. Problem Statement

Just like in any other department, to understand if there is any relationship between financial literacy and teachers level of indebtedness, there was need to conduct this study in selected public schools in Lusaka and engage the teachers with great confidentiality. The gathered information may help avoid a situation where teachers productivity could highly be affected should lack of financial literacy lead to high indebtedness, if not already affected. It is perceived that teachers, who play a pivotal role in the academic advancement of pupils, may encounter obstacles associated with debt accumulation and inadequate financial literacy. There was need to engage teachers and gather details about their debts levels, if at all they had any debts and also ascertain their financial literacy levels. The understanding is that these issues if left unchecked may have an adverse effect on their job happiness, productivity, and general well-being. By measuring the amount of debt teachers have, looking at their financial literacy, and comprehending how these variables may interact and affect their responsibilities in public schools, this study seeks to address this issue. Understanding and recognizing these obstacles may help in the development of suitable treatments and support systems that may increase teachers' financial literacy, security to and, in turn, improve their performance in public schools.

Financial literacy plays a pivotal role in shaping individuals' financial behavior and decisions. Teachers, being a significant demographic, academically literate, are likely to face unique financial challenges. The repercussions of any high level of indebtedness may be huge and can extend beyond individual financial struggles, impacting both the quality and efficiency of the workforce.

1.3 Research Main objectives

The main objective of the study was to explore the interplay between public teachers level of indebtedness and financial literacy levels: A case of teachers in eight selected public secondary schools in lusaka.

1.3.1 Specific Objectives

1. To quantify the overall level of indebtedness among teachers in selected public secondary schools in Lusaka.
2. To assess the understanding of key financial concepts such as budgeting, saving, risk and debt management among teachers in selected public secondary schools in Lusaka.
3. To investigate the relationship between financial literacy and the level of indebtedness among Teachers in selected public secondary schools in Lusaka.
4. To offer recommendations for policies or support programs that can help alleviate teachers' financial challenges in the selected public secondary schools in Lusaka.

1.4 Research questions

1. How many teachers in the targeted selected public secondary schools in Lusaka have running debts?
2. What number of teachers in selected public secondary schools in Lusaka have an understanding on key financial concepts such as budgeting, saving,risk and debt management?
3. What is the relationship between financial literacy and the level of indebtedness among Teachers in selected public secondary schools?
4. What practical ways can help teachers in selected public secondary schools in Lusaka to improve their financial literacy and reduce their financial challenges?

1.5 Significance of the study

This study surrounded the exploration of the interplay between public teachers level of indebtedness and financial literacy levels: A case of teachers in eight selected public secondary schools in lusaka.

The findings of this research has the potential to alleviate the financial stress experienced by government employees especially teachers in public schools. This relief from financial burden is expected to result in increased productivity and a stronger commitment to their roles within different government departments, ultimately enhancing the quality of public services.

Furthermore, the implications of this study may extend to the communities served by these civil servants. As government employees may experience improved financial well-being and reduced debt-related stress, their ability to deliver essential services is likely to improve, positively impacting the lives of citizens across Zambia.

Additionally, the study's findings may play a pivotal role in shaping government policy. Recognizing the intrinsic connection between financial literacy and the financial health of Teachers, policymakers can utilize the research outcomes to develop and implement initiatives aimed at promoting financial education and stability among public sector employees. Well-informed policies in this regard can lead to a more efficient and motivated civil service workforce, thereby benefiting the overall governance and service delivery of the government.

1.6 Scope of the study

This research seeks to explore the effects of financial literacy on the level of indebtedness among Teachers, situated in Lusaka, Zambia. The study's focus is narrowed down to Teachers working in these two specific government ministries to provide a comprehensive understanding of the relationship between financial literacy and indebtedness in this particular context.

The study will be conducted exclusively within Lusaka, Zambia, for teachers in Lusaka Central Education are located.. The research will involve Teachers currently employed in in Lusaka central. This criteria ensures that the study participants are drawn from the specific ministries

under investigation.The study will useprimary data collection methods which include structured questionnaires and interviews guides. The questionnaire will be administered to a randomly selected sample of Teachers to obtain quantitative data on their financial literacy levels and indebtedness. Interviews will be conducted with a subset of participants to provide qualitative insights into their financial decision-making processes.

1.7 Outline of the Dissertation

The dissertation is meticulously structured into seven chapters, each contributing uniquely to the comprehensive exploration of the research topic. The detailed breakdown of these chapters is as follows:

Chapter Two: Literature Review In this section, an exhaustive review of prior studies is conducted to gain profound insights into the subject matter. It delves into both theoretical underpinnings and empirical literature, providing a holistic understanding of the research landscape. The chapter critically examines existing research, highlighting areas of consensus and divergence, while also presenting empirical literature that aligns with the study's hypotheses.Theoretical and Conceptual Framework This section of chapter two intricately elucidates the theoretical and conceptual framework that forms the intellectual foundation of the study. It meticulously outlines the hypotheses formulated for the research, establishing a clear framework for understanding the relationships and dynamics inherent in the study's focus.

Chapter Three: Research Methodology The methodologies employed in collecting and analyzing data are comprehensively expounded in this chapter. It offers an in-depth exploration of the research design, data collection techniques, and analytical approaches, ensuring transparency and rigor in the research process.

Chapter Four: Data Analysis and Presentation of Results This pivotal chapter is dedicated to presenting the empirical findings in a structured manner. Utilizing descriptive and inferential statistical methods, the study variables are meticulously analyzed and portrayed. This section serves as a crucial bridge between raw data and meaningful insights, facilitating a clear comprehension of the research outcomes.

Chapter five: Discussion of Results A thorough examination and discussion of the study results unfold in this chapter. The findings are meticulously connected to established theories, providing a theoretical context for interpretation. Furthermore, comparative analyses with relevant research

from the literature review enrich the discussion, offering a nuanced perspective on the research outcomes.

Chapter Six: Conclusion and Recommendation In this final chapter, the dissertation draws conclusive remarks based on the research findings. The conclusions are complemented by carefully formulated recommendations derived from the implications of the study. Additionally, suggestions for future research directions are provided, offering a springboard for further exploration and scholarly inquiry in the field.

1.8 Definitions of key terms

Financial Literacy can be defined as "the ability to understand and use various financial skills, including personal financial management, budgeting, and investing, to make informed and effective decisions about money matters" (Organization for Economic Co-operation and Development [OECD], 2021).

Indebtedness refers to the state of being in debt or owing money to another party (Investopedia, 2021). It is a financial condition where an individual or entity has borrowed funds or incurred financial obligations that need to be repaid to creditors, often with interest. Indebtedness can result from various financial transactions, such as loans, credit card balances, mortgages, or any form of borrowing that creates a liability for the borrower.

Chapter Summary Chapter one has clearly introduced the research, stating the problem, aim, objectives, research questions, scope, limitations, justification for the study and dissertation structure. The chapter that follows outlines the literature from various researchers and the theories that helped to build the conceptual framework for the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Chapter overview

This chapter examined a number of studies that addressed the Effects of Financial Literacy on the Level of Indebtedness from Financial Institutions. It focused on theoretical frameworks, empirical reviews, and conceptual frameworks in its conclusion.

2.1 Introduction

This section focuses on an aggregation of theories, empirical reviews and conceptual framework, with a special focus on delineating the noteworthy implications of financial literacy on the extent of indebtedness from financial institutions among teachers in the case of Lusaka Central and kabwata. Additionally, the chapter provides insights into pertinent concepts and theories concerning the impact of financial literacy on the level of indebtedness among teachers. The discussion also includes a theoretical analysis of the knowledge gap existing between documented research and the current study.

A teacher is characterized as a proficient individual capable of imparting knowledge that equips learners to construct, discern, and acquire skills essential for confronting life's challenges. Teachers not only provide learners with knowledge but also instill skills and values that contribute to overall development. An educated individual, as per Senge, possesses the ability to leverage available opportunities in both private and public sectors, securing employment easily and possessing life skills conducive to effective societal interactions(Senge, 2000).

Civil service workers, including teachers, resort to borrowing from microfinance institutions for various reasons, such as property acquisition, home construction, meeting unexpected expenses like funeral costs, or engaging in investment ventures. Notably, microcredit utilization tends to be directed more towards consumption than investment, as underscored by a report from Times Lusaka (Lusaka Times, 2012). According to Dr. BwalyaN'gandu, the Deputy Governor of Operations at the Bank of Zambia (BoZ), approximately 90% of microfinance loans are utilized for consumption. Some public workers, especially teachers are found to be highly indebted to

microfinance institutions as evidenced by their number of loans and monthly allocation towards loans(Lusaka Times, 2012). This assessment raises concerns about the potential adverse effects of microcredit, suggesting that, instead of enhancing living standards, it might contribute to issues of indebtedness among civil service workers. Regardless of the purpose whether for consumption or investment the additional funds acquired through microcredit significantly impact borrowers. This dual usage warrants a closer examination of its implications on the financial well-being of civil service workers.

2.2 Empirical Review

This section examined a number of research projects that examined the effects of Financial Literacy on the Level of Indebtedness from Financial Institutions among workers especially those in the public sector**.**

2.2.1 Indebtedness from financial institutions among public sectors workers

There are a number of factors that are thought to influence public sector employees' financial institution debt; some of these factors include the following.The amount of debt incurred by employees in the public sector is frequently correlated with their pay and benefits. Competitive salaries and generous benefits may discourage employees from taking on large debt; as a result, some workers may borrow money to cover shortfalls in pay and benefits. Most indebted organization staff can be seen in terms of the proportion of employees who acquired loans.(Hastings, 2008).

The level of financial literacy among public sector workers does impact their ability to manage their finances wisely. Lack of financial education may lead to poor financial decisions and higher levels of indebtedness.

Economic conditions, both at the national and local levels, can influence the financial well-being of public sector workers. Economic downturns may lead to job insecurity, making it challenging for individuals to manage their debts.One factor is how simple it is for employees in the public sector to obtain loans from financial institutions. People may be more inclined to incur debt if credit is widely available, whether it is for luxuries or necessities.Employees in the public sector may be more or less indebted depending on government debt-related laws and regulations,

including interest rates, lending guidelines, and debt management plans. Lusardi analysed this using the staffmonthly allocation of debt as of monthly income.(Lusardi, 2015).

Mudzingiri and others looked at the effect of indebtedness among employees at a South African university. Their findings were that the availability and efficacy of financial institutions' or the university debt management programs had an impact on public sector employees' capacity to control and minimize their debt.

They concluded that employers should take employee financial literacy and debt matters into account when developing policies that promote the financial security of public sector employees. A supportive program, competitive pay, and financial literacy promotion can all help lower the likelihood that this group will become overly indebted.

Financial institution debt among public sector employees can have a variety of repercussions on the individuals affected as well as the whole economy. High levels of debt can cause financial stress, which can impair public sector employees' effectiveness. Keeping up with debt payments can be stressful and detrimental to one's general wellbeing, particularly if they take up a large amount of one's income. If a public sector employee's income is heavily allocated to debt repayment, their purchasing power for non-essential things may be diminished. Given that consumer spending is a major contributor to economic growth, this could have a domino effect on local economies(Hastings, 2008).

2.2.2 Indebtedness from financial institutions among privates sector workers

Workers in the private sector may become indebted for a variety of reasons, and it's important to comprehend these reasons in order to create strategies that effectively manage and reduce debt. Debt can be caused by overspending on luxuries, non-essential items, or an extravagant lifestyle. Debt accumulation may result from a lack of financial discipline and budgeting. Unexpected costs might arise from unanticipated events like auto accidents, house repairs, or medical problems. If people don't have enough money saved up to pay for these expenses, they might use credit cards or loans.In some cases, private sector workers may not be earning enough to cover their basic living expenses. Low wages or irregular income can lead individuals to rely on credit to make ends meet.

Private sector employees who live in high-cost areas may find it difficult to maintain their level of living and may even turn to debt in order to pay for housing, utilities, and healthcare. Debt can be greatly increased by misusing credit cards, such as by paying excessive interest rates and keeping a balance. Credit card minimum payments can start a debt accumulation cycle.Employees in the private sector who went to college may have a large burden from student loans. It may be difficult to repay these debts, particularly if the borrower has several loans with different interest rates.

Indebtedness among private sector workers, stemming from loans and financial obligations, can have various effects on individuals, businesses, and the overall economy.

Another significant study by Lusardi and Tufano employed measures of indebtedness from financial institutions among employees, including literacy, numeracy, perception, and risk assessment, to evaluate households' financial literacy and experiences with indebtedness in the USA. The research uncovered a concerning trend of low debt literacy, with only a third of the population demonstrating an understanding of interest compounding and the ability to compute interest on credit cards. Importantly, the study highlighted that individuals with lower levels of debt literacy faced higher transaction costs, increased fees, and engaged in high-cost borrowing practices, leading to excessive debt burdens. Understanding the economy of a given country is significant in avoiding being in debt, this should be part of the things an individual need to fully understand(Lusardi and Tufano, 2009).

Lusardi and Tufano concluded that high levels of indebtedness among workers can impair consumer purchasing stating that Debt-ridden people might be less likely to spend discretionary money, which could hurt companies that depend on customer demand. Additionally, they stated that excessive debt in the private sector can also have an impact on economic growth as a whole. Their conclusion also held that debt problems among a sizable section of the labor force may result in lower expenditure and slower economic growth. Furthermore, highly indebted employees might feel more stressed and distracted at work, which could have an impact on their productivity. Consequently, this may have an effect on the general effectiveness and competitiveness of entities(Lusardi and Tufano, 2009).

2.2.3 Financial literacy among workers

Financial literacy among workers is a critical aspect of personal and economic well-being. Financial literacy refers to the ability to understand and use various financial skills, including budgeting, saving, investing, and managing debt.To make wise and prudent financial decisions, employees need to be financially literate. It gives employees the ability to make wise financial decisions, make plans for the future, and negotiate the intricacies of the financial system.Employees with a strong financial literacy are more likely to make and follow a budget. They recognize the value of keeping track of their earnings and outlays, which enables them to make prudent financial decisions and stay out of debt.Employees that are financially literate are more inclined to put savings first. They recognize the need of accumulating an emergency fund as a safety net for unforeseen costs in difficult times(Corsica, 2010).

Muñoz-Murillo contributed to the discourse by investigating the theoretical link between literacy levels and cognitive skills. Their study established a robust association between cognitive ability and financial literacy, independent of confounding factors like arithmetic. Importantly, the research found no significant gender-based differences, highlighting the universal importance of cognitive skills in fostering financial literacy. Additionally, the study underscored the role of the environment, with the presence of financial products influencing financial literacy, albeit to a lesser extent than cognitive skills (Muñoz-Murillo et al, 2019).

Employees with financial literacy are better able to manage their debt and make wise borrowing selections. Strong financial literacy increases one's likelihood of understanding loan terms, interest rates, and how debt affects one's overall financial health.Employees with a strong financial literacy are better able to comprehend investment possibilities and make wise judgments regarding accumulating wealth for the future. This involves having an understanding of risk management, investment vehicles, and retirement savings.Employees with financial literacy are better equipped to handle and comprehend a variety of financial products, including credit cards, mortgages, and insurance. With this knowledge, they can select products that meet their needs and financial objectives.

Employees that possess excellent financial literacy are inclined to take part in retirement planning. They know how important it is to make wise decisions about when and how to retire, as well as how much to put into retirement accounts like 401(k)s and IRAs. Furthermore,

workers that are financially savvy recognize the need of insurance in reducing financial risks. This covers life, health, and other insurance policies that can offer financial stability in the event of unforeseen circumstances.Financial literacy is frequently promoted by governments and neighborhood associations through campaigns, projects, and instructional activities. The goal of these initiatives is to raise the general level of financial literacy in society and reach a larger audience. It will take a team effort from individuals, companies, educational institutions, and legislators to increase financial literacy among employees.

Examining ,gender, financial literacy degree and impact, multiple studies consistently indicated that women, on average, tend to exhibit lower levels of financial literacy compared to men. This gender gap persisted even in high-income countries with generally elevated levels of financial literacy. Notably, the disparity was observed across various global contexts (Hasler and Lusardi, 2017). Hasler and Lusardi also looked at the level of financial literacy and its merits. When confronted with questions on basic financial concepts, women were found to be less likely to provide correct answers than men and more prone to indicating uncertainty. The due made a conclusion that men are more acquainted to finance literacy demands unlike the female, additionally, they stated that people who were financially literate most, had best financial decisions into play and did not have records of high levels of indebtedness. Further delving into literacy, Lusardi and Tufano uncovered substantial gender disparities in accessing financial literacy. Women were found to be either less likely to respond correctly compared to men or more likely to express uncertainty about their responses. These significant gender differences persisted across different age groups, revealing a pervasive pattern that spanned from young to older women (Lusardi and Tufano, 2009).

These results indicate that individuals with higher levels of formal education and enhanced financial literacy are less likely to experience over-indebtedness. However, a notable gender disparity emerges, indicating that women, on average, have lower financial literacy levels compared to men. Consequently, women face higher chances of being over-indebted than their male counterparts.

The study conducted by Bucher on financial literacy across countries had findings stating that, respondents who were found to be financially literate at the University were the study was conducted, were found to be successful in their financial management and had stable

commitment at work. Additionally, the study revealed that globally, only one in three adults demonstrated financial literacy by correctly answering at least three out of four fundamental financial concepts. Notably, women, individuals with lower income, and those with less education were more susceptible to experiencing knowledge gaps in financial matters, irrespective of the development status of their country's financial markets. A conclusion was drawn that financial literacy was key in positively shaping the decisions and work- lives of university employees (Bucher etal, 2017).

2.2.4 Relationship between financial literacy and the level of indebtedness

The term "financial literacy" describes the knowledge and comprehension of numerous financial ideas and abilities required to make wise financial decisions. It covers a wide range of subjects, including as debt management, borrowing, investing, and budgeting. In essence, financial literacy gives people the information and abilities they need to successfully negotiate the tricky terrain of personal finance. The more literate one is about finances the better positioned they are to live with reduced or no debt at all. Employees with less financial literacy usually live with a lot of debts as they posses little knowledge to manage their, lives, finances and debt apetites.

Financially literate individuals are more likely to make informed decisions about borrowing. They understand the terms and conditions of loans, including interest rates, fees, and repayment structures. This knowledge enables them to make choices that align with their financial goals.Financial literacy is associated with a heightened awareness of the potential consequences of debt. Individuals who are financially literate are more likely to understand the impact of interest rates, fees, and the long-term cost of carrying debt.

Mudzingiri and others delved into the correlation between financial literacy and the financial behavior of South African university students, establishing a nuanced connection. Their findings underscored that confidence, time preferences, and risk preferences in financial matters varied based on the level of financial literacy, reinforcing the argument that heightened financial literacy led to more favorable life outcomes(Mudzingiri etal, 2018).

Mamani's exploration ofthe relationship between financial literacy and the level of indebtednessrevealed that people who are financially literate typically have superior budgeting abilities. He discovered financially literate people could prioritize saving for future requirements and prevent needless debt since they are skilled at controlling their income and expenses. Mamani came to a conclusion that building emergency savings is a top priority for those who understand money, stating that a safety net for finances can lessen the need to use credit or loans for unforeseen costs, lowering the chance of accruing high-interest debt.In his conclusion, it was also stated that it is crucial to remember that although financial literacy plays a big role, the amount of debt is also influenced by other factors like income, the state of the economy, and unforeseen life events. Individuals may also encounter structural obstacles to financial literacy, like restricted access to learning materials(Mamani's, 2020).

In the investigation conducted by Brown and others, the focus of the study was on examining the intricate relationship between financial literacy and debt behavior among young Americans. The study brought to light a compelling connection between mathematical proficiency, financial education, and improved repayment behavior. Specifically, the findings suggested that both mathematics and financial education played crucial roles in enhancing repayment behavior among the surveyed individuals. Notably, additional mathematics training was associated with improved creditworthiness and better budgeting skills, resulting in lower levels of overindebtedness among students (Brown etal, 2016).

2.2.5 Factors that influence financial planning and debt management

Financial planning and debt management are influenced by a variety of factors that can vary from individual to individual. Understanding these factors is crucial for making informed financial decisions and maintaining financial well-being.

Espinoza and others conducted a study to reveal the factors that influenced financial planning and management of debt. They found that elevated financial literacy, planning and debt address not only involved the dissemination of information to manage debt and finances but also entailed fostering a deeper comprehension of financial products, services, and associated risks. They came to a conclusion that the main factors influencing financial planning and debt management were (Espinoza tal, 2019).

Building on this premise, Kadoya and others proposed that financial literacy, planning and debt served as a potent antidote to economic anxiety by instilling the ability to make informed savings and investment decisions while reducing debt. This, in turn, facilitated asset accumulation, increased income, reduced debt and an overall improvement in financial capability, thereby alleviating apprehensions about the economic future, Kadoya and friends sighted income, expenses and financial goals to be influencing factors in financial planning and management of borrowings (Kadoya etal, 2017).

Ramirez further elucidated that financial planning extended beyond the mere acquisition of financial literacy or information; it required individuals to be adept at understanding the dynamics of money, debt impact, managing income and expenses, making strategic investments, effectively navigating financial risks, and crucially, avoiding financial pitfalls. Aligning with these views, Ramirez concluded that one needed more financial knowledge and information on debt to handle financial planning and debt. He further investigated the financial acumen of university students in Esmeraldas, Ecuador, revealing a deficiency in financial knowledge that significantly influenced their attitudes, financial planning and debt consequences (Ramirez, 2021).

In this comprehensive study conducted by Kamau and others, had the primary focus lying in scrutinizing the intricate relationship between financial literacy, over-indebtedness, and gender dynamics, all while considering the growing prevalence of digital financial services. Employing a mix of primary and secondary data sourced from the FinAccess Household Survey 2021, the research sheds light on the evolving landscape of financial behaviors and access (Kamau et al, 2023).

2.3 Theoretical Review

The study considered two important theories that backed up the investigation and understanding of related concepts. The two theories included the addiction theory and the multiple borrowing theory. The two theories helped in understanding further related aspects abouth the study.

2.3.1 The Addiction Theory

The underpinning theory guiding this research is the Theory of Addiction. According to this theory, credit is considered a typical commodity that is consumed akin to any other physical

product. Applying the theory of addiction to analyze the reasons behind the dependency of impoverished households on micro-loans, Gordon and Sun (2013) delved into the intricate dynamic behavior of addictive goods consumption. They highlighted that a consumer's accumulation of addiction is influenced by their past consumption, significantly impacting their current marginal utility of consumption.

The satisfaction derived from addictive goods diminishes over time, and individuals seek to restore it through ongoing consumption. Drawing parallels to the refined food addiction model, which explains addiction stemming from concentrated elements like caffeine, sugar, fats, carbohydrates, flour, and salt, it becomes evident that similar to drugs, the addictive potential of these goods is intensified through modern industrial processes (Corsica &Pelchat, 2010).

Relating the theory of microcredit addiction to the refined food addiction model suggests a tentative assertion that interest rates and specific loan packages might be contributing factors to the addiction to microcredit among loan beneficiaries. Additionally, just as modern industrial and extractive processes enhance the addictive powers of goods, recent developments and profit-seeking tendencies of Microfinance Institutions (MFIs) may potentiate clients' addiction to microcredit. Financial planning is key in reducing the uneding desires to over borrow and be in debt.

Justification for Applying the Addiction Theory to Financial Literacy and Indebtedness among Teachers in Lusaka Central:

The Theory of Addiction proves relevant to the study on the interplay of Financial Literacy levels and the Level of Indebtedness among Teachers in Lusaka Central for several reasons. Firstly, teachers, like any other individuals, may develop a reliance on credit due to their exposure to specific loan packages and interest rates and due to lack of knowledge. The theory's emphasis on the impact of past consumption on current behavior aligns with the idea that teachers' previous financial experiences could influence their current borrowing tendencies.

2.3.2 Multiple Borrowing theory

The phenomenon of multiple borrowing and affiliations plays a crucial role in establishing a long-term connection between clients and Microfinance Institutions (MFIs). Multiple borrowing occurs when clients simultaneously or regularly borrow from different institutions, thereby tethering them to an MFI over an extended period.

In contrast, multiple affiliations describe situations where clients become members of several MFIs without necessarily borrowing from them. Notably, instances of multiple borrowers reached 40 percent in Morocco, contributing to a "repayment crisis" in the microfinance industry in late 2008. The accessibility of credit often entices impoverished households into a potential debt trap, as they succumb to the temptation of using borrowed funds for non-essential purchases like electronics or social celebrations. While initially manageable, trouble arises when unforeseen emergencies, such as illness or unemployment, occur. Attempting to overcome financial strain through additional loans or rescheduling does not address the root issue, offering only temporary relief to struggling borrowers (Alam, 2012). This perpetual cycle of multiple borrowings often results in over-indebtedness, compelling borrowers to stay connected with MFIs to ensure the repayment of loans in full. People need to use budgeting to control their expenses and savings to meet their less essential purchases to avoid unnecessaly indebtedness.

Justification for Application to Financial Literacy and Indebtedness among Teachers:

The concept of multiple borrowing is highly relevant to understanding the financial behaviors of teachers in Lusaka Central and their levels of indebtedness. Teachers, like other borrowers, may be enticed by the accessibility of credit, leading to multiple borrowings for various purposes. The potential for over-indebtedness arises when unexpected situations occur, and teachers may find it challenging to break free from this cycle. By applying this concept, the study gains insights into how financial literacy can serve as a crucial factor in empowering teachers to make informed decisions about borrowing, thereby mitigating the risks associated with multiple borrowings and affiliations.

Numerous studies have consistently demonstrated a positive correlation between financial literacy and constructive financial behavior. One noteworthy investigation by Hilgert, Hogarth,

and Beverly (2003) incorporated financial behavior and financial literacy inquiries into a nationwide survey of consumer finances. The researchers devised a financial practices index that encompassed four key variables: cash-flow management, credit management, savings, and investment practices. By scrutinizing the outcomes of this index in conjunction with scores on a financial literacy quiz, they discerned a significant association individuals with higher levels of financial literacy tended to exhibit more favorable financial practices, implying that a greater understanding of financial concepts is linked to sound financial behavior.

Moreover, Hilgert et al. (2003) unearthed a noteworthy trend among those with lower financial literacy levels they were more inclined to rely on financial advice from friends and less likely to engage in stock market investments. This observation underscores the influence of financial knowledge on decision-making, as individuals with enhanced financial literacy are better equipped to make informed choices independently, steering clear of potentially risky or uninformed decisions. This finding highlights the importance of promoting financial literacy not only for its intrinsic value but also for its positive cascading effects on individual financial behaviors and choices.

In essence, the study contributes to the growing body of evidence supporting the notion that financial literacy serves as a linchpin for fostering prudent financial behavior. As individuals become more adept at understanding and navigating financial concepts, they are better positioned to make informed decisions, manage their resources effectively, and engage in behaviors conducive to long-term financial well-being. The insights from this research reinforce the imperative of initiatives aimed at enhancing financial literacy as a means to empower individuals and cultivate a financially savvy populace.

2.3.3 Debt Spiral Theory

Debt Spiral Theory is a concept that explains how individuals and organizations can get trapped in a cycle of increasing debt. It is essential to understand this theory as it sheds light on the potential consequences of accumulating debt and the importance of managing it effectively. The debt spiral theory practically suggests that individuals who are already in debt may face challenges in repaying their existing obligations. As a result, they may resort to taking on more debt to cover their financial gaps, leading to a cycle of increasing indebtedness. One of the main

factors contributing to a debt spiral is the compounding effect of interest. When debt is not paid off promptly, interest charges are added to the outstanding balance, increasing the overall debt burden. This can make it challenging to pay off the debt fully, especially if the interest rates are high and the loan holder bears little financial understanding. Additionally, the longer the debt remains unpaid, the more time it has to accumulate interest, exacerbating the debt spiral.

Moreover, the factor that can contribute to a debt spiral is the reliance on credit to cover everyday expenses. If individuals or organizations consistently spend more than they earn, they may resort to borrowing money to make ends meet. This reliance on credit can quickly lead to a debt spiral as the borrowed funds need to be repaid, further reducing available funds for future expenses. Without a proper plan to address this cycle, the debt can continue to grow, making it increasingly challenging to break free from the spiral (Kotlikoff and Bernheim, 2001).

2.4. Conceptual Framework

Figure 2.1 below shows a conceptual frame work showing the link between financial literacy and level of indebtedness in light of the existing theories and empirical studies.

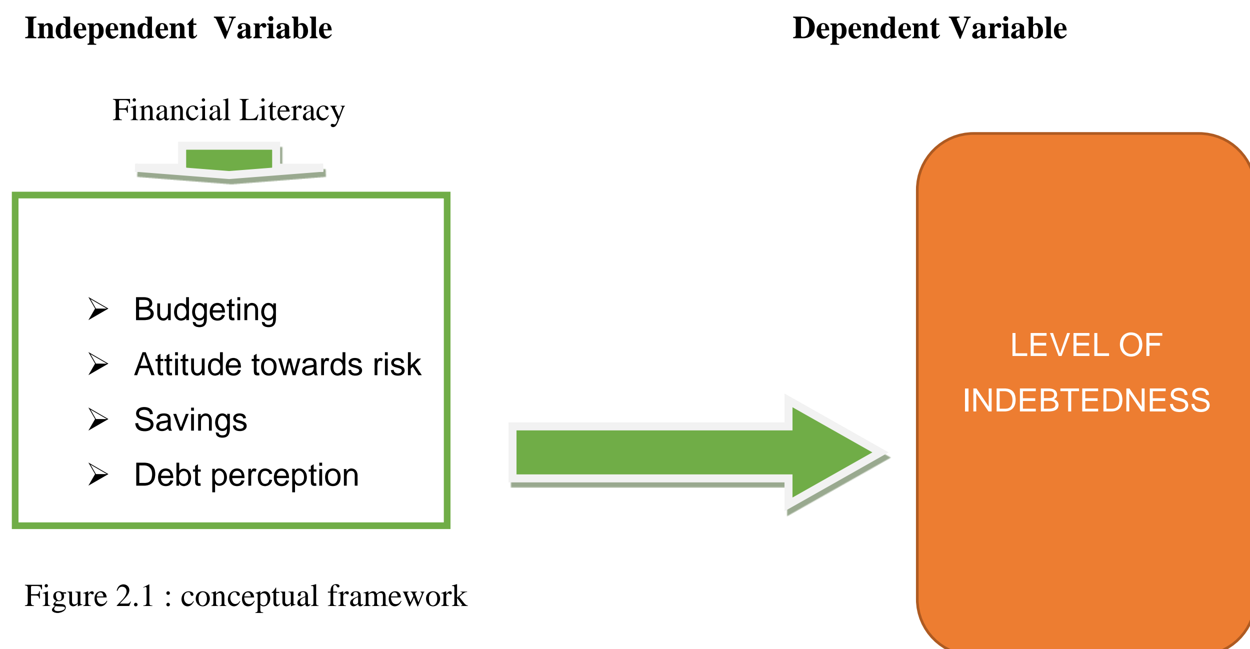

Figure 2.1 : conceptual framework

(Source: Researcher conceptuation)

Budgeting

Understanding personal finances is a crucial skill that every person should acquire. One important aspect of personal finance is budgeting. Budgeting refers to the process of creating a plan for how to spend and manage money effectively (Lusardi, 2015). It involves tracking income, expenses, and setting financial goals. Budgeting is vital because it helps individuals gain control over their finances and make informed decisions about spending and saving.

Attitude towards risk

Individual attitudes toward financial risk and their willingness to take on debt may impact both financial literacy and indebtedness. Attitudes are the cognitive, affective, and behavioral tendencies that individuals hold towards certain objects, people, or ideas. They are shaped by a combination of personal experiences, cultural influences, and social norms. Introduction to changing attitudes helps people recognize that attitudes are not fixed and can evolve as individuals gain new knowledge and perspectives. People with no fear of risk tend to borrow more than those who have regard for risk (Espinoza, 2019). Risk is what makes people cautious and without a fear of risk people can borrow excessively without minding about the reppucations.

Savings

Saving money is a crucial aspect of personal finance and plays a vital role in achieving financial stability and security. There are numerous benefits to saving money, which can positively impact one's life in various ways. Firstly, having savings provides a safety net for unexpected emergencies or unforeseen circumstances. Life is unpredictable, and having a financial cushion can help mitigate the stress and worry that arises from unexpected expenses such as medical bills or car repairs. By having savings, individuals can avoid going into debt or relying on credit cards to cover these expenses (Espinoza, 2019).

Debt perception

Debt perception refers to how individuals subjectively view and interpret their own debt. It encompasses attitudes, beliefs, and emotions related to indebtedness. Factors influencing debt perception may include personal values, cultural influences, and individual experiences with

debt. Exploring the interplay between financial literacy, debt perception, and indebtedness, may help examine how individuals' attitudes toward debt (debt perception) influence their financial decision-making, and ultimately, their level of indebtedness. Combining both quantitative and qualitative approaches can provide a more comprehensive understanding of individuals' financial behaviors and their relationship with debt (Lusardi, 2015).

2.5. Summary

This chapter discussed literature in line with the study and presented both the theoretical and the conceptual framework.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter outlines the comprehensive methodology employed in conducting the research on the effects of Financial Literacy on the Level of Indebtedness among Teachers in Zambia, specifically in Lusaka Central. The detailed steps are provided to enable replication of the study and insights into the research plans, processes, and conclusions drawn from the gathered experiences.

3.2 Research Approach

The research adopted a positivist philosophy with a mixed approach, combining deductive reasoning and empirical testing. This aligns with the study's goal of understanding the relationships and impacts of financial literacy on teachers' indebtedness objectively.

3.3 Research Design

A mixed research design is employed to establish relationships between variables and concepts related to financial literacy and teachers' indebtedness. The study utilizes exploratory, descriptive, and explanatory research strategies to gather both quantitative and qualitative data for a comprehensive analysis.

3.4 Study Population

The study focused on a population of 150 teachers from selected government secondaru schools located in Lusaka Central, Zambia, with specific criteria such as years of service, income levels, and educational backgrounds. The purposive sampling technique is employed to ensure a representative and diverse sample. These schools included Burma junior secondary, Libala secondary , Kamwala secondary, Woodlands secondary , Lusaka Boys Secondary, Kabulonga Girls Secondary, David Kaunda Technical and Lusaka Girls Secondary School.

A total of eight schools were selected from 4 Zones in Lusaka central. Lusaka Central was used because it is strategically located at the heart of the capital city, making it a central and accessible hub for teachers from various backgrounds and demographics. This ensures geographical representation and a diverse mix of participants. The practicality of data collection

is an essential consideration. Choosing schools in Lusaka Central may simplify logistics, allowing for efficient and effective data gathering. This, in turn, contributes to the feasibility and successful implementation of the research.

3.5 Sampling Technique

Purposive sampling is used to select teachers meeting specific criteria related to financial literacy, indebtedness, and demographic factors. The sample size is determined statistically to ensure the findings are applicable to the broader population of teachers in Lusaka Central.

3.6 Sample size

Online Slovene's formula was used to determine the sample of 100 participants in the study. The sample size is a smaller number of respondents arrived at using the target population, it is chosen in order to limit the number of persons that will need to be contacted. Additionally, the sample size helps in making the study manageable and effective resource deployment in the study.

Table 3.1 : Slovene's Sample size determination

Slovene's Sampling Formula		
Sample Size Using 95% Interval		
Formula:	n = N/(1+N(e^2))	
Where :	N =	Population
	n =	Sample Size
	e = (1-0.95)^2	(0.05^2)
Confidence level		95%
Margin of error		5%
	N	150

	e	0.0025
Sample Size(n)	=	100

To determine the appropriate sample size, the formula for sample size calculation will be used, taking into account the confidence level and error margin. A sample size of 100 Teachers were selected for this study.

3.7 Data Collection

To gather data on the effects of Financial Literacy on the Level of Indebtedness among Teachers in Lusaka Central, various instruments were employed, including an online survey questionnaire, a written survey checklist, focus groups, and an interview guide. The primary data source was the structured questionnaire, meticulously developed following an extensive literature review. Administered to teachers in selected schools, the questionnaire covered pertinent aspects of financial literacy and indebtedness. Permission from educational institutions was obtained before survey implementation. Written survey checklists ensured data accuracy, while focus groups and interviews provided in-depth insights into the financial experiences of teachers. Discrete data was obtained surrounding teachers that had obtained loans at the time and this made a huge part of the quantitative data that was collected.

3.8 Pilot and Diagnostic Tests

Before the full-scale survey, a 10 percent pilot survey was conducted on a selected group of teachers to test the data collection instruments' efficacy. Feedback from this pilot survey prompted adjustments to the questionnaire where statements were unclear.

3.9.1 Normality Test

A normality test, employing a significance level of 0.05, was conducted to determine whether the collected data followed a normal distribution. This statistical analysis, crucial for hypothesis testing, informed the acceptance or rejection of null hypotheses related to financial literacy and teachers' indebtedness.

3.9.2 Reliability Test

Assessing the internal consistency of data, a reliability test using Cronbach's Alpha statistic was performed. This statistical measure gauged the reliability of the data instrument, ensuring the collected data consistently measured the intended variables.

3.9.3 Validity Test

Validity, crucial for ensuring the accuracy of findings, was approached through various dimensions.

3.10. Data Analysis

Statistical techniques, including descriptive statistics and inferential statistics such as correlation and multiple regression analyses, were applied to analyze the collected data. Software like SPSS version 16 facilitated rigorous statistical analysis, ensuring the accuracy and reliability of results related to the effects of Financial Literacy on the Level of Indebtedness among Teachers in Lusaka Central.

3.11Ethical Considerations

Ethical guidelines were strictly followed throughout the research process. Informed consent was obtained from participants, their identities were kept confidential, and measures were implemented to protect the privacy of teachers. Ethical principles such as voluntary participation and data protection compliance were upheld, prioritizing the well-being and rights of the participants.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF RESULTS

4.0 Introduction

This chapter contains both the qualitative and quantitative analysis of the collected data. The findings of the study were presented frequency distributions tables.

4.1Response Rate

The tables belwo showed the proportion of individuals who participated in the study, the response rate was categorized into two groups, namely quantitative and qualitative and data was presented accordingly, the rates were compared to the total number of individuals who were invited to participate. It was typically expressed into percentages. The table 4.1 show the response for from gathering quantitative data and table 4.2 the response rate for qualitative data

Table .1.1 : Study response rate quantitative data

Table 4.1 : **Study response rate quantitative data**

Number of questionnaires admitted	**100**
Number of questionnaires completed and returned	**80**
Response rate	**80%**

Source: Primary data

The table above shows the respondents who were targeted, the number of questionnaires obtained and the response rate of the study. The study targeted a total of 100 respondents which included respondents who operate around kabwata and Lusaka central constituency. The study successfully got adequate response to help evaluate the subject at hand. This was accredited to the proper field preparation done.**Table 4.2 : Study response rate qualitative data**

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Number of respondents targeted	**8**
Number of respondents interviwed	**4**
Response rate	**50%**

Source: primary data

In terms of gathering qualitative data, only an average of responses was gathered from half the number of respondents that were targeted. The response level was fair enough to aid in qualitative analysis of the subject at hand.

4.2 Demographic variables

This section looked at the demographic variables of the study analysis.

4.2.1 Respondents gender distribution

The figure below presented the respondents gender.

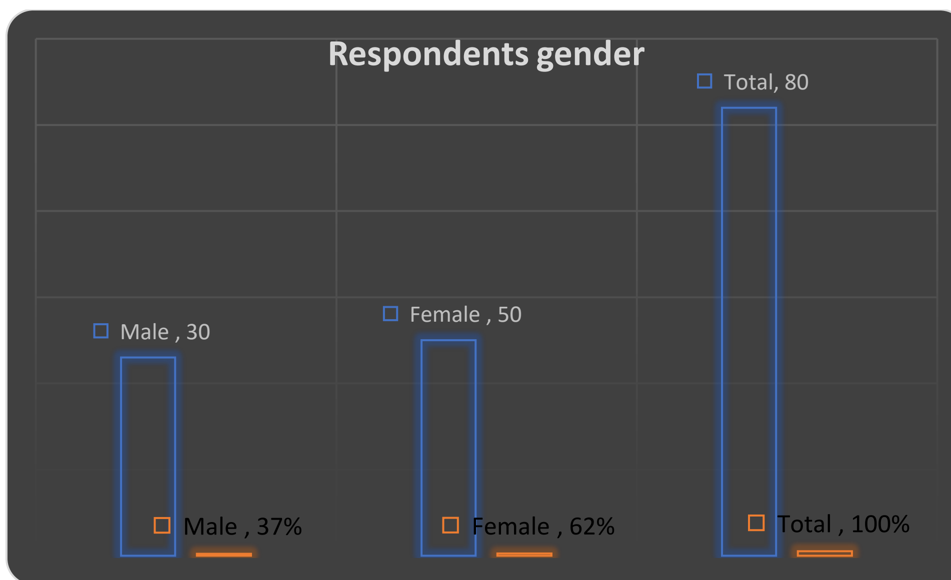


Fig 4.1 Respondents gender distribution

Source: Primary data

The presented data outlines the gender distribution among a sample of 80 teachers and provides insights into the effects of financial literacy on the level of indebtedness from financial institutions within this specific demographic. The statistics reveal that there was more representation from the female teachers unlike the male in this study.The gender distribution within the sample prompts a consideration of potential gender-based variations in financial literacy and, subsequently, its effects on indebtedness.

4.2.3 Age of respondents

The table below highlighted the ages of respondents that participated in this study.

Table 4.2.1 Age of respondents

AGE	Frequency	Percent
Below 20 years	3	3.8
20-29 years	28	35.0
30-39years	23	28.8
40-49 years	19	23.8
50-59 years	4	5.0
60 years and Above	3	3.8
Total	80	100.0

Source:Primary data, 2023

The provided data delineates the age distribution of a sample group, consisting of 80 individuals, and offers insights into the demographics of the respondents. The age categories indicates that The majority of individuals fell within the 20-29 years age category, comprising 35.0% of the sample. Followed closely, by the 30-39 years category which constituted28.8%, contributing significantly to the cumulative percentage of 67.5%. As the age categories progress, the percentages gradually decrease.

4.2.4 Level of education

The study respondents level of education was presented in the table below.

Table 4.2.2 Level of education

Level of education	Frequency	Percent
Diploma	48	60.0
Undergraduate	23	28.8
Post graduate	9	11.2
Total	80	100.0

Source: Primary data, 2023

The majority of respondents held a Diploma as their highest level of education, with the least holding post graduate qualifications. This suggests that a significant portion of the surveyed individuals has completed a specialized or vocational program beyond basic education. This indicates a diverse educational background within the surveyed population. This education background indicates that the respondents had the necessary understanding to fully participate in the study.

Table 4.2.3. Marital status

The table below showed the marital status of the study respondents.

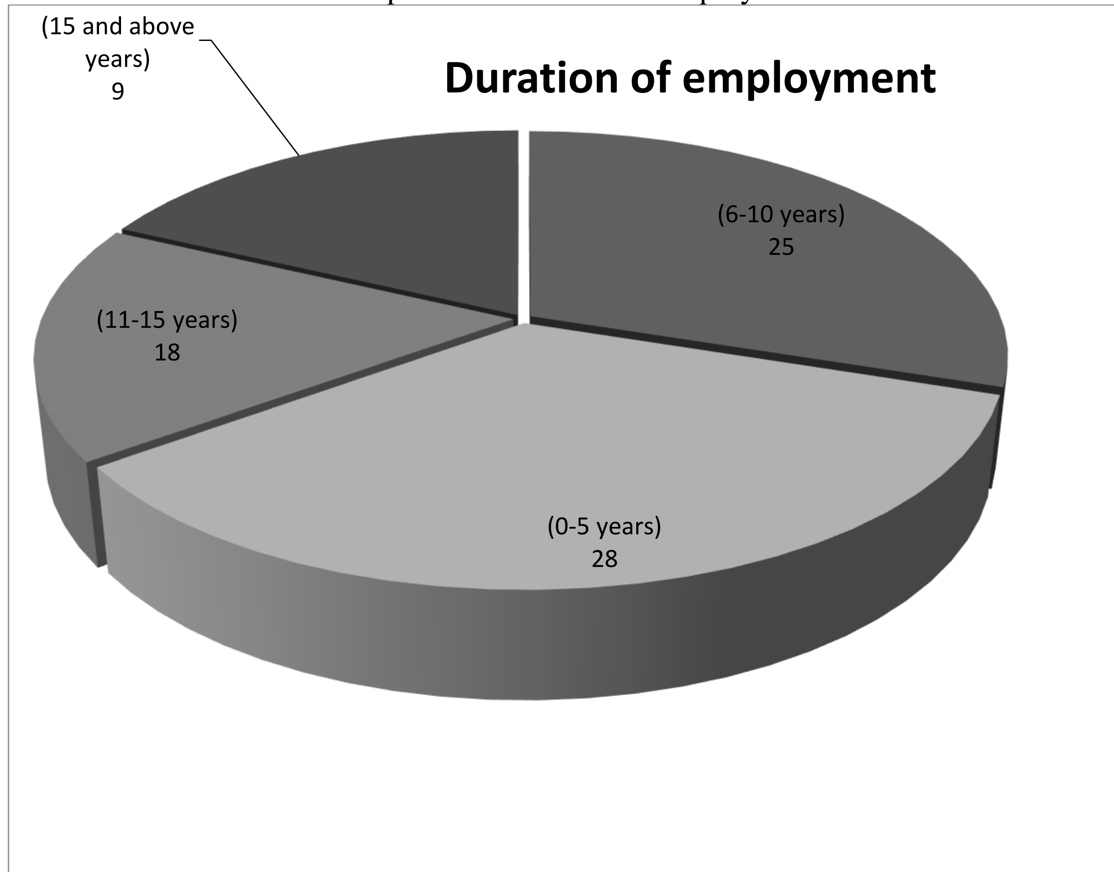
Marital status	Frequency	Percent
Single	26	32.5
Married	39	48.8
Divorced	6	7.5
Separated	5	6.2
Widowed	4	5.0
Total	80	100.0

Source: Primary data, 2023

The analysis indicated that majority respondents were married, with the least respondents being widowed. a varied marital status distribution within the sample. The largest group of respondents comprised the 48.8% who were married, with only 5% of those who were widowed. Having a big number of married respondents was good as it provided the researcher the opportunity to get more insight in financial related experiences from those with families, but also from those without big families.

Fig 4.2 Years in employment

The table below shows the respondents duration of employment.



Source: Primary data, 2023

The data provided details the distribution of years of employment among a sample of 80 individuals, shedding light on the tenure of employment within the teaching profession. The categories for years of employment include 0-5 years, 6-10 years, 11-15 years, and Above 15 years.

The analysis reveals a diverse range of employment durations within the sample. The largest group, constituting 28 staff, consists of individuals with 0-5 years of employment, indicating a significant proportion of relatively new entrants into the teaching profession. The 6-10 years category represents 25 staff of the sample, suggesting a substantial presence of teachers with a moderate level of experience. The 11-15 years category makes up 18 staff and those with over 15 years of employment constitute 9 staff of the total sample.

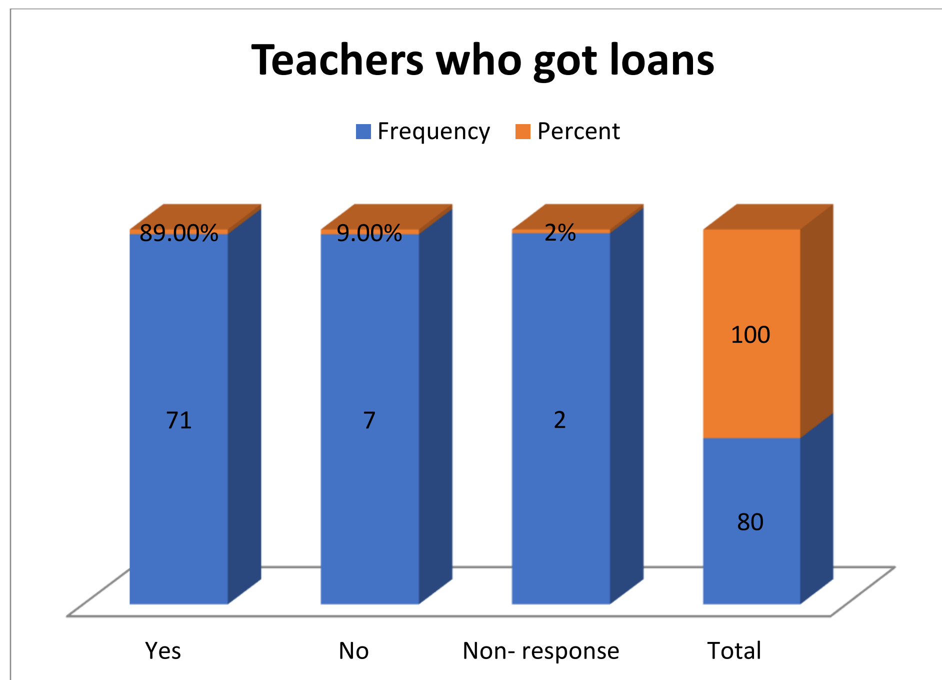
4.0 Extent of indebtedness from financial institutions among teachers

4.4 Responses on research questions

The table below will show the responses from respondents in line with research questions.

Fig 4.3 The proportion of teachers who got loans from financial institution

This table looked at the responses from respondents with regards to the proporportion of teachers who got loans from financial institutions.



Source: primary data, 2023

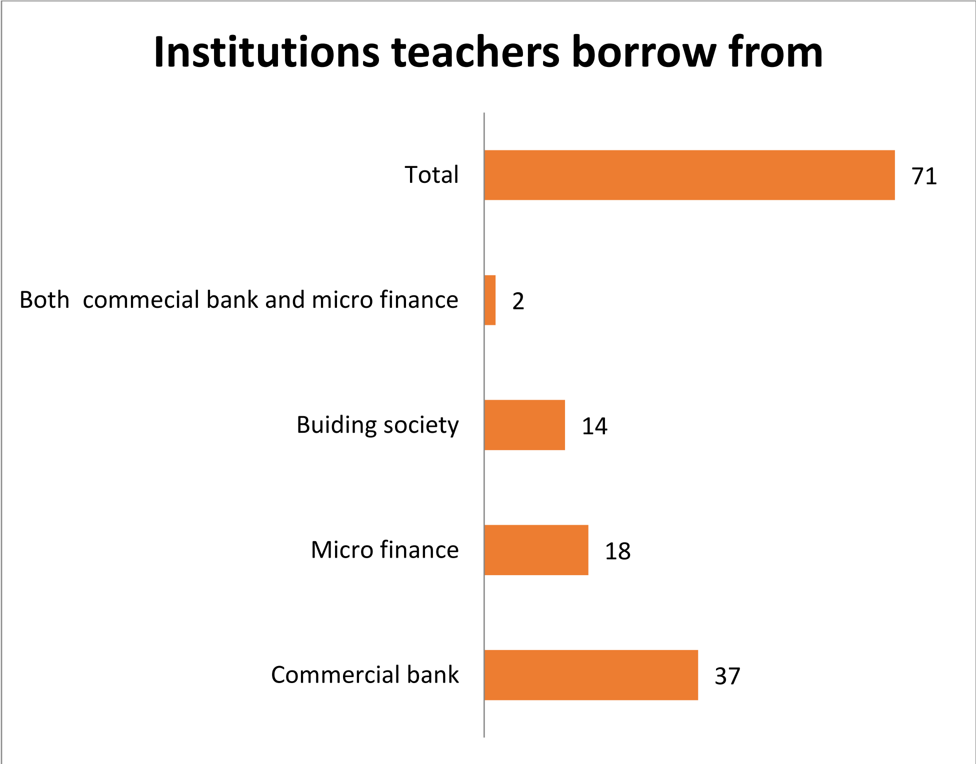
The data presented reflects respondents' experiences with loans or credit from financial institutions, offering insights into their borrowing behavior.According to the data, the majority of respondents, accounting for 89%, have taken loans or credit from financial institutions. This high percentage suggests a prevalent reliance on external financial sources among the surveyed individuals. On the contrary, a smaller proportion of respondents, 9%, reported not having taken any loans or credit. The remaining 2% did not provide a clear response.

Understanding the prevalence of loan or credit utilization is essential when exploring the effects of financial literacy on the level of indebtedness among teachers. It indicates the extent to which individuals within the sample have engaged with formal financial instruments to meet their financial needs.

4.5 Types of financial institutions teachers borrow from.

The table below showed various financial institutions were teachers borrow from.

Fig 4.4: Types of financial institutions teachers borrow from.



Source: primary data, 2023

The provided cross tabulation offers a detailed breakdown of respondents' responses with regard to institutions were they borrow from. These institutions where named by respondents in their

responses as being entities where they borrow from. It can be concluded that most teachers borrow from commercial banks, entailing that any adjustments in the monetary policy should inflation rise does affect them to a greater extent, something likely to push them into borrowing more to cushion the unplanned for burden.

Table 4.4.1 Number of times loans Acquired

The table below shows the number of times respondents acquired loans.

How many times have obtained loans or credit from financial institution?				
	Frequency	Percent	Valid Percent	Cumulative Percent
0-3	37	46.2	46.2	46.2
4-7	26	32.5	32.5	78.8
8-11	4	5.0	5.0	83.8
Above 11	6	7.5	7.5	91.2
99	7	8.8	8.8	100.0
Total	80	100.0	100.0	

Source: primary data, 2023

The analysis reveals a diverse range of borrowing experiences among the respondents. The majority of individuals were reported obtaining loans or credit from financial institutions 0-3 times. Following this were respondents indicated borrowing 4-7 times, suggesting a moderately higher level of borrowing frequency for this group.

A smaller proportion of respondents, were reported borrowing 8-11 times, with others borrowing more than 11 times. It's noteworthy that a category labeled "99" is present, representing 8.8% of respondents. This category may indicate an unspecified or non-response option, and its presence

underscores the importance of addressing potential limitations in survey design or data collection.

Table 4.4.2 Monthly allocation of debt from monthly income

The table below presented the monthly allocation of debt from their monthly income.

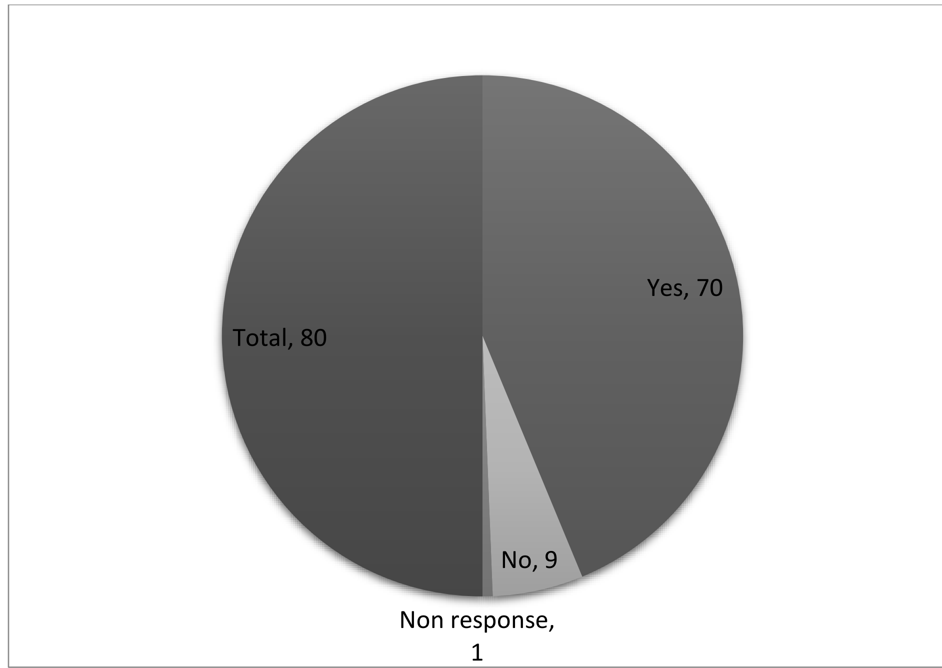
	Frequency	Percent
Less than 10%	20	25.0
10-20%	48	60.0
21-30%	5	6.2
More than 30%	6	7.5
Nonresponse	1	1.2
Total	80	100.0

Source: Primary data, 2023

The data reveals a diverse distribution of respondents based on the percentage of their monthly income allocated towards repaying loans or credit obligations. A substantial quarter of the respondents reported allocating less than 10% of their monthly income to debt repayment, suggesting a relatively lower financial burden associated with loans or credit. In contrast, the majority, comprising 60.0%, indicated a moderate financial commitment by allocating between 10% and 20% of their income to repay loans. A smaller percentage reported a higher level of financial commitment by allocating 21-30% of their monthly income to debt repayment. Additionally, some respondents mentioned allocating more than 30% of their income towards debt repayment, indicating a higher financial burden for this subgroup.

Fig 4.5 Most teachers in secondary schools are in debt.

The table below showed the perceptions of respondents towards teachers borrowing.



Source: Primary data, 2023

The data illustrates the varied perceptions held by respondents regarding the indebtedness of teachers. A substantial majority, accounting for 87.5% of respondents, believes that most teachers are indeed in debt. This prevailing sentiment suggests a widespread perception within the surveyed population that teachers commonly face financial challenges and engage in borrowing activities to meet their financial obligations. On the other hand, a smaller proportion, comprising 11.2%, holds the contrasting view that most teachers are not indebted, indicating a subset of respondents who perceive teachers as having relatively manageable financial situations

Table 4.4.3To assess the level of financial literacy among teachers

The table below represents the level of financial literacy among teachers.

Financial Literacy -to what extent on savings practices-create a monthly budget			
GENDER	Mean	N	Std. Deviation
Male	4.6000	30	.85501
Female	4.1600	50	1.43371
Total	4.3250	80	1.26065

Source:Primary data,2023

The provided table displays the mean, sample size (N), and standard deviation for the variable "Financial Literacy and Indebtedness-to what extent on savings practices-create a monthly budget," categorized by gender. Let's interpret the information:

The mean financial literacy and budgeting score for male respondents is 4.6000, with a standard deviation of 0.85501. On the other hand, female respondents have a slightly lower mean score of 4.1600, with a higher standard deviation of 1.43371. The overall mean for the entire sample is 4.3250, with a standard deviation of 1.26065.

The differences in mean scores between genders suggest a potential variation in financial literacy and budgeting practices. Specifically, male respondents, on average, appear to have a higher score in the specified financial literacy and budgeting measure compared to their female counterpart

Table 4.4.4 level of financial literacy among teachers-AGE

The table below showed the level of financial literacy levels amongst teachers.

Financial Literacy and Indebtedness-to what extent on savings practices-create a monthly budget			
Age category	Mean	N	Std. Deviation
Below 20 years	2.0000	3	1.00000
20-29 years	4.3571	28	1.33927
30-39years	4.6957	23	.92612
40-49 years	4.3158	19	1.24956
50-59 years	4.7500	4	.50000
60 years and Above	3.0000	3	1.00000
Total	4.3250	80	1.26065

Source:Primary data, 2023

The table provides a breakdown of the mean scores, sample sizes, and standard deviations for the variable "Financial Literacy and Indebtedness-to what extent on savings practices-create a monthly budget," categorized by different age groups. These categories include respondents below 20 years, those in the age range of 20-29 years, 30-39 years, 40-49 years, 50-59 years, and individuals aged 60 years and above. Among respondents below 20 years, the mean score is 2.0000, based on a small sample size of 3 individuals, with a standard deviation of 1.00000. In the 20-29 age group, the mean score increases to 4.3571, with a larger sample size of 28 and a standard deviation of 1.33927, indicating a more diverse range of scores within this age cohort.
The 30-39 years age group exhibits a higher mean score of 4.6957, accompanied by a sample size of 23 and a standard deviation of 0.92612. Similarly, the 40-49 years age category shows a mean score of 4.3158, with a sample size of 19 and a standard deviation of 1.24956. Both of these age groups suggest relatively higher levels of financial literacy and budgeting practices, with the standard deviations reflecting the degree of variability within each group. The above analysis was arrived at using 5% level of significance.

In the 50-59 years age group, respondents have the highest mean score of 4.7500, based on a sample size of 4 and a remarkably low standard deviation of 0.50000, indicating a more consistent trend in financial literacy and budgeting practices within this smaller subgroup.
Lastly, individuals aged 60 years and above have a mean score of 3.0000, derived from a sample size of 3, with a standard deviation of 1.00000.

Table 4.4.5 level of financial literacy among teachers-Level of education

The table below shows the level of financial literacy among teachers by level of education.

Financial Literacy and Indebtedness-to what extent on savings practices-create a monthly budget			
Highest level of education	Mean	N	Std. Deviation
Diploma	4.3958	48	1.16216
Undergraduate	4.2609	23	1.42118
Post graduate	4.1111	9	1.45297
Total	4.3250	80	1.26065

Source:Primary data, 2023

The table provides insights into the financial literacy and budgeting practices of respondents categorized by their highest level of education. Examining mean scores, sample sizes (N), and standard deviations, distinct patterns emerge for individuals with different educational backgrounds.
Respondents with Diplomas exhibit a mean financial literacy score of 4.3958, based on a substantial sample size of 48 and a relatively low standard deviation of 1.16216. This suggests a noteworthy level of financial literacy and budgeting practices among individuals with diploma-level education.
Those with Undergraduate degrees also demonstrate a solid mean score of 4.2609, although the standard deviation is higher at 1.42118, indicating a wider range of financial literacy scores within this group. Despite the slightly lower mean, the larger sample size of 23 contributes to a robust representation of individuals with undergraduate education.

Respondents with Postgraduate degrees show a mean score of 4.1111, based on a smaller sample size of 9 and a standard deviation of 1.45297. While this group has a slightly lower mean, the smaller sample size may contribute to increased variability in the scores.

Table 4.4.6 General view of level of financial literacy among teachers

The table below represents the general views on level of financial literacy among teachers.

Descriptive Statistics			
	N	Mean	Std. Deviation
Financial Literacy -to what extent on savings practices-create a monthly budget	80	4.3250	1.26065
Financial Literacy -to what extent on savings practices-dont save part of income	80	5.3000	15.17109
Financial Literacy -to what extent on savings practices-i increase my savings	80	7.5500	18.20829
Financial Literacy -to what extent on savings practices-set up automatic transfers	80	6.0000	15.04508
Financial Literacy -to what extent on savings practices-Reduce unnecessary expenses	80	5.5125	10.64977
Financial Literacy -to what extent on savings practices- prioritise paying off of interest debt	80	3.9375	1.28619
Financial Literacy \-to what extent on savings practices-practice mindfulnes when making purchases	80	4.4000	1.21801
Valid N (listwise)	80		

Source: primary data, 2023

The descriptive statistics provide a comprehensive overview of respondents' self-reported financial literacy and their engagement in various savings practices. The analysis encompasses key aspects such as creating a monthly budget, saving part of income, increasing savings, setting up automatic transfers, reducing unnecessary expenses, prioritizing the payment of interest debt, and practicing mindfulness when making purchases.

On the matter of creating a monthly budget, respondents reported a moderate average level of engagement, with a mean of 4.3250. This suggests a collective acknowledgment of the

importance of budgeting, although the standard deviation of 1.26065 indicates variations in individual practices, reflecting diverse budgeting habits.

Interestingly, the aspect of not saving part of income yielded a mean of 5.3000, indicating a moderate level of reported non-savings behavior. However, the considerably high standard deviation of 15.17109 underscores the wide range of responses, signifying diverse approaches to saving among the respondents.

In contrast, respondents reported a relatively high average level of commitment to increasing their savings, as evidenced by a mean of 7.5500. The associated standard deviation of 18.20829 indicates a substantial variability in the reported intensity of efforts to boost savings, reflecting diverse individual financial goals and circumstances.

Regarding setting up automatic transfers for savings, the mean of 6.0000 suggests a moderate average level of engagement. The standard deviation of 15.04508 reveals variations in preferences for this savings practice, indicating differing levels of comfort or inclination among respondents.

The commitment to reducing unnecessary expenses yielded a mean of 5.5125, indicating a moderate reported level of engagement in cost-cutting measures. The standard deviation of 10.64977 suggests varied attitudes toward reducing unnecessary expenses, with some respondents potentially being more proactive in this regard than others.

On the matter of prioritizing the payment of interest debt, respondents reported a mean of 3.9375, reflecting a moderate average level of emphasis on this financial practice. The relatively low standard deviation of 1.28619 suggests a more consistent pattern of responses, indicating a shared understanding of the importance of managing interest debt.

Finally, in the aspect of practicing mindfulness when making purchases, the mean of 4.4000 suggests a moderate reported level of mindfulness. The low standard deviation of 1.21801 indicates a relatively consistent response pattern, with respondents collectively expressing a moderate degree of awareness in their purchasing decisions.

Table 4.4.7 Gender and Level of Indebtedness

The table below presents the gender and level of indebtedness among teachers.

How many times have obtained loans or credit from financial institution?			
GENDER	Mean	N	Std. Deviation
Male	1.5667	30	.85836
Female	15.4000	50	34.08273
Total	10.2125	80	27.68022

Source: Primary data, 2023

The data presented in the table illustrates the mean, sample size (N), and standard deviation for the number of times individuals have obtained loans or credit from financial institutions, segmented by gender. The mean values provide a central measure of the average number of times respondents, categorized by gender, have acquired loans or credit from financial institutions. In this context, among male participants, the mean is approximately 1.57, suggesting that, on average, male teachers have obtained loans or credit a relatively low number of times. Conversely, female participants exhibit a notably higher mean of approximately 15.4, indicating that, on average, female teachers have a substantially higher frequency of obtaining loans or credit.

The standard deviation values provide insights into the dispersion or variability of the data around the mean. For males, the standard deviation is approximately 0.86, implying that the number of times males have obtained loans or credit tends to be relatively consistent or clustered around the mean. In contrast, females have a considerably higher standard deviation of approximately 34.08, indicating a significant degree of variability or dispersion in the number of times females have acquired loans or credit. This suggests a wider range of experiences among female teachers regarding the frequency of obtaining financial assistance.

Table 4.4.8 Age and Level of Indebtedness

The table below presents the level of indebtedness by age.

How many times have obtained loans or credit from financial institution?			
Age category	Mean	N	Std. Deviation
Below 20 years	34.6667	3	55.73449
20-29 years	11.7143	28	30.79545
30-39years	1.6522	23	.77511
40-49 years	7.0526	19	22.27972
50-59 years	26.5000	4	48.33563
60 years and Above	35.6667	3	54.84828
Total	10.2125	80	27.68022

Source: Primary data, 2023

The presented data offers insights into the borrowing patterns of individuals across various age categories in the context of financial literacy and indebtedness among teachers in Lusaka Central. Among respondents below 20 years old, the average number of times they have obtained loans or credit from financial institutions is approximately 34.67, revealing a notable frequency of financial engagement. However, it's essential to approach this finding cautiously due to the small sample size of 3, which may limit the generalizability of the observation. Additionally, the substantial standard deviation of 55.73 implies considerable variability in the borrowing behavior within this age group, highlighting potential diversity in financial experiences. The analysis underscores the importance of considering both mean values and distribution metrics to gain a comprehensive understanding of financial behaviors and indebtedness trends among teachers.

Table 4.4.9 Loan acquisition and indebtedness

The table below shows the loan acquisitions and indebtedness.

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16816.722	1	16816.722	30.017	.000[a]
	Residual	43699.228	78	560.247		
	Total	60515.950	79			
a. Predictors: (Constant), How many loans have you taken from financial institution						
b. Dependent Variable: You understand financial literacy concepts (savings, budgeting..)?						

Source: primary data, 2023

The ANOVA table shows that the regression model is statistically significant, with a significant F-value of 30.017 and a corresponding p-value of .000. This suggests that there is a significant relationship between the predictor variable " How many loans have you taken from financial institution " and "You understand financial literacy concepts (savings, budgeting..)". This in relation to the level of literacy already observed, wanted to establish the level of loan acquisition, bearing in mind the literacy levels. It was established that there is a relationship between financial literacy levels and the level of indebtedness among teachers in selected schools. Since the F value was greater than the critical values, a rejection was made that there is no relationship between financial literacy and level of indebtedness.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.870	2.716		2.529	.013

	Have you taken any loans or credit from financial institution	.948	.173	.527	5.479	.000
a. Dependent Variable: How many times have obtained loans or credit from financial institution?						

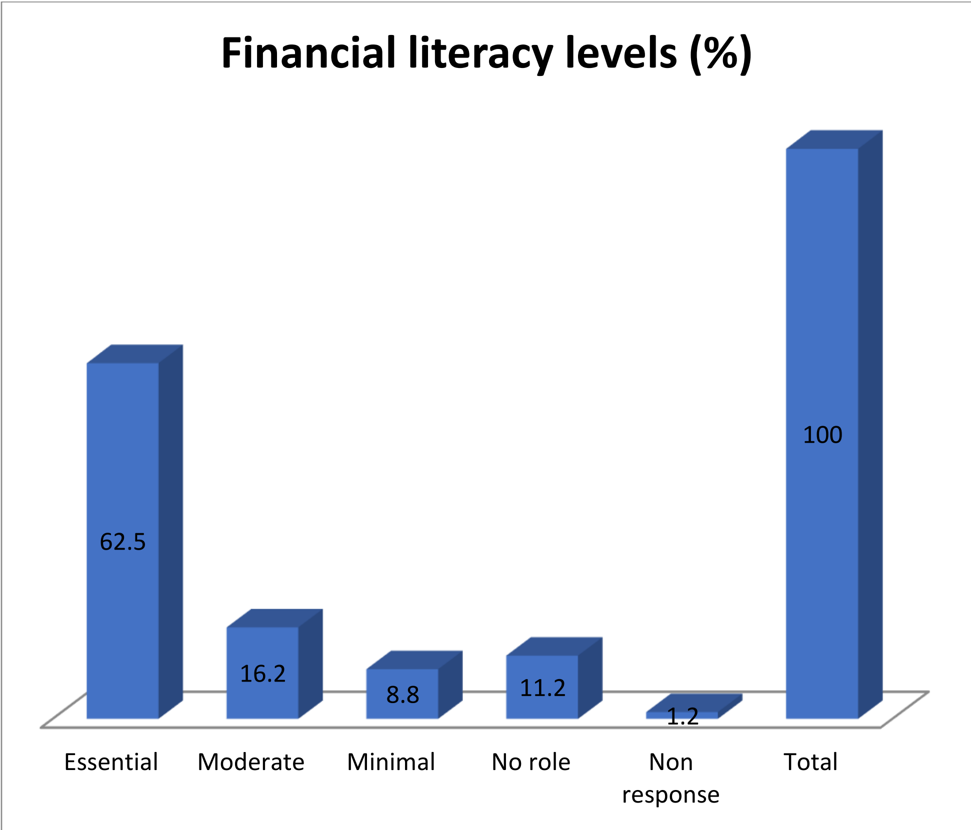
Source: Primary data, 2023

The regression coefficients provide additional insights. The constant term (intercept) is 6.870 with a standard error of 2.716 and a t-value of 2.529, which is statistically significant at a significance level of .013. The predictor variable "Have you taken any loans or credit from financial institution" has a coefficient of .948 with a standard error of .173 and a t-value of 5.479. This predictor is also statistically significant with a p-value of .000.

The results collectively suggest that teachers who have taken loans or credit from financial institutions tend to have a higher frequency of obtaining loans. The positive coefficient implies that the predictor variable is associated with an increase in the frequency of borrowing. Therefore, in the context of this study, the frequency of obtaining loans or credit serves as a measure of indebtedness among teachers. Higher values on this dependent variable indicate a more recurrent engagement in borrowing activities, reflecting a potentially higher level of financial commitment and indebtedness.

Fig 4.6 Financial Literacy and Indebtedness of Teachers

The table below shows the financial literacy and indebtedness of teachers.



Source: Primary data, 2023

The data highlights a spectrum of opinions among respondents regarding their understanding of financial concepts such as budgeting, saving, risk and debt management . A substantial majority, accounting for 62.5% of respondents, explained the concepts and supported that financial literacy is essential in effectively navigating and mitigating indebtedness. This viewpoint supports the held belief that a strong understanding of financial principles empowers individuals to make informed decisions and manage their finances prudently. In contrast, a moderate proportion, 16.2%, views financial literacy as playing a moderate role, suggesting a nuanced perspective that acknowledges the significance of financial knowledge but recognizes the potential influence of other factors in debt management. A smaller subset, comprising 8.8%, believes that financial

literacy has a minimal impact on reducing indebtedness, these had challenges explaining the concepts just like the notably 11.2% respondents.

Table 4.5.1Relationship between financial Literacy and indebted ness

The table below presents data with regards to the relationship between financial literature and indebtedness.

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16140.370	1	16140.370	28.362	.000[a]
	Residual	44389.018	78	569.090		
	Total	60529.387	79			
a. Predictors: (Constant), Financial Literacy and Indebtedness-to what extent on savings practices-create a monthly budget						
b. Dependent Variable: How many times have obtained loans or credit from financial institution?						

Source: Primary data, 2023

The analysis conducted through ANOVA on the regression model reveals valuable insights into the relationship between financial literacy, indebtedness, and the frequency of obtaining loans or credit from financial institutions among teachers.

Overall Model Significance: The overall model is statistically significant, as indicated by the F-statistic of 28.362 with a p-value of 0.000. This suggests that the predictors in the model collectively contribute to explaining the variance in the frequency of obtaining loans or credit

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	59.251	9.587		6.181	.000
	Financial Literacy and Indebtedness-to what extent on savings practices-create a monthly budget	-11.338	2.129	-.516	-5.326	.000
a. Dependent Variable: How many times have obtained loans or credit from financial institution?						

Source: Primary data, 2023

Coefficients Table: The coefficients table furnishes specific details about the predictors. The coefficient for "Financial Literacy and Indebtedness" is -11.338, with a standard error of 2.129. The negative t-statistic of -5.326, coupled with a p-value of 0.000, indicates the statistical significance of this coefficient.

The constant term (59.251) signifies the estimated frequency of obtaining loans or credit when financial literacy and indebtedness are both at zero. The negative coefficient for "Financial Literacy and Indebtedness" (-11.338) implies that an increase in financial literacy such as creation of more monthly budget will decrease in indebtedness of teachers which are associated with a reduction in the frequency of obtaining loans or credit.

The standardized coefficient (beta) of -0.516 further reinforces the negative impact of the predictor on the dependent variable. This suggests that teachers with higher financial literacy and lower levels of indebtedness tend to obtain loans or credit less frequently.

4.6 QUALITATIVE ANALYSIS

The table below shows the qualitative analysis of data gathered.It summarizes common themes across the interviews, providing an overview of responses related to financial literacy, debt management, contribution to awareness programs, recommendations, emergency funds, and strategies to enhance financial literacy.

The qualitative data is analised for the four respondets out of the eight targeted head teachers and deputy head teachers who were interviewed.

	Agree	**Strongly Agree**	**Agree**	**Strongly Agree**
Themes	**W- School**	**X-School**	**Y-School**	**Z-School**
You are aware of financial Literacy Levels	Informed	Adequately informed	Informed	Well informed
Financial Literacy Workshops	Yes	Yes	Yes	Yes
Debt Levels and Awareness	Aware	Very much aware, through salary advance	Informed through loan advance application	Aware through bank statements
Challenges in Debt Management causes	Poor financial management	Limited communication, inadequate skills	Lack of financial discipline among teachers	Inadequate knowledge on financial literacy
Contribution to Awareness	Organizing trainings and	Collaborating with external	Collateral-based loans	Collaborating with external

Programs	workshops	financial experts		financial experts
Recommendations for Financial Literacy	Providing knowledge on budgeting, planning, and management	Integrating into professional development programs	Encouraging teachers to use most of their salaries	Encouraging more sensitization programs to teachers
Emergency Funds Promotion	Sensitizing on the importance of savings	Offering small incentives for savings contributions, investing	Encouraging more savings	Offering small incentives for savings contributions, investing
Strategies to Enhance Financial Literacy	Having more workshops	Creating budgets before spending	Sensitizing teachers	Equipping teachers with adequate financial management skills
Additional Strategies	Implementing a mentorship program pairing experienced teachers with financial novices for mutual learning opportunities			

Source: Primary data, 2023

Financial Literacy And Financial Planning.

From the Head Teacher for school from school Y, he had this to say on the question him expounding upon a specific fiscal decision, either personal or institutional, that required a judicious application of financial literacy principles and significantly impacted his life or the operational dynamics of the institution under his purview:

"Personal: I applied the principle of budgeting before purchasing my car. I did not acquire a loan but I saved for two solid years".

Debt Management And Indebtedness

From the Head Teacher for school from school W, he had this to say on how he stays informed as a head teacher of the existence and extent of levels of indebtedness among the teaching staff within his institution. How does he get informed about the financial well-being of his teachers, and what measures are in place to address any concerns.

"I stay informed through the loan application and salary advances that come to me to sign and introduce the teacher".

In response to the challenges in overseeing the debt management of teachers, the head teacher from school W gave this response "*Poor financial management and planning*". And the head teacher from school Y responded: "*lack of financial discipline amongst teachers*".

Overall Insights

All head teachers acknowledge the importance of financial literacy and have taken steps or considered initiatives to improve the financial well-being of their teaching staff. Common challenges and recommendations suggest a need for comprehensive and ongoing efforts to enhance financial literacy, discipline, and management skills among teachers. The emphasis on collaboration with external experts and the integration of financial literacy into professional development programs indicates a holistic approach to addressing financial challenges within the institutions.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 Introuction

The research findings unveiled the interplay of financial literacy levels and the extent of indebtedness among secondary teachers in Lusaka's selected public secondary schools, particularly those based in Lusaka central, shedding light on both the challenges encountered by individuals and the strategies adopted to manage these financial challenges. These observations resonate with the prevailing literature on the broader impacts of financial literacy on borrowing behavior within the context of the teaching profession amidst the local financial landscape**.**

5.1 Discussion of Back ground Characteristics

The presented background characteristics of the sample group of 80 teachers, encompassing gender distribution, age demographics, and educational attainment, offer valuable context for understanding the potential effects of financial literacy on the level of indebtedness from financial institutions among teachers.

Gender Distribution: The gender distribution reveals that the majority of the respondents (62.5%) are female, while 37.5% are male. This gender disparity prompts consideration of potential gender-based variations in financial literacy and its subsequent impact on indebtedness. Research has indicated that women may face unique challenges and opportunities in financial decision-making, and their financial literacy levels could influence their borrowing behaviors and overall financial well-being differently than men (Lusardi&Tufano, 2009). Therefore, understanding the gender dynamics within the sample is crucial in assessing how financial literacy may interact with indebtedness across gender lines.

Age Demographics: The age distribution within the sample is diverse, with the highest percentage of respondents falling within the 20-29 years age category (35.0%). This youthful demographic may suggest varying levels of financial experience and decision-making maturity among the teachers. Younger individuals might have different financial goals, risk perceptions, and approaches to managing debt compared to their older counterparts. Examining the relationship between financial literacy and indebtedness across different age groups is essential

for tailoring interventions and educational programs to the specific needs of teachers at different stages of their careers.

Educational Attainment: The analysis of educational attainment within the sample indicates a diverse range of academic backgrounds. A significant proportion (51.2%) has attained a Diploma, followed by 28.8% with an Undergraduate degree and 12.5% with Postgraduate education. The level of education can influence financial literacy, with higher levels of education generally associated with greater financial knowledge and decision-making abilities (Lusardi& Mitchell, 2007). However, the nuances within each educational category should be explored to understand how specific educational experiences contribute to financial literacy and, consequently, impact indebtedness among teachers.

5.2 Discussion of research Objectives

To quantify the overall level of indebtedness among teachers in selected public secondary schools in Lusaka.

The assessment of financial literacy among teachers, as outlined through descriptive statistics, provides valuable insights into their self-reported financial practices. This analysis delves into various dimensions of financial behavior, shedding light on teachers' engagement in savings practices and their overall financial habits. More than 60% of teachers targeted had loans running and majority of them had multiple loans.

One notable aspect is the reported engagement in creating a monthly budget, where respondents demonstrated a moderate average level of involvement, signifying a collective recognition of the importance of budgeting. However, the variations in individual practices, as indicated by the standard deviation, underscore the diverse budgeting habits among teachers. This aligns with existing literature that emphasizes the significance of budgeting in fostering financial well-being (e.g., Mandell, 2006; Lyons, 2004).

The finding that a moderate level of respondents reported not saving part of their income is intriguing. The wide range of responses, as reflected in the high standard deviation, suggests diverse approaches to savings practices among teachers. This variability might be influenced by individual financial circumstances, attitudes toward savings, and awareness of the importance of building financial reserves (Hastings & Mitchell, 2011).

In contrast, the relatively high reported commitment to increasing savings aligns with the literature highlighting the positive impact of savings on financial security (Hira&Mugenda, 1998). The substantial variability in reported efforts to boost savings, as indicated by the standard deviation, may be attributed to varying financial goals and personal circumstances among teachers.

The engagement in setting up automatic transfers for savings demonstrated a moderate average level, suggesting a collective acknowledgment of this savings practice. However, the variations in preferences, as reflected in the standard deviation, underscore the differing levels of comfort or inclination among teachers regarding automated savings mechanisms (Lusardi&Tufano, 2015).

Teachers' reported commitment to reducing unnecessary expenses is characterized by a moderate level of engagement, with variations in attitudes toward cost-cutting measures. This finding aligns with literature emphasizing the importance of expense management in achieving financial goals (Mandell, 2006).

The reported emphasis on prioritizing the payment of interest debt reflects a moderate average level among teachers. The low standard deviation suggests a more consistent understanding of the importance of managing interest debt, aligning with financial literacy literature emphasizing debt management strategies (Hastings & Mitchell, 2011).

Lastly, the reported level of mindfulness when making purchases is moderate, indicating a collective awareness among teachers. The low standard deviation suggests a relatively consistent pattern of responses, highlighting a shared understanding of the significance of mindful spending practices (Klontz et al., 2011).

The study used a regression analysis to provide valuable insights into **extent of indebtedness.** The frequency of obtaining loans was used a basis for indebtedness and the findings demonstrates a coefficient of 0.948, with a standard error of 0.173 and a highly significant t-value of 5.479 (p-value = 0.000). This indicates a strong and positive relationship between teachers who have taken loans or credit from financial institutions and the level of financial literacy. In other words, teachers with less financial literacy and with history of borrowing tend to exhibit a higher frequency of engaging in borrowing activities.The statistically significant

coefficient for the predictor variable implies that teachers who have previously taken loans or credit from financial institutions are more likely to have a heightened frequency of obtaining additional loans. This association suggests a potential pattern of recurring financial commitments and indebtedness among this group of teachers. Therefore, in the context of this study, the frequency of obtaining loans or credit serves as a meaningful measure of indebtedness among teachers. The positive coefficient signifies that an increase in the predictor variable is associated with a corresponding increase in the frequency of borrowing. Higher values on this dependent variable indicate a more recurrent engagement in borrowing activities, implying a potentially elevated level of financial commitment and indebtedness among teachers who have previously accessed loans or credit from financial institutions.

To assess the understanding of key financial concepts such as budgeting, saving, risk and debt management among teachers in selected public schools in Lusaka.

Through this study, it was established that teachers over 40% of those who were targeted in this study had less information on the financial concepts and most of them could not even fully explain what the concepts where. Some respondents comfirmed that when bollowing they do not look at the reppucations of loans or even consider budgeting, stating they borrow to solve financial problems. Most teachers comfirmed of not attending financial literacy sessions in schools with some stating they do not hold such sessions.

To investigate the relationship between financial literacy and the level of indebtedness among Teachers in selected public schools in Lusaka.

The data presented reveals a diverse range of opinions among respondents regarding the role of financial literacy in managing and reducing indebtedness. A substantial majority, accounting for 62.5% of respondents, holds the view that financial literacy is essential in effectively navigating and mitigating indebtedness. This majority perspective underscores the widely held belief that a strong understanding of financial principles empowers individuals to make informed decisions and manage their finances prudently. The recognition of financial literacy as a crucial tool in debt management aligns with the notion that informed financial decision-making is key to avoiding and alleviating financial challenges.

In contrast, a moderate proportion of respondents, constituting 16.2%, views financial literacy as playing a moderate role. This perspective reflects a nuanced understanding that while financial knowledge is significant, other factors may also contribute to effective debt management. The acknowledgment of a moderate role for financial literacy suggests a recognition of the complexity of financial situations and the need for a comprehensive approach that considers various influences on indebtedness.

On the other hand, a smaller subset, comprising 8.8%, believes that financial literacy has only a minimal impact on reducing indebtedness. This viewpoint suggests a level of skepticism regarding the effectiveness of financial education as the sole solution to addressing and reducing levels of indebtedness. The skepticism may stem from the awareness that practical challenges and structural issues could limit the transformative impact of financial knowledge alone. Notably, 11.2% of respondents express the belief that financial literacy has no role in managing and reducing indebtedness. This perspective challenges the conventional notion that financial literacy is a universal panacea for debt reduction. It implies a need for a more nuanced and multi-faceted approach that considers diverse factors contributing to individuals' financial situations.

In a broader context, the spectrum of opinions highlights the complexity of the relationship between financial literacy and debt management. It suggests that while a substantial majority recognizes the importance of financial literacy, a significant proportion holds varying degrees of skepticism and acknowledges the need for a more comprehensive approach. These diverse perspectives underscore the importance of tailoring financial education programs to address the specific needs and concerns of different groups within the population, recognizing that a one-size-fits-all approach may not be universally effective in promoting financial well-being.

In terms on hypothetical relationship between financial literacy and indebtedness, the findings revealed a negative coefficient for "Financial Literacy and Indebtedness" (-11.338) in the regression model implies that an increase in financial literacy, such as the creation of more monthly budgets, is associated with a decrease in the indebtedness of teachers. This relationship suggests that teachers who are more financially literate and adept at managing their finances, as evidenced by the practice of creating monthly budgets, are less likely to accumulate debts. The negative standardized coefficient (beta) of -0.516 provides a standardized measure of the impact of financial literacy and indebtedness on the dependent variable—the frequency of obtaining

loans or credit. This beta value indicates that, when considering the standardized scale, higher financial literacy and lower levels of indebtedness have a negative impact on the frequency of obtaining loans or credit among teachers.This finding aligns with existing literature on financial literacy and indebtedness. Numerous studies have highlighted the positive impact of financial literacy on individuals' financial behaviors and decision-making. For instance, improved financial literacy is often associated with better budgeting skills, increased savings, and a reduced likelihood of accumulating high levels of debt (Lusardi&Tufano, 2009; Fernandes et al., 2014). Furthermore, the result is consistent with the theoretical expectation that individuals with higher financial literacy are better equipped to make informed financial decisions, which can lead to more prudent debt management. This aligns with the notion that financial education and literacy initiatives can contribute to overall financial well-being and reduce the reliance on loans or credit (Hastings et al., 2013; Cole &Shastry, 2009).

Gender Disparities

The observed gender disparities in borrowing patterns may be influenced by several factors, including financial literacy, income levels, and societal expectations. Research has suggested that gender differences in financial literacy and attitudes toward debt can impact borrowing behaviors (Lusardi& Mitchell, 2011). Women may face unique financial challenges, such as the gender pay gap, that could contribute to higher borrowing frequencies (Addo et al., 2019).

Age-Related Patterns

The data on borrowing patterns across age categories underscores the importance of considering life-stage factors. Younger individuals may have less experience managing finances, potentially leading to more frequent borrowing (Behrman et al., 2012).

Summary chapter

This chapter discussed findings in line with the study and presented from the research objectives.

CHAPTER SIX

CONCLUSSION AND RECOMMENDATIONS

6.1 Conclussion

In conclusion, the assessment of financial literacy levels among teachers and level of indebtedness has provided valuable insights into their self-reported financial practices. The analysis revealed a moderate level of engagement in creating monthly budgets, with variations suggesting diverse budgeting habits. The reported commitment to increasing savings and managing interest debt was relatively high, indicating a positive inclination toward financial security practices. However, the study also identified areas of concern, such as a moderate level of reported non-saving and varying levels of engagement in automated savings mechanisms.

Further investigation into the extent of indebtedness among teachers through regression analysis demonstrated a strong and positive relationship between teachers with a history of borrowing and the frequency of obtaining loans. This suggests a potential pattern of recurring financial commitments and indebtedness among this group, emphasizing the need for targeted interventions to address such patterns.

The results revealdthe negative coefficient (beta) of -0.516 suggests that better financial literacy levels by respondents lower levels of indebtedness are associated with a reduced frequency of obtaining loans or credit among teachers. This aligns with existing literature, which consistently emphasizes the positive impact of financial literacy on various financial behaviors.

The study also highlights important gender and age-related disparities in borrowing patterns among teachers. To gain a comprehensive understanding of these behaviors, it is essential to consider factors such as financial literacy, income differentials, and societal expectations. Tailored interventions and policies can contribute to improving financial decision-making and debt management among teachers

6.2Recommendation

The recommendations put forth center on a strategic and tailored approach to improving financial literacy among teachers, acknowledging the diversity in financial practices and attitudes identified in the assessment. These recommendations aim to create a comprehensive framework that addresses the specific needs of teachers and fosters a culture of financial well-being within the educational community.

1. **Implementation of Targeted Financial Literacy Programs:**

Tailored financial literacy programs should be designed to address the diverse financial practices and attitudes identified among teachers. These programs can be customized to cater to different levels of financial knowledge and varying degrees of engagement in financial practices. By tailoring content and delivery methods, these programs can effectively meet the specific needs of individual teachers, ensuring relevance and engagement.

2. **Integration into Professional Development Programs:**

Embedding financial education into existing professional development programs ensures that teachers receive continuous and relevant training throughout their careers. This integration not only emphasizes the importance of financial literacy but also recognizes it as a vital skill set that contributes to overall professional competence. By incorporating financial education into ongoing training, teachers can continually enhance their financial knowledge and skills, creating a sustainable impact.

3. **Promotion of Budgeting Practices:**

Encouraging the use of budgets is a fundamental component of effective financial management. Promotional efforts can include workshops, training sessions, and educational materials that highlight the benefits of budgeting. Practical guidance on creating and maintaining budgets can empower teachers to take control of their finances, plan for future goals, and navigate economic uncertainties more effectively.

4. **Cultivating a Savings Culture through Incentives and Sensitization:**

Creating a culture of savings involves not only educating teachers about the importance of saving but also incentivizing and sensitizing them to adopt savings practices. Incentives, such as matching contributions or recognition for achieving savings goals, can motivate teachers to actively participate in saving initiatives. Sensitization efforts should focus on raising awareness about the various avenues for saving, including the establishment of emergency funds and long-term investment options.

5. **Innovative Mentorship Program:**

The mentorship program offers an innovative and personalized approach to knowledge transfer and skill development. Pairing experienced teachers with financial novices allows for practical guidance, sharing of experiences, and individualized advice. This collaborative learning environment fosters a supportive community where teachers can navigate financial challenges with the guidance of more seasoned mentors. This approach recognizes the importance of experiential learning and peer support in the journey toward financial literacy.

6.3 Future research recommendation

The researcher recommends that in future, the researchers can focus on the level of literacy levels and their impact on civil servants performance in the health sector.

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APPENDIX

UNIVERSITY OF LUSAKA

Questionnaire

Dear Respondents,

We kindly request your participation in this research study, which aims to find out the effects of Financial Literacy on the Level of Indebtedness from a Financial Institution among Teachers in Zambia case of Lusaka Central. Your responses are crucial in helping us understand this relationship and contribute valuable insights to the field. All information provided will be kept strictly confidential.

SECTION A: Demographic Information

SECTION A: Demographic Information

1. **Gender:** a) Male [ ] b) Female [ ]
2. **Age Category:** a) Below 20 years [ ] b) 20-29 years [ ] c) 30-39 years [ ] d) 40-49 years [ ] e) 50-59 years [ ] f) 60 Years and above [ ]
3. **Highest Level of Education:** a) Primary and below [ ] b) Secondary [ ] c) Diploma [ ] d) Undergraduate [ ] e) Postgraduate [ ] f) Other (specify) …………………………………………
4. **Marital Status:** a) Single [ ] b) Married [ ] c) Divorced [ ] d) Separated [ ] e) Widowed [ ]

5. **Category of school** a) Primary [ ] b) Secondary [ ] c) Others (specify)………………………………………………
6. **Job Description**

   Subject teacher [ ]

   Class teacher [ ]

   Head of department [ ]

   Others please (specify)
7. **Years of Employment:** a) 0 - 5 [ ] b) 6 - 10 [ ] c) 11 - 15 [ ] d) Above 15 [ ]

SECTION B: Financial Literacy and Indebtedness

8. **To what extent to agree with the following statement on savings practices , use a scale of 1 to 5**

Statement	High	Moderate	Low	none
Create a monthly budget to track income and expenses.				
Don’t save any part of my income				

increase my savings when my income increases				
Setting up automatic transfers to a savings account each month.				
Reduce Unnecessary Expenses				
Prioritize paying off high-interest debt to save on interest payments				
Practice mindfulness when making purchases, considering the long-term impact on your financial goals.				

9. Have you taken any loans or credit from financial institutions? a) Yes [ ] b) No [ ]
10. How many times have you obtained loans or credit from financial institution?
    a) 0-3 [ ] b) 4-7 [ ] c) 8-11 [ ] d) .above 11 [ ]

11. On average, how much of your monthly income is allocated towards repaying loans or credit obligations? a) Less than 10% [ ] b) 10-20% [ ] c) 21-30% [ ] d) More than 30% [ ]

12. **What factors influence your debt management?** a) Budgeting [ ] b) Investment Knowledge [ ] c) Financial Planning [ ] d) Others (please specify)……………………………………..

13. In your opinion, what role does financial literacy play in managing and reducing indebtedness? a) Essential [ ] b) Moderate [ ] c) Minimal [ ] d) No Role [ ]

Your participation is highly appreciated. Thank you for your valuable insights.

INTERVIEW GUIDE

Section A: Financial Literacy and Financial Planning

1. As a headteacher or senior teacher , how well-informed are you about the financial literacy levels of your teaching staff
2. As a head teacher or senior teacher , have you considered organizing financial literacy workshops specifically designed to address teachers' understanding of budgeting, saving, and credit management?.
3. Could you expound upon a specific fiscal decision, either personal or institutional, that required a judicious application of financial literacy principles and significantly impacted your life or the operational dynamics of the institution under your purview?

Section B: Debt Management and Indebtedness

1. As a head teacher or senior teacher, are you aware of the existence and extent of levels of indebtedness among the teaching staff within your institution? How do you stay informed about the financial well-being of your teachers, and what measures are in place to address any concerns related to their financial health?"
2. What challenges do you encounter in relation to overseeing the debt management of teachers?
3. In your role, how can you contribute to programs that raise awareness among teachers about the potential challenges associated with debt, providing information on types of debts and effective management strategies?

Section D: Future Perspectives and Recommendations

12. What recommendations do you have for improving financial literacy among teachers and enhancing institutional financial management?
13. How can you promote and encourage teachers to prioritize the creation of emergency funds? What measures or incentives could be introduced to support them in building a financial safety net?
14. What initiatives or strategies do you think could enhance financial literacy among Teachers and mitigate
indebtedness? ……………………………………………………………………

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