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ASSESSING THE FINANCIAL LITERACY AMONG THE ENTREPRENEURS OF FINANCIAL SACCO'S IN RWANDA

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ABSTRACT

The purpose of the study was to assess the financial literacy among the entrepreneurs in financial sacco's of Rwanda, the descriptive and correlational analysis research designs were used in this study to enable the researcher to collect data, summarize them, present them, and then interpret them for clarification. Based on the specific objective which was to assess the financial literacy among the entrepreneurs in financial sacco's of Rwanda, From the perceptions of respondents on debt management literacy, indicated that on average, respondents strongly agreed with the statements made because the overall mean is 4.65 and the mean score on a statement about if respondents are confident in their ability to create a personal budget is 4.89 which is strong and standard deviation of 0.40 which is homogeneous, indicated that the agreement with the statement. The respondents also strongly agreed that they understand the concept of interest rates and how it impacts borrowing as indicated by a strong mean of 4.91 and a homogeneous standard deviation of 0.43.

From the perceptions of respondents on timely repayment, the respondents strongly agreed that timely repayment of loans is a priority for maintaining good financial collateral evaluation indicated by a strong mean of 4.33 and a homogeneous standard deviation of 0.47 which indicates that the respondents answered the same. They also strongly agreed with statements that understand the importance of making loan payments on time to avoid additional fees, penalties, or damage to credit scores as indicated by a strong mean of 4.17. The results indicate that the adjusted R2 is 0.471 representing 47.1% indicating that the financial literacy components contribute to the loan repayment, while 0.529 representing 52.9% of loan repayment comes from other variables that are not included in the model three. From ANOVA Table shown, the F- test of 39.420 has a p-value = 0.000, indicating that the variables used in the model jointly have a statistical significance as good predictors of loan repayment.

Keywords: Financial, Literacy, Loan, Repayment

1.0 INTRODUCTION

Limited knowledge of financial concepts is associated with suboptimal financial behavior such as low rate of formal savings, poor usage of bank accounts, amongst others. Well-designed financial education programs have the potential to improve financial knowledge and behavior, leading to improvements in wellbeing. In partnership with the World Bank and the Government of Rwanda's Ministry of Finance, IPA evaluated the impact of financial education delivered through SACCOs and found that when SACCOs were able to choose trainers from the local community, SACCO members attended more sessions and improved their financial knowledge, attitudes, and behaviors. However, when trainer profiles were predetermined and limited to individuals with formal roles at the SACCO, these improvements were not observed. No improvements in either group were found on account usage, borrowing behavior, or financial security.

Levels of financial literacy are low in many developing countries, and evidence has shown that limited knowledge of financial concepts is associated with suboptimal financial behavior, such as low rate of formal savings, poor usage of bank accounts, amongst others. Some governments are launching national financial education strategies to improve the financial behavior of their citizenry, and companies are integrating financial education into product offerings to help clients make better choices. But the success of financial education programs has varied widely. Some evidence suggests “edutainment” and simple rule-of-thumb lessons are effective approaches. It may also be effective to integrate proven approaches to financial education into the rural banking systems of developing countries, as these banks or credit unions have a wide reach and many clients are newly banked.

Financial literacy is the possession of knowledge, skills and attitudes that enable an individual to use money effectively by making sound informed financial decisions. It plays a critical role in Savings and Credit Cooperative Societies (SACCOs). SACCOs are vital financial institutions that encourage thrift to give loans to members; however, loan Repayment poses a threat to SACCOs’ sustainability and overall performance, since a big number of customers default on their loan repayments.

2.0 BACKGROUND TO THE STUDY

Financial literacy effect on loan repayment remains an interesting in both developed and developing economies, and has elicited much interest in the recent past with the rapid change in the finance landscape (Ofori-Abebrese, 2020). Since it has been realized that financial literacy helps in empowering and educating consumers so that they are knowledgeable about finance in a way that is relevant to their lives and enables them to use this knowledge to evaluate products and make informed decisions. Financial literacy facilitates the decision-making processes such as payment of bills on time, proper debt management which improve credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems and poverty reduction (Ofori-Abebrese, 2020).

In Nigeria, lack of financial literacy act as a barrier to loan repayment, because many people do not manage their money well they accumulate debt they cannot repay. Lack of financial skills also means people do not plan ahead, or understand how financial products can help meet savings goals (Idowu, 2010).

In Ghana, a survey of deposit taking SACCOs conclude that it is necessary that SACCOs society share financial knowledge by offering advisory services, especially to members who may have inadequate financial training. In this regard, it is not surprising that without sufficient financial knowledge; customers of SACCOs might earn a negative return on their capital and of course unable to repay their loan (Mutegi, 2021).

An empirical study conducted in Kenya by Mwangi (2020) highlights the absence of financial skills as a significant obstacle in loan administration among Deposit Taking Microfinance Institutions (DTMFI) in the country (Mwangi, 2020). This can be ascribed to a lack of formal

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education. The Capital Markets Authority (CMA) in 2018 also recognized that microfinance institutions (MFI) in Kenya face limitations that reduce their ability to withstand risk and hinder the establishment of an effective lending policy. Thus, this clearly illustrates the impact of financial literacy on the repayment of loans. Mwangi identifies a deficiency in financial expertise as a significant obstacle in loan management among the DTMFI in Kenya (Mwangi, 2020).

In a study conducted by Gaudence, Patrick, and Denys (2018), the researchers examined the impact of financial literacy on loan repayment among small and medium firms in Rwanda. The study found that 81% of the clients surveyed acknowledged that planning skills had a significant role in ensuring timely loan payback. Furthermore, a study conducted on business management and bookkeeping yielded comparable findings. The survey revealed that 85.7% of entrepreneurs who promptly repaid their loans possessed bookkeeping literacy, whereas only 14.3% of respondents without bookkeeping literacy delayed loan repayment. Similarly, a study examining the influence of microfinance on small and medium firms found that having a strong understanding of debt management significantly affected the ability to repay loans (Gaudence, Patrick, & Denys, 2018).

Multiple studies, including those conducted by Mungai (2017), Giné, Menand, Townsend, and Vickery (2016), and Cohen and Young (2017), have demonstrated that financial literacy has a significant role in determining loan repayment. However, there is a lack of enough research on financial literacy and loan repayment in Rwanda, which is why the researcher aimed to conduct a comprehensive examination of the relationship between financial literacy and the loan repayment.

3.0 PROBLEM STATEMENT

In 2017, the overall non-performing loan (NPL) rate for the microfinance industry was 8%, which includes Umurenge SACCOs. Specifically, as of June 2017, the NPL rate for Umurenge SACCOs was 12.3%, above the benchmark ratio of 5% set by the National Bank of Rwanda (BNR, 2020). Non-performing loans (NPLs) have an impact on both the financial performance of banks and microfinance institutions (MFIs). Several causes contributing to this non-performing loan (NPL) include a lack of savings discipline and individualistic attitudes, limited education and awareness among the public, financial illiteracy, and negative perceptions of SACCOs and MFIs (BNR, 2020).

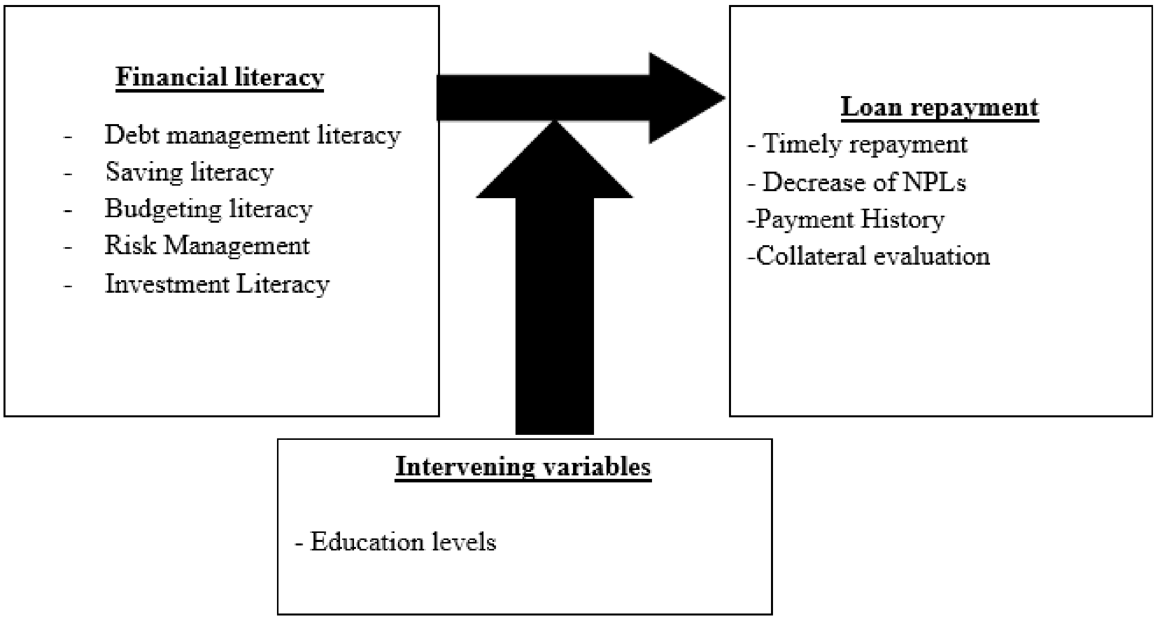
The FinCap survey (2018), suggest that Rwandans lack a complete set of knowledge, skills, and self-efficacy to be fully financially capable. Furthermore, Data from the 2018 Financial Capabilities Survey (FinCap Survey) suggests the following key findings with respect to Rwandans' financial capability around cash flow management, planning for the future, and experience with financial services: Less than half Rwandans budget, running short of money is common, mostly due to poverty or employment status. Rwandans tend to rely on mutual support and informal credit when short of money. More than half Rwandans do not report having a plan in place to manage a major unexpected expense that they might face tomorrow. About half Rwandans feel out of control with their borrowing and debt. Only 23% of respondents say they are knowledgeable about how to choose a financial product or service provider.

Although SACCOs in Rwanda have made efforts to boost loan disbursement and ensure timely repayment without default, there has been a consistent rise in the default rate and a decrease in loan repayment by borrowers

4.0 CONCEPTUAL FRAMEWORK

Various studies argued that, where a framework exist it is advisable to use it, rather starting a purely exploratory study. The aim of the frame-work here under is to provide a clear understanding of the variables that may lead to assess the relationship of financial literacy with the loan repayment.

Independent Variable   Dependent variable



Source: Researcher compilation (2024)

5.0 LITERATURE REVIEW

Social interaction may affect financial decisions as people receive and process information through interacting with others. In a US 401(k) pension plan participation study, peer effects influenced retirement savings decisions because many people had not carefully thought through the advantages and disadvantages of particular plans for themselves. Many employees used information from peers when deciding on participation as they may lack their own reasoned information for making sound retirement investment decisions. Moreover, beliefs about social norms will additionally influence employee decisions due to a desire to behave similarly to those in their social group (Akers & Jennings, 2015).

According to this theory, investors are likely to make investment decisions based on the information available in the market, if investors have information about an investment which is likely to generate higher returns in future, investors are more likely to invest in such an investment to accrue higher returns in future. The proponents of this theory, the behavioral theorists believed that learning led to a permanent change in behavior, observational learning demonstrates that people can learn new information without demonstrating new behaviors especially when considering making financial decisions (Akers & Jennings, 2015).

5.1 Psychosocial Theory

Introduced by Erik Erikson in 1982, psychosocial theory focuses on developmental conflicts that are also relevant to financial behavior: trust, will power, and self-regulation. Financial security requires one to trust banks and other financial authorities in being responsible with one's money. Mistrusting individuals were less likely to buy stocks, and, if they did, they bought less. As evidenced by the recent financial crisis, the ability to ascertain who to trust is critical to making appropriate financial decisions (Pronello & Gaborieau, 2018).

Psychosocial theory supports financial literacy education for preadolescents, the stage at which will power and self-regulation is hypothesized to develop. According to this theory, the engagement in positive financial decisions is dependent on the positive identity, self-confidence and independence that develops during adolescence and continues into adulthood (Lusardi, & Mitchell, 2014). Here the role of primary caregivers is critical, but the social and cultural norms of the family and community are also important for this study.

5.2 Conceptual review

Financial literacy is the capacity to comprehend topics of a financial character. It is made up of a collection of abilities and knowledge that enables a person to make wise financial decisions. It is linked to a group of attitudes that are important for behavior, knowledge, and financial decision-making. These choices include knowing when to save and when to spend, managing a budget, picking the best financial products, and being prepared to deal with future situations like paying for children's college and retirement planning. An individual's ability to manage finances is essential for both their personal and professional lives. Individuals with more financial literacy aid in the expansion and advancement of the economy as a whole (Stolper & Walter, 2017).

Consumers generally do not have a sufficient level of financial literacy in order to enable them to make informed and rational decisions, concluding that behavioral biases have a distorting influence on consumer decision-making. Whereas consumer financial skills focus on the individual and his ability to manage personal financial decisions, SME financial skills focuses on an individual's ability to translate financial skills concepts to business needs. According to Consumer and Financial Literacy Taskforce, the recent evolutions in financial markets, has become increasingly necessary for entrepreneurs and consumers to be more knowledgeable and competent in administering their finances (Hilgert & Luttrell, 2023).

5.3 Empirical review

Kariuki and Muturi (2017) conducted a study on effect of financial literacy on loan repayment a case of Ecumenical churches loan fund in Kenya. This research used quantitative research design and the study found that 72.8% of the respondents who had debt management literacy did not delay in repayment while only 40 (27.2%) of the respondents who had not debt management literacy delayed in repayments. This implies that respondents who don't have debt management literacy are more likely to delay in loan repayment while respondents who have debt management literacy are less likely to delay loan repayments. These results confirm those of a study on financial literacy on loan repayment where respondents agreed that credit management skills assisted them in making wise decisions which would in turn assist them in repaying their loans (Kariuki & Muturi, 2017). However, there is lack of empirical evidence on how loan repayment is like in Kenya.

Idowu (2016), conducted a study on the impact of microfinance on small and medium enterprises also showed that debt management literacy had a great impact on loan repayment in Nigera. A close-ended questionnaire was used and the results indicated that 54.9% of the respondents who delayed in loan repayment had book keeping literacy while only 45.1% of the respondents who did not have book keeping literacy did not delay in loan repayment. These results contradict a result carried out by Tuyisenge, Mugambi and Kimeringe which showed that the respondents in their study confirmed that book keeping literacy assisted them to repay their loans in time without difficulties. This research lacked well detailed recommendations.

Gatakaa (2016) conducted a census survey to investigate the relationship between financial literacy and personal financial management practices, the research involved 43 Commercial Banks in Kenya registered and licensed under the banking act as at 31st December 2009 as per the Central Bank of Kenya. The research used qualitative design and the study noted that, personal financial literacy does influence the lending decision by increasing the chances of approval of the loan facility; client understanding of the decisions and consequences is key and demonstrating serviceability. Customers therefore have little or no access to personal financial information from banks beyond the scope of the products. Most banks also have a variety of products and services tailored towards the key personal finance areas: financial position (net worth), protection, tax planning, investment and accumulation goals, retirement, planning and estate planning (Gatakaa, 2016). In this research there was limitations in secondary data analysis.

Agarwal (2015), carried out a study on the effect of a mandatory financial literacy program on loan repayment performance for urban female microfinance customers in India. A close-ended questionnaire was used in data collection and the results found out that microfinance groups that received loan literacy training had higher repayment performance, confirming the positive effect of financial literacy and loan repayment. Participants in voluntary financial education program are likely to fall behind on their mortgage payments indicating that increased financial literacy leads to lower delinquency rates (Agarwal, 2015). This research lacked correlation and regression analysis.

6.0 RESEARCH METHODOLOGY

A research design is the blueprint of the study. The design of a study defines the study type (descriptive, correlation, semi-experimental, experimental or review), research question, hypotheses, independent and dependent variables, experimental design and if applicable, data collection methods and a statistical analysis plan (Best & Kahn, 2006).

Descriptive and correlational analysis research designs were used in this study because they enable the researcher to collect data, summarize it, present it, and then interpret it for clarification. A five-point Likert Scale survey questionnaire was used to collect the data, and

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as a result, a descriptive survey research is meant to generate statistical information about aspects of financial literacy and loan repayment. Correlation and regression analyses was used to test the relationship between the variables of the study

7.0 POPULATION OF THE STUDY

The target population for this study is 475 SME entrepreneurs working with SACCOs in Rwanda. In reality there is not enough; time, energy, money, labor/man power, equipment, access to every employee to ask questions relate to independence and performance of financial literacy in financial institutions. Therefore, an appropriate sampling strategy is adopted to obtain a representative, and statistically valid sample of the whole population. Sample size is part of the population that the researcher chooses to use in research as a representation of the total population. The population of the study selected using Sloven's formula $n = \frac{N}{1+N(e)2}$ whereby n is the sample size, N is the total population and e is the sampling error (0.05).

$$n = \frac{475}{1 + 475(0.05)2}$$

$$n = \frac{475}{1 + 475(0.0025)}$$

$$n = \frac{475}{1 + 1.1875}$$

$$n = \frac{475}{2.1875} = 217$$

The respondents to participate in this research are 217 respondents.

Table Population of the Study

	Population	Sample Size	Sampling Technique
Employees	6	6	Universal
Entrepreneurs	475	217	Simple random
Total	**481**	**223**	

7.1 Validity and reliability

Validity is the extent to which the instrument measures what it is supposed to measure. Before administering the questionnaire, four experts in research, was selected to assess the relevant items of the questionnaire with the objective of the research. The validity was tested using Content Validity Index (CVI).

$$\text{CVI} = \frac{\text{Total numbers of relevant items in the instrument}}{\text{Total number of items in the instruments}}$$

$$\text{CVI}=\frac{23}{27}=0.851$$

If the calculated CVI was equal or greater to 0.60 (Best & Kahn, 2006), the questionnaire was considered valid.

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8.0 DATA ANALYSIS

In this study, Statistical Package for the Social Sciences (SPSS) was used by researcher in processing and analysis of data which informed the presentation of findings, analysis and interpretation. The presentation will focus on the research questions. The kind of statistical treatment depends upon the nature of the problem, especially the specific and the nature of data gathered. In this study, parametric and non-parametric tests was done where Spearman Test was used to analyze the relationship or correlation between independence and financial loan repayment. Spearman (Pearson) correlation coefficient measures the extent to which, as one variable increases, the other variable tends to increase, without requiring that increase to be represented by a linear relationship. If, as the one variable increases, the other decreases, the rank correlation coefficients were negative.

Statistical correlation is measured by what is called coefficient of correlation (r). Its numerical value ranges from +1.0 to -1.0. It gives us an indication of the strength of relationship. In general, $r > 0$ indicates positive relationship, $r < 0$ indicates negative relationship while $r = 0$ indicates no relationship (or that the variables are independent and not related). Here $r = +1.0$ describes a perfect positive correlation and $r = -1.0$ describes a perfect negative correlation.

Closer the coefficients are to +1.0 and -1.0; greater is the strength of the relationship between the variables. As a rule of thumb, the following guidelines on strength of relationship are often useful (though many experts would somewhat disagree on the choice of boundaries).

Range of correlation coefficients

Value of r	Strength of relationship
1.0 to 0.5	Strong
0.3 to 0.5	Moderate
0.1 to 0.3	Weak
-0.1 to 0.1	None or very weak

Correlation is only appropriate for examining the relationship between meaningful quantifiable data rather than categorical data such as gender, favorite color etc. In addition to Descriptive Statistics, the study used multiple regressive. Statistical Package for the Social Sciences (SPSS) were used in processing and analysis of data which informed the presentation of findings, analysis and interpretation. The presentation will focus on the research questions. Data analysis was done based on descriptive statistics particularly means and standard deviation.

8.1 Description of Descriptive statistics

$1.0 \leq \mu \leq 1.8$: Very low mean i.e the fact is not apparent

$1.9 \leq \mu \leq 2.6$: Low mean i.e the fact appears less

$2.7 \leq \mu \leq 3.4$: Neutrality

3.5≤μ≤4.2 : High mean i.e the fact appears more

4.3≤μ≤5.0: Very high mean i.e strong evidence of the existence of the fact

Standard Deviation

σ≤ 0.5 i.e homogeneity of responses

σ> 0.5 i.e heterogeneity of responses

8.2 Description of Regression Analysis

The models will specify in this study are in line with the specific objectives to be achieved. This was done by considering the effect of all explanatory variables on each of dependent variable and used qualitative and quantitative measures.

X= Financial Literacy (FL)

X= x1, x2, x3 where

x1= Debt Management Literacy (DM)

x2= Saving Literacy (SL)

x3= Budgeting Literacy (BL)

Y= Loan Repayment (LP)

Y =f (y1, y2) where

y1= Timely repayment (TR)

y2= Decrease of NPLs (DN)

TR=f (DM, SL, BL) and this will lead to equation (1.1)

DN=f (DM, SL, BL) and this will lead to equation (1.2)

LP=f (FL) and this will lead to equation (1.3)

Where 1.1, 1.2, 1.3 are the functional relationships of this study. Therefore, based on the specification of variables.

9.0 FINDINGS PRESENTATION

Respondents Perceptions on Debt management literacy

	Mean	Comment	Std. Deviation	Comment

I am confident in my ability to create a personal budget	4.89	Strong	.40	Homogeneous
I understand the concept of interest rates and how they impact borrowing	4.91	Strong	.43	Homogeneous
I am knowledgeable about different types of loans and their associated terms.	4.77	Strong	.41	Homogeneous
I feel comfortable comparing and evaluating different types of loans to make informed decisions	4.16	Strong	1.18	Heterogeneous
I have the necessary skills to effectively manage debt and make timely payments.	4.45	Strong	.47	Homogeneous
Overall Mean	4.63	Strong		

Source: Primary data 2024

From the perceptions presented above on debt management literacy in table above, indicate that on average, respondents strongly agreed with the statements made because the overall mean is 4.65 and the mean score on a statement about if respondents are confident in their ability to create a personal budget is 4.89 which is strong and standard deviation of 0.40 which is homogeneous, indicating that the respondents agreed with the statement and have the same views. The respondents also strongly agreed that they understand the concept of interest rates and how they impact borrowing as indicated by a strong mean of 4.91 and a homogeneous standard deviation of 0.43. They also agreed that their knowledgeable about different types of loans and their associated terms as indicated by a mean of 4.77 and a homogeneous standard deviation of 0.41 which means they had the same perceptions. The respondents strongly agreed that they feel comfortable comparing and evaluating different types of loans to make informed decisions as indicated by a strong mean of 4.16. The respondents strongly agreed that they have the necessary skills to effectively manage debt and make timely payments as indicated by a strong mean of 4.45 and a heterogeneous standard deviation of 0.47.

Respondents Perceptions on Saving literacy

	Mean	Comment	Std. Deviation	Comment
I understand the importance of saving in managing personal or business finances.	4.19	Strong	.44	Homogeneous

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I have basic knowledge of saving principles and concepts.	4.34	Strong	.65	Heterogeneous
Sacco Rutunga has mobilized customers who are SME owners to save money for future use	3.12	Tend to Strong	1.1	Heterogeneous
Sacco Rutunga provides attractive saving accounts to its customers who are SME owners	2.57	Tend to weak	.62	Heterogeneous
I like saving with Sacco Rutunga	3.89	Tend to strong	.85	Heterogeneous
Overall Mean	3.62	Tend to Strong		

Source: Researcher, 2024

Reference to the perceptions presented above on saving literacy, as reflected in the table above, indicate an average of the respondents tended to agree with the respondents since the overall mean is 3.62 and the mean on a statement if respondents understand the importance of saving in managing personal or business finances is 4.19 which is strong and standard deviation is 0.44 which is homogeneous, indicating that the respondents agreed with the statement and they had the same perceptions on this matter. Respondents strongly agreed that have basic knowledge of saving principles and concepts as indicated by a strong mean of 4.34, however respondents had diverse views as indicated by a heterogeneous standard deviation of 0.65. The respondents disagreed that Sacco Rutunga provides attractive saving accounts to its customers who are SME owners as indicated by a tend to weak of 2.57. Respondents tended to strongly agree that they like saving with Sacco Rutunga as indicated by a tend to strong mean of 3.89 and a heterogeneous standard deviation of 0.85

Respondents Perceptions on investment literacy

	Mean	Comment	Std. Deviation	Comment
I am confident in my ability to create an investment plan	2.58	Tend to weak	.56	Heterogeneous
I feel comfortable comparing and evaluating different types of investments to make informed decisions	4.08	Strong	.50	Heterogeneous

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Sacco Rutunga helps me in choosing right investments, before allowing me to take investment loans	3.48	Tend to Strong	.52	Heterogeneous
Overall Mean	3.38	Tend to strong		

Source: Researcher, 2024

From the perceptions of respondents on investment literacy, on average of the respondents agreed with statements made, with an overall mean of 3.38. The mean on a statement if respondents confident in my ability to create an investment plan is 2.58 which is tend to weak and standard deviation is 0.56, indicating that the respondents disagreed with the statement and had differing opinions among them. The respondents agreed that they feel comfortable comparing and evaluating different types of investments to make informed decisions as indicated by a strong mean of 4.08. Additionally, the respondents tended to agree that Sacco Rutunga helps me in choosing right investments, before allowing me to take investment loans as indicated by a tend strong mean of 3.48 and a heterogeneous standard deviation of 0.52.

9.1 Respondents Perceptions on Loan repayment

This section presents the perception of respondents towards loan repayment. The sub variables that affect loan repayment are timely repayment, decrease of NPLs, payment history and collateral evaluation so the respondents measured the perception of respondents on it and the tables are presented below;

Perceptions of Respondents on timely repayment

	Mean	Comment	Std. Deviation	Comment
Timely repayment of loans is a priority for maintaining good financial collateral evaluation	4.33	Strong	.47	Homogeneous
I understand the importance of making loan payments on time to avoid additional fees, penalties, or damage to credit scores	4.17	Strong	.67	Heterogeneous
I consistently make loan payments on time as per the agreed-upon terms and schedule	4.23	Strong	.42	Homogeneous
I am committed to repaying my loans in full and understand the long-term consequences of incomplete repayment	4.74	Strong	.84	Heterogeneous

I have a plan in place to ensure complete loan repayment within the agreed-upon timeframe	4.65	Strong	.52	Homogeneous
Overall Mean	4.42	Strong		

Source: Researcher, 2024

From the perceptions of respondents on timely repayment, the respondents strongly agreed that timely repayment of loans is a priority for maintaining good financial collateral evaluation indicated by a strong mean of 4.33 and a homogeneous standard deviation of 0.47 which indicates that the respondents answered the same. They also strongly agreed with statements that understand the importance of making loan payments on time to avoid additional fees, penalties, or damage to credit scores as indicated by a strong mean of 4.17. Respondents strongly agreed that they have a plan in place to ensure complete loan repayment within the agreed-upon timeframe as indicated by a strong mean of 4.42 and a homogeneous standard deviation of 0.52. The overall mean was 4.42, which is strong.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.689[a]	.475	.471	.46393

a. Predictors: (Constant), Debt management literacy, saving literacy, Budgeting literacy

The results indicated that the adjusted R2 is 0.471 representing 47.1% indicating that the Financial literacy components contribute to the loan repayment, while 0.529 representing 52.9% of loan repayment comes from other variables that are not included in the model three.

ANOVA Table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	73.523	5	14.704	39.420	.000[b]
	Residual	81.143	217	.373		
	Total	**154.667**	**222**			

a. Dependent Variable: Loan repayment
b. Predictors: (Constant), Debt management literacy, saving literacy, Budgeting literacy, risk management and investment literacy

From ANOVA Table, the F- test of 39.420 has a p-value = 0.000, indicating that the variables used in the model jointly have a statistical significance as good predictors of loan repayment.

We conclude that there is a significant relationship between financial literacy and loan repayment among SACCO entrepreneurs of Rwanda.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.291	.622		5.291	.000
	Debt management literacy	.457	.033	.616	13.743	.000
	Saving literacy	.152	.035	.179	4.303	.000
	Budgeting literacy	.269	.027	.424	9.805	.000
	Risk management	.123	.076	.150	1.628	.005
	Investment literacy	.151	.062	.207	2.439	.016

a. Dependent Variable: Loan repayment

The results from table above revealed that the debt management literacy has positive and significant influence on loan repayment ($\beta1= 0.616$, $t= 13.743$, p-value < 0.05). This indicates that 1-unit change in debt management literacy will lead to 0.616-unit change in loan repayment. Saving literacy has positive and significant effect on loan repayment in selected SACCOs in Rwanda ($\beta2= 0.179$, $t= 4.303$, p-value <0.05). This indicates that 1-unit change in saving literacy will lead to 0.179-unit change in loan repayment on the other hand, budgeting literacy has a positive and significant influence on loan repayment in selected SACCOs in Rwanda ($\beta3= 0.424$, $t= 9.805$, p-value <0.05). This indicates that 1-unit change in budgeting literacy will lead to 0.424-unit change in loan repayment.

Risk management has positive and significant effect on loan repayment in selected SACCOs in Rwanda ($\beta4= 0.150$, $t= 1.628$, p-value <0.05). This indicates that 1-unit change in risk management will lead to 0.150-unit change in loan repayment on the other hand, investment literacy has a positive and significant influence on loan repayment in selected SACCOs in Rwanda ($\beta5= 0.207$, $t= 2.439$, p-value <0.05). This indicates that 1-unit change in budgeting literacy will lead to 0.207-unit change in loan repayment.

10.0 CONCLUSION

Based on the findings presented above on the financial literacy among the entrepreneurs of Financial SACCO's in rwanda. The results indicate that from the perceptions of respondents on debt management literacy in overall mean of 4.65. The mean score on a statement about confident and the ability to create a personal budget is 4.89. The standard deviation was at 0.40 which indicates that the respondents strongly agreed with the statement. The respondents also strongly agreed that they understand the concept of interest rates and how they impact borrowing as indicated by a strong mean of 4.91 and standard deviation of 0.43. Knowledge about different types of loans and their associated terms as indicated by a mean of 4.77 and standard deviation of 0.41.

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