

Effect of financial literacy on personal financial planning: a case of capital market authority employees.

by

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EFFECT OF FINANCIAL LITERACY ON PERSONAL FINANCIAL PLANNING: A CASE OF CAPITAL MARKET AUTHORITY EMPLOYEES.

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## DECLARATION

EFFECT OF FINANCIAL LITERACY ON PERSONAL FINANCIAL  
PLANNING: A CASE OF CAPITAL MARKET AUTHORITY EMPLOYEES.

I declare that this thesis is my original work and has not been submitted to any other college or universities for academic credit.

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## LIST OF ABBREVIATIONS/ACRONYMS

AdFLAG	Adult Financial Literacy Advisory Group
ANOVA	Analysis of Variance
CBF	Commonwealth Bank Foundation
CMA	Capital Markets Authority
DFID	Department for International Development
FSD	FIN Access National Survey
GAO	Government Accountability Office
HRS	Health and Retirement Study
IRA	Insurance Regulatory Authority
NCEE	National Council on Economic Education
RBA	Retirement Benefits Authority
RMR	Ray Morgan Research
SPSS	Statistical Package for Social Science
UK	United Kingdom
US	United States

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## ABSTRACT

Due to economic conditions being very dynamic in the world, individuals are now in charge of their own financial well-being. Financial literacy is the possession of knowledge and understanding of financial matters. The objectives of the study were: to establish the level of financial literacy of Capital Market Authority employees, to investigate the effect of financial literacy on personal financial planning of Capital Market Authority employees and to find out the relationship between demographics characteristics and personal financial planning of Capital Market Authority employees.

The study used primary data collected from semi-structured questionnaires. Quantitative data was analyzed using descriptive statistics. The study also used multiple regression analysis to establish the effect of financial literacy on personal financial planning. The study findings indicated that financial literacy level, effect of financial literacy and demographics characteristics affecting personal financial planning among the respondents. The results show that financial literacy leads to better personal financial planning. Additionally, individuals who engage in positive financial behaviours, such as spending less than their own income, setting an emergency fund, using credit wisely or looking for financial advice, are less likely to experience severe financial difficulties. The research recommends that the government should come up with education programs that help the financial illiterate people to gain more knowledge about personal financial planning. Similarly, there is need to replicate the study among other organizations and over time to make the findings more representative and objective.

## DEDICATION

I dedicate this research work to my parents, Samson and Dorcas Ngugi. Their limitless and endless support and love assisted me throughout my research and my stay at Daystar University. Neither can I forget my sisters; Bilhah, Emmah and Freishah. To my fiancée, Anselim, I dedicate this research work to you.

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