

ABSTRACT

The current financial service market is complex and offers consumers a vast array of products and services to meet their financial needs. The degree of choice requires that consumers be equipped with the financial knowledge and skills to evaluate the options available in the market. Studies on the effects of financial on personal financial decisions indicate contradicting results. This study was carried out to establish the effect of financial literacy on personal financial decisions among Egerton University employees. The study was guided by the general objective of examining the effects of financial literacy on personal financial decisions. Specifically: to determine the effect of financial knowledge on personal financial decisions, to determine the effect of financial skills on personal financial decisions and to determine the effect of financial attitude on personal financial decisions. The study adopted the descriptive survey research design. The population of the study consisted of all Egerton University employees consisting of top management, middle level staff who include technical, administrative and teaching staff and lower level staff. A sample of 320 respondents was determined using sample determination table. The target sample size determined was drawn proportionately from each management level. A random sample from each stratum was taken in a number proportional to the stratum's size when compared to the population. Primary data was collected through structured questionnaires. Data validity and reliability was checked by pilot testing and by use of Cronbach Alpha (0.876). Data was analyzed using descriptive statistics, Pearson correlation and multiple regression analysis with the help of Statistical package for Social Sciences (SPSS). Findings revealed that financial knowledge and financial skills were significant in determining personal financial decisions while financial attitudes did not influence significantly personal financial decisions. Overall the effect of financial literacy was found to have a positive statistically significant relationship with personal financial decisions. The study recommendations include: Financial education on financial products available in the market especially on mortgage, stocks and shares and investment accounts; provision of financial education programs to employees to enhance their financial skills and concerted efforts to inculcate appropriate attitude to translate acquired financial skills into practice and decisions-making among the employees.