



THE IMPACT OF THE PERSONAL FINANCE MANAGEMENT OF STANLIB LESOTHO ON INVESTMENT BEHAVIOUR OF MASERU TEACHERS

Monddy Maretsepile Mohoanyane

A field study submitted to the UFS Business School in the Faculty of Economic and
Management Sciences in partial fulfilment of the requirements for the degree

Magister in Business Administration

at the

UFS Business School

University of the Free State

Bloemfontein

Supervisor: Prof Helena Van Zyl

November 2015

DECLARATION

I declare that the field study hereby handed in for the qualification Master's in Business Administration at the UFS Business School at the University of the Free State is my own independent work and that I have not previously submitted the same work, either as a whole or in part, for a qualification at/in another university/faculty.

I also hereby cede copyright of this work to the University of the Free State.

Name: MM Mohoanyane

Date: 16 November 2015

ACKNOWLEDGEMENTS

Jeremiah 29: 11-14a “For I know the plans I have for you,” declares the LORD, “plans to prosper you and not to harm you, plans to give you hope and a future. Then you will call on me and come and pray to me, and I will listen to you. You will seek and find me when you seek me with all your heart. I will be found by you,” declares the LORD.

To my God and good king who is my beginning and my Amen. Thank you that you remain MORE to me than the completion of this study, and every good gift you are yet to give me. You have been my end, and not a means to my end.

To my husband, Wilson; this road hasn't been easy, but you stood by me and encouraged me to keep strong during this project. Thank you for a wonderful 4 years, I hope I've meant the same to you. I am looking forward to many more.

To my supervisor, Prof Helena Van Zyl, you were exactly what I needed to get through this study which we are both passionate about. Your invaluable input and advice have helped me see this study as more than a hobby, but a lifestyle. I couldn't have made it without you. Thank you.

To my mother and friend, you are kind, you are beautiful. If I could, I would have written about you. It would have been the easiest topic for me to write about. You are that easy. Thank you.

ABSTRACT

Financial markets today are infused with a vast array of investment opportunities and products adding benefits in terms of liquidity, flexibility, affordability, diversification and professional management. However, individuals are not always using the investment opportunities. As a means to promote financial education in Lesotho, STANLIB Lesotho partook in SUFIL (Support to Financial Inclusion in Lesotho), an initiative collaborated by the Central Bank of Lesotho and UNDP (United Nations Development Programme) that launched a campaign aimed at increasing individual financial awareness in the country as well as motivate the Basotho people to improve their money management skills.

STANLIB has taken diligent measures of ensuring increased financial awareness as well as product awareness among Maseru teachers in the country, and yet very few teachers invest in the company's products. This makes it difficult to measure and determine whether programmes put in place are effective. It is unclear whether investors' understanding of financial products and concepts is clear and whether they can make more informed choices and effective decisions to improve their financial wellbeing. The aim of this study was therefore to explore the impact of the personal finance management education of STANLIB Lesotho on the investment behavior of Maseru teachers.

The teachers in six high schools around the Maseru district have been chosen for this research comprising the sample of 192 people. Questionnaires on financial planning were personally administered and then analysed. The results show that more teachers responded positively to financial planning than teachers who responded negatively. They understand the importance of financial planning and are diligently maintaining their planning and records of their spending and saving. However, a significant 78.4 % of the respondents indicated dissatisfaction with their current savings and investments, while only 21.6 % were satisfied. Furthermore, the study uncovers a substantial ignorance when it comes to retirement planning and pension fund planning. Only 58.55 % of the

respondents have indicated they are members of the government pension fund, while there is a concerning 41.45 % who are not members of a pension fund upon retirement.

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENTS	iii
ABSTRACT	iv
TABLE OF CONTENTS	vi
LIST OF TABLES AND FIGURES.....	ix
CHAPTER 1: Introduction and Problem Statement.....	1
1.1 INTRODUCTION	1
1.2 THE PROBLEM STATEMENT	2
1.3 PRIMARY AND SECONDARY OBJECTIVES.....	3
1.3.1 Primary Objective.....	3
1.3.2 Secondary Objectives.....	3
1.4 PRELIMINARY LITERATURE REVIEW.....	3
1.4.1 Advantages of personal savings.....	4
1.4.2 Different investment products in the market and mode of delivery	4
1.4.3 Role of banks.....	5
1.5 RESEARCH METHODOLOGY	7
1.5.1 Research Design	7
1.5.2 Sampling Strategy	7
1.5.3 Data Collection Methods	7
1.5.4 Data Analysis	8
1.5.5 Ethical Considerations.....	8
1.6 DEMARCATION	8
1.7 LIMITATIONS.....	9
1.8 CONCLUSION	9
CHAPTER 2: Literature Review.....	10
2.1 THE LESOTHO FINANCIAL EDUCATION STEERING COMMITTEE.....	10
2.2 PERSONAL FINANCE	12
2.3 PERSONAL FINANCE AND DEMOGRAPHICS	14

2.3.1 Gender	14
2.3.2 Age	14
2.3.3 Regional demographics.....	15
2.4 DEBT MANAGEMENT.....	15
2.4.1 Debt control	16
2.4.2 Delinquency	17
2.4.3 Debt snowballing	17
2.5 FINANCIAL PLANNING.....	18
2.5.1 Short-term and long-term goal settings	19
2.5.2 Income and expenditure.....	20
2.5.3 Financial challenges facing the teachers in Lesotho	21
2.5.4 Role of banks/financial institutions in personal finance space.....	22
2.6 SAVINGS AND INVESTMENTS IN INSURANCE AND RETIREMENT FUNDS	24
2.6.1 Insurance.....	24
2.6.2 Retirement funds	25
2.6.3 Savings	26
2.7 CONCLUSION	27
CHAPTER 3: Research design and methodology	29
3.1 Research methodology.....	29
3.1.1 Introduction	29
3.1.2 Research Design.....	29
3.1.3 Sampling Strategy	30
3.1.4 Data Collection Methods	31
3.1.5 Statistical Analysis	32
3.2 ETHICAL CONSIDERATIONS	34
3.3 DEMARCATION	34
3.4 LIMITATIONS.....	35
3.5 CONCLUSION	35
CHAPTER 4: Discussion of Findings	37
4.1 INTRODUCTION	37
4.2 DEMOGRAPHICS	37
4.3 PERSONAL FINANCIAL PLANNING.....	40

4.4 RETIREMENT PLANNING	46
4.5 DISABILITY PLANNING	48
4.6 DEBT MANAGEMENT.....	54
4.7 RELIABILITY OF DATA.....	67
4.8 NORMALITY	68
4.9 MANN-WHITNEY U TEST	69
4.9.1 Gender	69
4.9.2 Satisfaction.....	70
4.9.3 Amount owing on credit cards.....	70
4.9.4 Amount owing on loans	70
4.10 CORRELATION.....	71
4.11 CONCLUSION	72
CHAPTER 5: Conclusion and Recommendations	74
5.1 INTRODUCTION	74
5.2 SUMMARY OF THE STUDY	74
5.3 SUMMARY OF THE RESULTS	76
5.4 RECOMMENDATIONS	76
5.5 CONCLUSION	78
REFERENCES	79
APPENDIX A.....	90
APPENDIX B.....	97

LIST OF TABLES AND FIGURES

Figure 2.1. Equation of personal finance.....	Error! Bookmark not defined.
Figure 4.1. Gender distribution.....	Error! Bookmark not defined.
Figure 4.2. Age of respondents.	Error! Bookmark not defined.
Figure 4.3. Work experience of respondents.....	Error! Bookmark not defined.
Figure 4.4. Level of education of respondents.	Error! Bookmark not defined.
Figure 4.5. Financial objectives outline of respondents...	Error! Bookmark not defined.
Figure 4.6. List of liabilities and assets of respondents. ..	Error! Bookmark not defined.
Figure 4.7. Cash position stance of respondents.	Error! Bookmark not defined.
Figure 4.8. Saving for life's eventualities by respondents.	Error! Bookmark not defined.
Figure 4.9. Savings and assets accumulation of teachers.	Error! Bookmark not defined.
Table 4.1. Pension plan membership of teachers.	Error! Bookmark not defined.
Table 4.2. Pension plan benefits understanding of teachers.....	Error! Bookmark not defined.
Table 4.3. Retirement expectations of teachers.	Error! Bookmark not defined.
Table 4.4. Other retirement plans of teachers.	Error! Bookmark not defined.
Figure 4.10. Disability income for teachers.	Error! Bookmark not defined.
Figure 4.11. Ability to survive on savings by teachers.....	Error! Bookmark not defined.
Figure 4.12. Disability cover for teachers' loans.....	Error! Bookmark not defined.
Figure 4.13. Government disability benefits for teachers	Error! Bookmark not defined.
Figure 4.14. Alternative source of income for teachers. ..	Error! Bookmark not defined.
Figure 4.15. Ability to obtain credit/store card.	Error! Bookmark not defined.
Figure 4.16. Access to loans by teachers.....	Error! Bookmark not defined.
Figure 4.17. Debt management plan for teachers.	Error! Bookmark not defined.
Figure 4.18. Ability to maintain repayments by teachers.	Error! Bookmark not defined.
Figure 4.19. Rate of default by teachers.	Error! Bookmark not defined.
Figure 4.20. Amount owed on credit cards by teachers. .	Error! Bookmark not defined.
Figure 4.21. Amount owed on other loans by teachers. ..	Error! Bookmark not defined.
Figure 4.22. Teachers' gross monthly income.....	Error! Bookmark not defined.

Figure 4.23. Other income.....	Error! Bookmark not defined.
Figure 4.24. Number of institutions owed by teachers.....	Error! Bookmark not defined.
Figure 4.25. Institutions invested with.	Error! Bookmark not defined.
Figure 4.26. Satisfaction with financial institutions' advice	Error! Bookmark not defined.
Table 4.5. Mean and FV values for the different variables.	Error! Bookmark not defined.
Table 4.6. Cronbach's alpha test of the variables.....	Error! Bookmark not defined.
Table 4.7. Gender and satisfaction.	Error! Bookmark not defined.
Table 4.8. Amount owing on credit and on loans.	Error! Bookmark not defined.
Table 4.9. Relationship between satisfaction and other variables..	Error! Bookmark not defined.1

CHAPTER 1: Introduction and Problem Statement

1.1 INTRODUCTION

Financial markets today are infused with a vast array of investment opportunities and products adding benefits in terms of liquidity, flexibility, affordability, diversification and professional management. However, individuals are not always using these investment opportunities. An investor is given an opportunity to invest in a vast array of assets such as bonds, equity, unit trusts, cash, and property as well as derivative instruments. STANLIB Lesotho specialises in investment product offering through unit trusts.

STANLIB Lesotho is an asset management services provider, formerly known as Standard Lesotho Bank Unit Trust Company. It was established in Lesotho in 2001 when the government privatized its shares in the then Lesotho Bank (now called Standard Lesotho Bank), AON Lesotho (Pty) Ltd and Maluti Mountain Brewery (STANLIB Lesotho, 2014:1). As time went by and financial product innovation advanced, the company also introduced a variety of South African based funds to the investors. STANLIB Lesotho's parent company is STANLIB, based in the RSA with headquarters in Melrose Arch, Johannesburg. It is 75 % owned by Liberty Holdings (through STANLIB) and 25 % owned by Sekhametsi Investment Consortium, a local investment company (STANLIB Lesotho, 2014:1).

As a means to promote financial education in Lesotho, STANLIB Lesotho partook in SUFIL (Support to Financial Inclusion in Lesotho), an initiative collaborated by the Central Bank of Lesotho and UNDP (United Nations Development Programme) that launched a campaign known as Money Week, aimed at increasing individual financial awareness in the country as well as motivate the Basotho people to improve their money management skills (UNDP, 2013:3). This initiative has increased the number of financially literate people in the country, but still only a very few financially literate people invest in unit trusts.

According to Botos, Botos, Beres, Csernak and Nemeth (2011:268) “familiarity with a financial product is not necessarily followed by its utilization”.

Furthermore, during the past decade the world economy has declined with the 2008 financial crisis resulting in increased inflation and unemployment and a decrease in disposable income of individuals (Muhtumanikumar, Martin, Sriram, Rajadurai and Sudalaimuthu, 2012:267). In addition to this, the increasing complexity of financial product offerings, which creates uncertainty in individuals especially if previous knowledge is not developed any further, has left individuals feeling uncomfortable to make decisions between different products (Botos *et al.*, 2011:267).

As a response to issues mentioned above, STANLIB Lesotho crafted a vision in 2013 called vision 2020 whereby the company aims to be the leading asset management company in Lesotho. The strategy is to increase the market share from the current 50 % to 60 % by the year 2020; hence the partaking in the SUFIL initiative. The company has gone even further to ensure that all Standard Lesotho Bank employees are trained on the product offerings and are updated on a quarterly basis so that they can invest and also sell the products to the bank’s clients through the bank assurance channel. This has enabled STANLIB Lesotho to inform many more prospective clients about unit trusts through the bank’s branches that are strategically located around the country. However, without clients that actually invest, the company will not be able to meet its desired target by 2020. Therefore, the aim of this study is to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru teachers.

1.2 THE PROBLEM STATEMENT

STANLIB has taken diligent measures in ensuring an increased financial awareness as well as product awareness among Maseru teachers in Lesotho, and yet very few teachers

invest in the company's products. This makes it difficult to measure and determine whether programmes put in place are effective. It is unclear whether investors' understanding of financial products and concepts is clear and whether they can make informed choices and effective decisions to improve their financial wellbeing. This study will therefore address the following research questions;

- How capable are Maseru teachers in making the appropriate choices when choosing investments?
- What are the assets to which Maseru teachers allocate their savings?
- What are the sales channels, e.g. banks or insurance companies that retail investors use?

1.3 PRIMARY AND SECONDARY OBJECTIVES

1.3.1 Primary Objective

The primary objective of this study is to explore the impact of the personal finance management education of STANLIB Lesotho on the investment behavior of Maseru teachers.

1.3.2 Secondary Objectives

The secondary objectives of this study are to:

- Provide an overview of the importance of personal financial management;
- Discuss the investment decision making process of Maseru teachers; and
- Determine the effectiveness of financial education by STANLIB Lesotho in helping teachers in Maseru to make better financial decisions.

1.4 PRELIMINARY LITERATURE REVIEW

The responsibility to save is increasingly being shifted to public employees by world governments. It is also the public's responsibility to manage and use their pension

investments and their retirement assets in the defined contribution pension environment (Lusardi and Mitchel, 2011:5). These responsibilities include accumulating funds for a down payment on a home or a car, a child's education and trust fund, personal dreams and retirement (Volpe, Chen and Pavlicko, 2010:86). This is no exception to Lesotho where most government departments are making every form of saving optional to employees.

1.4.1 Advantages of personal savings

Personal savings provide the economic security of a safety net. Savings from the present can be utilized in the future and therefor a buffer for unexpected and irregular financial circumstances in future is created. By saving one can enhance their financial situation, which can increase the standard of living for individuals as well as to enable them to respond to new opportunities (Clancy, Grinstein-Weiss and Schreiner, 2001:2). Moreover, saving ensures that people who are retired can maintain a similar or very close to similar financial independence that they enjoyed during their working years.

Savings are also good for the strength of the banking system and the overall Lesotho economy. Recruiting a nation of savers will keep more money in the economy, it is responsible for readily available credit facilities by commercial banks and it improves resilience when setbacks occur. Furthermore, savings can strengthen consumers' relationships with banks and improve their financial positions and stance. However, a lot of people are still reluctant or wait too long to start a personal savings plan (Hershey and Mowen, 2000:687).

1.4.2 Different investment products in the market and mode of delivery

Retail investment products are normally risky and often involve long time horizons. The market is characterized by a wide array of products, some of which have complex pricing structures. Consumers do little research and instead typically rely on the advice of a

professional advisor or salesperson. The banks in Lesotho sell products such as fixed deposits, notice deposits, call deposits and money market products. Insurance companies on the other hand offer life cover, house insurance, car insurance and other assets while asset management companies offer an array of investable instruments such as equities, bonds, property, money market instruments and unit trusts.

People often base their decisions on the first source of information they are exposed to (e.g. an initial purchase price of a stock) and have difficulty adjusting or changing their views to new information (Charter, Huck and Inderst, 2010:132). It is therefore crucial for institutions to give easy access to information as well as keep their clients updated as products or the market change. All the institutions advertise their products on bill boards along the main roads in Lesotho, in the three newspapers (Public Eye, Lesotho Times and Informative which is a free paper, as well as radio stations and the television. However, information is very limited and people that are interested in any product get more information from the different institutions.

According to the FinScope 2011 survey, Lesotho has a very high level of access to financial services – the highest among all 15 countries in participation which include South Africa, Namibia, Botswana and Swaziland. This is mainly due to the high usage of funeral insurance (used by 62% of adults). 38% of adults have a bank account and a further 23% have another form of formal financial service. There is also a fairly widespread usage of insurance products, notably burial society membership and funeral undertaker cover, as well as an increase in savings clubs and informal remittances (Manje and Jeffris, 2014:4).

1.4.3 Role of banks

Because of the inclusion initiatives to service the unbanked in Lesotho, an increasing number of Basotho have an account with a financial institution; and therefore, they turn

to banks for services and advice to help them save, plan for retirement, start businesses and buy homes.

The banking sector of Lesotho is concentrated in the capital district called Maseru. There are four institutions: the government-owned Lesotho Post Bank and three large banks which are subsidiaries of South African banks, namely Standard Lesotho Bank, First National Bank and Nedbank. These banks serve about 435 000 people through 44 branches across the country. The non-banking financial services encompass eight registered insurance companies, seven credit-only micro financing institutions and a significant amount of registered and unregistered money lenders (Nseera and Bhatia, 2014:9). They held assets that amount to 14.5 % of GDP at the beginning of 2013. The registered banks, together with insurance companies and money lenders are all part of the SUFIL program as well as another initiative called the Insurance, Pension and Investment Expo. These two main programs aim to increase awareness of financial products available in the country as well as increase financial literacy of people in managing their money better.

In terms of the regulation of the banking sector by the Central Bank of Lesotho (CBL), a systematic national identification system has commenced and the main goal is to match security and sustainability of the reforms in the financial sector. However, the regulatory framework and supervision of the insurance sector is weak (International Monetary Fund, 2014:16). The enactment of the insurance bill was submitted to the Lesotho parliament in 2013 with the aim to greatly support the sector, and it was approved by the same parliament in May 2014. However, the new bill does not cover insurance intermediaries (agencies and brokers) despite evidence of inappropriate and risky business practices.

The CBL should enforce regulations to ensure that banks treat their customers fairly and that they serve their entire community, including the low income earners that the bank is

working at including in the formal financial sector. As key decision makers as to what happens in the financial sector, the central bank's commitment in contributing to economic and personal finance education through SUFIL and other programs continues to give a boost to, and adds value to, the efforts of other organisations such as Metropolitan and the top three banks, FNB Lesotho, SLB and Nedbank Lesotho.

1.5 RESEARCH METHODOLOGY

1.5.1 Research Design

This exploratory research is conducted with the aim to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru teachers. The study was conducted using the positivistic approach as it is a quantitative research method.

1.5.2 Sampling Strategy

The population for the study includes all teachers in the Maseru district. The teachers in six high schools around the Maseru district were chosen for this study comprising the sample of 192. Simple random sampling was used as it gives all clients an equal chance of being chosen in the six schools based around the town area. The schools of interest were St. Catherine's High School, Molelle Government High School, Mabathoana High School, Maseru Day High School, Christ the King High School and St. Mary's High School.

1.5.3 Data Collection Methods

Primary data was gathered through personally controlled questionnaires from voluntary respondents. The administrator (researcher) first engaged 20 voluntary respondents for pre-testing of the questionnaire from St. Catherine's High School since it was the closest. This was to assist in determining the amount of time needed to complete the

questionnaire, the quality of the questionnaire in terms of comprehension of the questions, and their sequencing as well as to validate the format. The dates of data collection will still be determined according to people's schedules and the average time it takes to complete a questionnaire by an individual teacher.

1.5.4 Data Analysis

The questionnaire was designed on a 4 point Likert scale and consistency in answering questions was determined by using Cronbach's Alpha. The respondents were represented using tables and figures such as pie charts and bar charts. The Chi-square test was then conducted to examine whether there were any dependencies between the decision to invest and the education on personal financial management.

1.5.5 Ethical Considerations

The researcher treated the information given by the respondents as confidential and protected the respondents' privacy. This was clearly stated to each respondent before the interview took place. The purpose of the research was clearly explained to the respondents from the onset. The respondents' self-esteem and self-respect were highly regarded by the researcher. No one was forced to answer the questionnaire if he/she did not want to. No misinterpretation or distortion of data was adopted in reporting the data collected during the study. All personal or seemingly intrusive information were treated with high sensitivity, and reasons for such questions will be explained accordingly. Permission was first obtained from the relevant heads of the schools before the questionnaire could be distributed to the employees.

1.6 DEMARCATION

This research falls under the discipline of behavioral economics. The aim of the study was to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru teachers. The study was conducted in

different high schools based in the Maseru district. This research can be used by STANLIB Lesotho to determine why many people may have the money and the ability to, but do not invest. In addition, the company can use the study to identify strategies they can use to urge such investors to actually invest.

1.7 LIMITATIONS

The sample size of 192 teachers may not adequately represent the national market. The study period was very short and therefore only one financial time period was covered and this may pose as another limitation. Lastly, there may be other geographic factors that could affect individuals' decisions to invest.

1.8 CONCLUSION

The aim of this study was to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru teachers. This was achieved by providing an overview of the importance of personal financial management on savings, obtaining survey evidence regarding the decision process of clients when purchasing different investment packages, from the initial purchase stage through to the ultimate reason(s) for choosing a certain option, and exploring the effectiveness of financial education in helping consumers make better decisions.

CHAPTER 2: Literature Review

2.1 THE LESOTHO FINANCIAL EDUCATION STEERING COMMITTEE

The Government of Lesotho, through the National Strategy Development Plan (NSDP) 2012 recognised the importance and role of financial services in development, in reducing vulnerability and promoting economic independence. Access to finance and personal finance management is cited as one of the major impediments to development and growth in Lesotho. These two issues are also at the core of the strategic objectives for the Financial Sector Development Strategy (FSDS), 2012 (Government of Lesotho, 2012:1). These two aspects became priority areas for development of the financial sector, focusing on increased effective demand and growth of responsive and broad financial institutions. In reference to other initiatives for the development of the financial sector, such as the Support of Financial Inclusion in Lesotho (SUFIL), financial literacy programs are proposed as necessary preconditions for integrated and effective demand and in turn increased access to finance.

In 2009, SUFIL in collaboration with FinMark Trust, led the development of the Interim Financial Management Education Strategy (I-FMES), aimed at streamlining, and coordinating financial management education programs in Lesotho, as well as laying the foundation for the development of the National Financial Management Education Strategy (UNDP, 2013:3). The I-FMES was a sector-wide consultative process; assessing existing capacities and programs for financial education, mapping existing and potential stakeholders, benchmarking best practices and culminating into recommendations and implementation of a plan towards development of a National Financial Education strategy.

In view of existing programs across all the stakeholders, the I-FMES also recommended the establishment of a Financial Education Steering Committee (FESC), to steer and command the implementation process of the financial management training. In particular the Steering Committee's main task will be to coordinate and direct all national financial

management education measures and programs, as per the proposed implementation plan.

The FESC comprises of the following members: Ministry of Finance, Ministry of Education, Central Bank of Lesotho, Bankers' Association of Lesotho, insurance representatives, Rural Financial Intermediation Programme (RUFIP), non-bank financial institutions as well as mobile network operators. This committee is a representative working group of the financial management education stakeholders aimed at coordinating financial management education and financial literacy programs in Lesotho. The Committee consists of representation from the different key stakeholders representing the interests of the Government of Lesotho, private sector and civil society. The overall objective of the FESC will be to provide governance and policy direction as well as technical and administrative support, guidance to the stakeholders and coordination; and implementation of financial education initiatives. The FESC is not the main implementer, but rather the coordinator and facilitator. In particular, the committee is responsible for the following main areas of financial education (Government of Lesotho, 2012:3):

1. Coordination of institutional, governance and policy directions;
2. Development of a national vision and mission on financial consumer protection and education;
3. Overseeing financial and governance issues that have been invested to support these two activities;
4. Setting the strategic direction for financial education;
5. Being the public 'face' for financial education on a national level (i.e. be champions of financial education);
6. Policy support and influence to place FE (Financial Education) on the national agenda;
7. Representing the interests of the various stakeholder groups with regards to FE;
8. Coordination of technical and administrative support to FE initiatives;

9. Commissioning and overseeing development of necessary studies, research, policies and strategies for financial education;
10. Solicit and advocate for availability of adequate resources (financial, human and material) for FE and actively manage such resources;
11. Establishment of strategic partnerships with local, regional and international players in the field;
12. Provide strategic leadership to various stakeholders in the implementation of programs for improvement of financial education;
13. Oversee stakeholder communication through implementation of a structured stakeholder communication plan aimed at educating stakeholders; encouraging participation and support, and sharing information;
14. Provide technical assistance to interest groups in the development of financial education plans and implementation; and
15. Review, implement, monitor and update the national financial education strategy as needed.

2.2 PERSONAL FINANCE

Personal finance encompasses issues such as credit and debit products, debt management, retirement plans, insurance, investment and taxes. A variety of instruments require proper tools and adequate financial education for managing personal funds in order to implement financial aims of the individuals and families (Poposka, 2013:72). Most of the researchers that study personal finance management use a specific theoretical approach towards the management of personal finance. For example, some use the income and expenditure theory while others use only the savings theory etc. There is no systematic approach towards this topic (Navickas, Gudaitis and Krajnakova, 2014:34), therefore the theories can all be incorporated into a simplified model shown below in Figure 2.1.

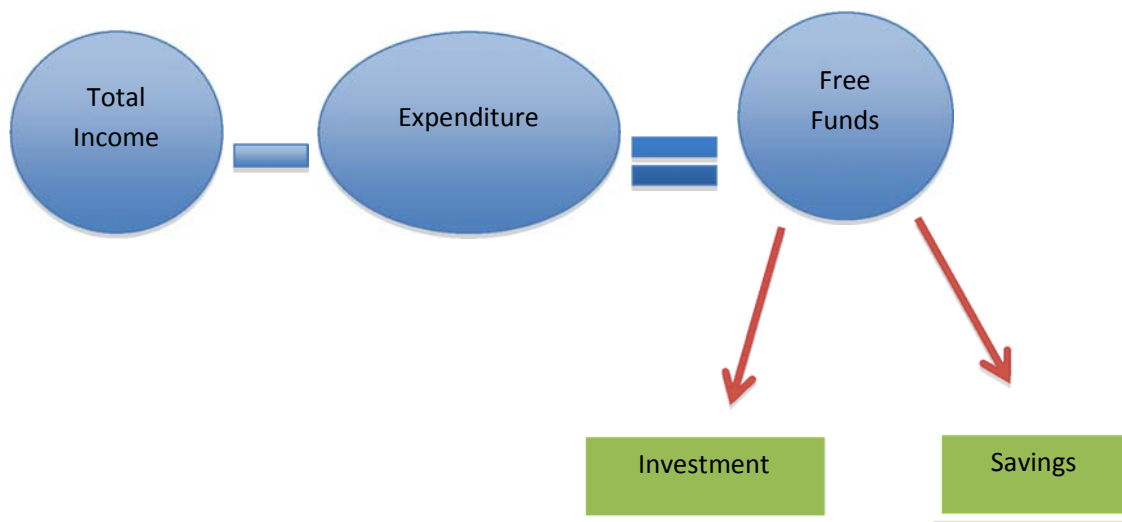


Figure 2.1. Equation of personal finance.

Source: Klimaviciene and Jureviciene, 2008.

The research done by Eccles, Ward, Goldsmith and Arsal (2013:433) takes quite a different approach to personal finance. The approaches mentioned above are forward looking (that is, they are deductive) in that they provide finance management in order to enhance saving and investment. Then they track savings and investment in post-intervention studies to measure the training efficacy. Eccles *et al.* (2013:433) first begin by identifying households with very high and very low levels of financial performance in order to determine their financial education levels. Then they look at the difference in these two groups' developmental experiences and provide finance training based on the amount of savings and investments of these individuals to enhance their income-expenditure tradeoffs. However, in the end it still comes down to the same conclusion as the other approaches; personal finance management is important for individual financial wellbeing as well as the economy as a whole. It just differs in approach. Despite the FESC's initiative to ensure efficient personal finance management, many people still struggle with debt and access to the financial institutions' services such as loans and credit. All in all they still struggle with personal financial planning.

2.3 PERSONAL FINANCE AND DEMOGRAPHICS

2.3.1 Gender

Gender equality plays a crucial part in stimulating economic growth, generating employment and contributing to capital generation and poverty alleviation (Avdagig & Hugic, 2012:198). Lesotho has just recently granted women access to land, financial services and labour markets, while previously only males were allowed to carry out financial matters for the whole family (Mokobori, 2008:4). This has caused a disparity between the females' and males' financial conduct and also a gap in their financial knowledge.

A study by Kucuktalasli, Arslan-Ayaydin and Karan (2012:1455) found that it is more likely for women to be less prompt in their debt payments compared to men. The study was conducted in Turkey and it was found that women were charged with higher rates and were lent money on stricter terms compared to their male counterparts with similar risk profiles. Another study by Speelman, Clark-Murphy and Gerrans (2012:338) found that clusters comprised of a majority of women chose less riskier funds for their retirement defined contribution funds, which meant a lower return for their retirement savings. This is in support of research showing that women are inclined to take lower risks in investment options available in different financial markets. This boils down to women having less funds that can be used for savings and investment compared to men.

2.3.2 Age

Young and old people have different reasons for saving and investing; their personal finance management skills will differ. Grinstein-Weiss, Guo, Reinartson and Russel (2015:162) remarked that young adults are more likely to save for the purchase of a home than middle and older adults; conversely, the middle and older adults are more likely to save for retirement than their younger counterparts. Introducing children to these personal

finance skills and concepts has been correlated with indicators of financial literacy and financial wellbeing in their adult lives Grinstein-Weiss et al, 2015:159).

However, practicing financial skills is learnt with experience as young adults mature and/or through financial management courses in their tertiary education. Research by Martinez (2013:1350) suggested that with the exception of Business Administration students, there is little knowledge about personal finance management among undergraduates in other disciplines like accounting and social work compared to graduate students of the same discipline. Research by Timmermann (2014:26) on the other hand, showed that although the 50+ generation in the USA held \$8.5 trillion in investable assets, their savings rate as a whole was quite low. The study revealed that there wasn't better planning in the older population than there was in the younger population.

2.3.3 Regional demographics

It is important to take demographic characteristics of households into consideration as these characteristics help to determine the creditworthiness of the households. They help evaluate how much debt a borrower can handle and the reliability in repaying that amount of debt (Kucuktalasli, Arslan-Ayaydin & Karan, 2012:1455).

2.4 DEBT MANAGEMENT

Credit extension can be an invaluable tool for individual households to smooth their consumption levels over their lifetimes. Lesotho's economy is characterized by a higher share of credit to the households than to the business enterprises (Central Bank of Lesotho, 2013:4). This is in contrast with other economies where a share of credit to business enterprises is higher than a share of credit to households. Relative to GDP, credit extended to the private sector grew to 19.0 % in 2012, from 7.9 % in 2005 (Central Bank of Lesotho, 2013:4). Households access credit through credit cards, personal loans, housing or mortgage loans, property financing and car or auto loans.

According to Finscope (2011), 68 % of the adult population in Lesotho lives within 20 km of a bank branch or Automated Teller Machine (ATM); more ATM access points and branches are being opened. Currently the proportion of the banked population is 38 % (Thamae, 2014:10). This has made access to credit facilities easy for the borrowing households; and with just the salary held as collateral when borrowing personal loans or applying for credit cards, financial institutions will have to practice due diligence in ensuring people control their debts adequately and efficiently.

2.4.1 Debt control

A study by Navickas *et al.* (2014:37) on Lithuanian youth revealed that young people do not have enough money and struggle to manage their monthly incomes in a good way. The households that have difficulties with debt repayments have no savings at all. The study stipulated that there was an aggressive borrowing of quick loans by the youth and that two thirds of the studied population did not track their budgets if there were any to start with. This is mainly due to the lack of finance management education.

Swiecka (2014:144) goes on and demonstrates that this lack of funds forced households to delay the repayment of debt. Adding to the problem of lack of funds is the timing of payment. The households paying in advance or on time mainly take advantage of banking institutions, whereas the individuals against which the enforcement proceedings were initiated, ceased the payment of any obligations or they repaid them with a delay of more than 2 to 3 instalment payments.

Another element of debt control is shadow banking. Shadow banking is a system whereby the financial intermediaries involved in facilitating the creation of credit across the global financial system have member institutions that are not subject to regulatory oversight. It is not known whether this relationship should be seen as the cause or the effect of the

lack of debt repayments (Cieslik, 2014:26). This default in payments may later lead to delinquency.

2.4.2 Delinquency

Households may find themselves overwhelmed with debt and struggling to maintain their monthly payments; therefor leading to delinquency (Scheresber, Prio, Abbas, Ali, Khan & Rashid, 2015:360). Delinquent households negatively impact lending businesses as they have a direct impact on the write-off rate (increases) and the profit margins (decrease) of these businesses. Not only do they have a negative impact on the lending businesses, but they also negatively affect themselves by losing assets and by being denied credit for a certain amount of time after they are unable to repay their loans (Yi, 2014:528). Financial institutions should offer solutions to these households so that they will honour their debt payments and better regulate their financial status.

2.4.3 Debt snowballing

One of the methods that can assist an individual to reduce his/her debt is debt snowballing. This method of debt reduction involves repaying only the minimum amount on all debts while focusing on one debt and using extra cash to completely repay it quickly. Once that debt is settled, the next debt should be handled this way. This method only works effectively if an individual is committed to become debt-free and has the discipline to stick to the initial goal. There are more methods that are used to assist debt owners to get out of debt and live debt-free financial lives, like the debt stacking method and the debt avalanche method (Amar, Ariely, Ayal, Cryder & Rick, 2011:38). There are other methods that the governments together with financial institutions can use to help alleviate debt delinquency.

Some countries like Kenya, introduced initiatives with the main objective to reduce debt of local authorities. The Kenyan government established and decentralized a program

called the Local Authorities Transfer Fund (LATF) to assist local authorities to reduce their debt burden. A study by Otieno, Rambo and Odundo (2014:61) revealed that the program has been 99 % effective in reducing debt amongst the group in the study. There are no methods introduced in the training in Lesotho, on how people can pay off debt quicker and more efficiently. This leaves a gap for improvement in the training currently offered in the country.

2.5 FINANCIAL PLANNING

Financial planning is the most important factor of personal finance management. It involves financial position analysis and the setting of short-term and long-term goals (Navicka *et al*, 2014:34). There are two schools of thought with regard to financial planning; firstly a client-centered approach which is cash-flow oriented. Adopters of this approach make recommendations for individual planners based on a thorough analysis of the clients' goals, their aspirations and time horizons, "with an emphasis on how goals can be funded over time" (Grable & Carr, 2014:12). The second school of thought, and the more popular of the two, is a goal-centered approach, which is a more simplified institutional money management tool discerned to work for individuals and families. In this approach, the clients' goals are evaluated based on their current personal balance sheets rather than on their cash-flow analyses.

It is important to remember that credit does not only promote economic growth, but also produces the time pressure by the period for which the credit is granted and the need to be able to produce more than the principal amount due to interest charged on credit extended to debtors in order to remain solvent. These constraints call for the debtor to focus on a monetary cost/benefit valuation of all economic transactions and resources, and to prioritize short-term benefits (Gerber, 2013:853). Furthermore, "in order to avoid sanctions such as the loss of the guarantee, an indebted actor will work as hard as one who is not indebted or even harder" (Brass, 2010: 78).

2.5.1 Short-term and long-term goal settings

Every individual that has some sort of income has responsibilities that come with being a financially independent adult. Such responsibilities include paying rental or a mortgage, electricity, buying food and other expenses the individual cannot do without. This will require a budget in order to determine how much to spend in a given period of time, what to forego for the future and what to put aside for future purposes. This process is called budgeting, and may be done for short-term or long-term purposes as per individual's term goals (Navickas et al, 2014:34).

There are various budget management programs that have been implemented with the consumer in mind. These include programs such as BudgetPulse and Serenic, but most of these programs are used in developed countries like the USA and some parts of Europe (Navickas et al, 2014:36). None of these programs are available in Lesotho. Some of these applications go as far as combining all information from an individual's financial accounts (cheque account, savings, credit card, loans, investments, etc.). By aggregating all of the financial data into one management tool, it is possible to provide individuals with a detailed analytical layout such as categorized income and expenses which allows them to set budgets and monitor them every month.

Blackely and McShane (2012:488) identified three elements that drive the relationship between perception of progress and increased financial goal persistence. First, the financial goal which serves as a focal point of directed activity. Second, the degree of perceived progress which can serve as a signal of how committed an individual is to his/her set goal, thereby motivating accelerated goal pursuit. Thirdly, goal progress which can lead to increased goal persistence because as an individual progress in achieving his/her goal, the sense of accomplishment can encourage perceived self-efficacy with respect to the overall goal.

2.5.2 Income and expenditure

One efficient way to increase personal finance management skills is to set a budget, track it and fix income and expenditure over a period of time, for example a month or a quarter etc. (Navickas *et al.*, 2014:34). With a goal in mind, budgeting can be very important as it tracks how much has been spent over a certain period of time, as compared to the level of income received in that period.

An individual needs to have a certain income in order to engage in income-expenditure tradeoffs more effectively. In a study by Thamae (2014:20), segmentation of income by level indicated that 94.3 % of the households in Lesotho who earned less than R3 000 per month had an average household income of R404.43 per month. This would present a problem for households in this category to budget as they are already living below the poverty line.

Kucuktalasli *et al.* (2012:1457) also allude to the fact that disposable income is the most influential factor on creditworthiness of households. Consequently, their study revealed a positive relationship between disposable income per person and that person's creditworthiness, because, "as the income per head increases, the chance of default falls in turn." Therefore, the R404.43 per month income further worsens the issue of access to credit for individuals in Lesotho in this category.

It is worth noting that budgeting can be tedious and time consuming, and therefore require discipline and perseverance in achieving desired financial goals in the end. "It takes time to develop a process to budget and record expenses. It then takes additional time to actually use the process to budget and to record expenses" (Wagoner, 2014:11).

2.5.3 Financial challenges facing the teachers in Lesotho

Like most developing countries, Lesotho faces the problem where the financial sector is dominated by the four banks mentioned earlier. Hence borrowers, including corporates, governments and individual consumers depend heavily on loans from the banks, while the banks have fewer opportunities to diversify into other asset classes (Catalan & Demekas, 2015:123). Very few microfinance institutions and credit cooperatives emerge to fill the gaps in access and inclusion to financial services.

Another challenge the teachers face is that, while they harbor perceptions that formal banks are for the rich and wealthy, they have doubts about their preferred bank, Boliba's stability and supervision (FinMark Trust, 2014:12). Boliba is the largest credit cooperative in Lesotho, situated in Maseru where teachers can easily access the financial facility. However, the cooperative is not regulated by the Central Bank of Lesotho; therefore several teachers fear it may disappear with their money like other institutions did earlier. Lack of supervision by the Central Bank, and regulation thereof, has eroded teachers' confidence to use this facility to their advantage.

Credit is granted to salaried individuals, particularly public servants including teachers. This together with the ability to get salary advances from their work places has increased the debt held by these teachers. Consequently, the ability to save is limited as most of their salary goes towards paying debt. Employees generally withdraw their entire salary the day after it is deposited due to high transaction costs at the formal banks where their salaries are paid into (FinMark Trust, 2014:5). Furthermore, although semi-formal sector savings and credit cooperatives, as well as Rural Savings and Credit Groups (RSCG) play an important role in household savings, there are too many savings groups in some communities, which dilute their strengths. There are other risks, like theft that they face from savings groups holding cash instead of banking their excess liquidity (FinMark Trust, 2014:15).

2.5.4 Role of banks/financial institutions in personal finance space

Prior research has identified several financial ratio guidelines that are useful in identifying household financial health issues, such as liquidity problems. Insolvency could be used to assess a household's ability to avoid major debt (solvency ratio), maintain adequate cash reserves for emergencies (liquidity ratio), and show the accumulation of assets towards financial goals (investment assets ratio) (Park & DeVaney, 2007:2). This will enable financial institutions to identify their creditworthy clients correctly and ensure that people who deserve to have some form of credit do receive such access.

On the other hand, there is a tendency for financial institutions to encourage, or even force, their loan clients to engage in the costly practice of simultaneously saving and borrowing. Clients are asked to pledge as collateral a savings account with a certain amount of money for the services rendered by the institutions. Such services may include bank overdrafts, short-term personal loans, business loans, car loans etc. On face value, this practice of borrowing at high interest rates while saving at much lower interest rates is bad economics for the financial institutions' clients and should be revised. If an individual has money they could put towards savings and earn low returns, they should spend that money instead of borrowing at higher interest rates (Karlan, Ratan & Zinman, 2014:68). Lenders are unable to recognise some relevant characteristics of potential borrowers and the financial sector fails to fully meet the expectations of the customers because they don't completely understand them and their needs.

Another important role financial institutions can play is to promote investments to individuals. As a means to promote such investments, the banks should identify programs that will include investments that will empower the poor to accumulate assets. For example, personal finance education (Greinstein-Weiss et al, 2015:159) may provide access to a matched-savings account whereby individuals save with a specific goal in mind. The most customers' goals included home-ownership or the launch of a small

business. Each dollar saved was matched, usually through a combination of funds from government and other private donors.

Another role the institutions can play is to enable consumers to improve the payment of their debts, which they can do through a number of ways (Fulford, 2014:7). They can make their loans smaller thereby improving the payment of the debt. Secondly, they can waive some of their debt through policies like mortgage principal reduction. Here the government can also intervene through conventional stimulus policies like tax cuts and job programs, or it can erode the value of consumers' debt by increasing inflation through the Central Bank of Lesotho (CBL). All of these solutions may have some drawbacks; tax cuts will erode the government's fundraising methods, which may cause the risk of a public-debt crisis later. Forcing banks to swallow losses of non-paying households through debt waivers and mortgage principal reduction puts pressure on their ability to keep lending at a pace that will support recovery over the following years.

It is then essential to consider other institutions that can play a role in improving consumers' personal finance management. Marais (2009:21) considers a critical role played by the media in covering issues of personal finance. The study shows that in terms of its functions, the media has a critical role to provide information about personal financial matters. In some countries, the media is the main source of information about financial markets and personal financial issues, and the media must accept this responsibility. The media can provide crucial and helpful advice on personal finance to its audience and can warn against pitfalls and ultimately, crises. For the general public who do not necessarily read or have access to the specialist financial publications, the media can play a crucial role to meet their needs through the general newspapers and magazines.

The major financial institutions have realized this need, as well as the high usage of local newspapers and have taken the opportunity to do some of the personal finance training through this channel. However, the training in Lesotho is only done once a year during

the money week, and no regular financial supplements, programs or articles are published for ongoing training. This should be considered as an opportunity to increase communication with the intended target.

2.6 SAVINGS AND INVESTMENTS IN INSURANCE AND RETIREMENT FUNDS

2.6.1 Insurance

The use of insurance as a financial service holds a guarantee to adequately address the financial needs of the households in the wake of certain risks as well as the experience of specific hazards in the past. Therefore, the uptake of such a service increases with the rising of households' self-perceptions towards risk (Bendig & Arun, 2011:113). However, it can be argued that insurance products are of utmost importance in the situation where "health care costs associated with dying have gone up, social security and other government support programs are in peril, and the population of adults in different countries has increased" (Parish, 2014:30).

Insurance products can also provide individual users with a tax benefit by saving taxes. This improves an individual's financial plan by adding to the savings bag. Life insurance can also be used as collateral for homebuyers to attain loans from banks. The insurance financial plan includes family responsibilities such as educating children, paying off mortgages and providing an income for survivors (Parish, 2014:32).

Nowadays with the use of the internet, different insurance and other financial products can be sold collectively, faster and more efficiently. However, compared to other financial products, design and delivery of life insurance solutions using the internet are still in their infancy (Parish, 2014:30). This presents an opportunity for insurance companies to grow and expand their market reach through this new way of acquiring and retaining clients.

As of 2004, the insurance industry in Lesotho was dominated by the Lesotho National Insurance Company (LNIC), with an estimated 70 % share in premium income. LNIC has two subsidiaries: Lesotho National General Insurance Company (LNGIC) which offers vehicle and other short-term insurance and Lesotho National Life Insurance (LNLife) which offers life insurance (Bester, Chamberlain, Hawthorne, Malherby & Walker, 2004:87). Other locally incorporated insurers operating in the market are Metropolitan Lesotho, Alliance and Sentinel.

One major problem with insurance in Lesotho is that it is extremely difficult to obtain accurate estimates of insurance coverage due to the lack of data in this industry. In general, the insurance industry is reluctant to make data available. However, using sources close to the industry in 2004, a rough estimate of about 20,000 people were to have some form of life insurance which is about 1% of the population. However, this figure is an underestimation because it is calculated using only estimates of the policies with locally registered insurers, while many Basotho use South African insurance companies for their insurance. The above estimate does not change the general picture that access to insurance was very limited at that time.

Another problem worth mentioning is that of regulation. Certain rural financial services in Lesotho do pose significant risks to consumers. In particular, some large and across-country-based funeral undertakers conduct large-scale illegal insurance business that the registrar is concerned about but has not yet included in regulation (Nseera & Bhatia, 2014:9).

2.6.2 Retirement funds

As more people live well beyond 65 years of age in developed countries, the anticipated demand for government age pension has increased drastically. This has made the accumulation of retirement savings by individuals a significant policy (Speelman, Clark-

Murphy and Gerrans, 2012:329) and should be addressed in developing countries like Lesotho. Due to the increasing competition in the retirement savings market, there has been a large shift from defined benefit to defined contribution retirement plans in Lesotho. This means a larger exposure to investment risk by individual members of the fund as well as an increased responsibility in choosing the investment strategy for their funds (Speelman, Clark-Murphy & Gerrans, 2012:330).

This calls for knowledge in financial matters as well as efficient finance management skills so that one can make the right decision for future consumption. It is of utmost advantage if investors have a strategy to improve their overall tax rate on all their returns, especially their retirement savings in order to maximize their retirement accounts (Geisler & Stern, 2014:45).

2.6.3 Savings

A finding by Grinstein-Weiss *et al.* (2015) showed that, relative to counterparts who did not complete their personal finance educational requirements, successful participants who completed the Individual Development Account (IDA) program “had higher average monthly savings, saved a higher portion of their income, and deposited savings more frequently.”

A study by Rothwell and Saltana (2013:282) postulate that saving income surplus will lead to accumulation. Surplus resources can then be invested in ways that promote healthy financial lives for households and buffer against unexpected financial shocks. In this way careful financial management may lead to more disposable economic resources and these assets can reduce financial strains directly. They further postulate that asset accumulation *via* savings is beneficial to households in that saving habits were shown to reduce feelings of financial strain, while financial strain was related to lower marital

satisfaction. A shortage of assets has shown to constrain the development of human capital, and financial crises were reported to strain even the most successful of marriages.

Factors that may hinder individuals to save, especially the poor, are access to savings products including transaction costs, mistrust between financial providers and the poor and regulatory barriers. Other costs can be fixed like account opening fees and minimum balance requirements. Therefore, as mentioned earlier, it is imperative for banks to correctly identify creditworthy clients to grant them the necessary services. Furthermore, they can negotiate service fees for such clients based on the income they already generate from such clients.

2.7 CONCLUSION

The Government of Lesotho, through the National Strategy Development Plan (NSDP) recognised the importance and role of financial services in development, in reducing vulnerability and in promoting economic independence. Access to finance together with personal finance management is cited as one of the major impediments to development and growth in Lesotho. As a response, I-FES was grafted.

In 2009, SUFIL in collaboration with FinMark Trust, led the development of the Interim Financial Education Strategy (I-FES), aimed at streamlining, and coordinating financial management education programs in Lesotho as well as laying the foundation for the development of the National Financial Management Education Strategy. The I-FMES was a sector-wide consultative process; assessing existing capacities and programs for financial education, mapping existing and potential stakeholders, benchmarking best practices and culminating into recommendations and an implementation plan towards the development of a National Financial Education Strategy. Money week should consider including this sector in personal finance management as it plays a major role in the effectiveness of the training for individuals and the economy as a whole.

Personal finance encompasses issues such as debt management, retirement plans, insurance, investment and taxes. However, despite the FESC initiatives to ensure efficient personal finance management, a lot of people still struggle with debt and access to financial institutions services such as loans and credit. They still struggle with personal financial planning. Another shortcoming is the fact that the program is only done during one week in a year, with no follow-up programs in either the newspapers, or by using radio stations which reach even the remote areas in the country. Furthermore, since inception of the personal finance training program, there hasn't been any post-development survey to measure whether the initiative is working or not.

CHAPTER 3: Research design and methodology

3.1 Research methodology

3.1.1 Introduction

The purpose of this chapter was to provide the research methodology used for this research. Research methodology is a systematic way to solve a problem. It is a science that studies how research is carried out. Research methodology is concerned with why a particular research study is undertaken, how the researcher formulated the research problem, the type of data collected, specific methods used as well as reasons why a particular technique of analysis of data is used (Rajasekar, Philominathan and Chinnathambi, 2014:7)

3.1.2 Research Design

The research design used for this study was descriptive research conducted with the aim to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru teachers. Descriptive research refers to studies with the main aim of portraying accurate characteristics of people, situations or groups (Vilakathi, 2009:48). The primary objective of descriptive research was to accurately portray the characteristics of individuals or groups in a certain situation. It used statistics to describe and summarise the data (Ingham-Broomfield, 2015:34). The study was conducted using the positivistic approach as it is a quantitative research method. Quantitative research is described as “research conducted to gain new insights, discover new ideas and/or increase knowledge of a phenomenon” (Vilakathi, 2009:42).

The positivistic paradigm suggests that “knowledge derived from logical and mathematical treatment of data is the only true source of authoritative knowledge” (Smith, 2014:117). Quantitative research identifies statistically significant relationships, establishes correlation and causation, involves measuring and describing in order to

answer questions raised and is based on objective measurement and observation (Ingham-Broomfield, 2015:33).

Some of the early objections to the positivist paradigm were postulated by practicing natural scientists who felt excluded. The philosophers of technology reject the conclusion of traditional positivist philosophy of science that considers technology as philosophically uninteresting (Scharff, 2011:394). Quantitative models are designed to avoid subjective interpretations. However, they inversely exclude possible conceptual expansions and hence tamper the practice to theory linkage, while encouraging a unidirectional theory to practice linkage (Tenenbaum, Gershgorena and Schinkeb, 2011:356).

The variables that were analysed in this research were financial planning, retirement planning, disability planning, and debt management. Under each variable, respondents were asked questions whereby knowledge was obtained of each variable and its usage thereof. These variables were then used to gauge whether the respondents had any budgeting strategies, whether they stuck to their plans and whether they put something aside for investment purposes for longer-term purchases and other investments, including pension planning.

3.1.3 Sampling Strategy

The population for the study included all the teachers in the Maseru district. Population in this research refers to the entire set of individuals that have similar characteristics (teachers in this case). Due to the fact that the researcher did not have the time or the finances to study the entire population, the teachers in six high schools around the Maseru district were chosen for the research comprising the sample of 192. This sample of 192 (6 x 32) is determined by the fact that the nearest high school comprises of 32 teachers. Since all the high schools offer similar subjects, they have the same number of teachers

on average in each school. A sample in this research refers to a subset of the population that represents that population, selected to participate in the study.

Simple random sampling was used as it gives all clients an equal chance of being chosen in the six schools based around the town area. The schools included were St. Catherine's High School, Molelle Government High School, Mabathoana High School, St. Mary's High School, Maseru Day High School and Christ the King High School. Quantitative methods of inquiry significantly depend on randomisation of the sampling procedure so that generalisations and inference can be enabled. Some of the arguments for selective research, instead of the total research, were that substantial amount of costs, time and human resources were minimized.

The mean and the standard deviation were also used as they are two statistics that help determine differences and similarities in groups that are under research. The mean is the average, for example all scores are added up and divided by the number of subjects. The standard deviation is the spread of data from a mean value (Ingham-Broomfield, 2015:36). The standard deviation will also be used to construct the confidence interval. The confidence interval will tell how certain the researcher is that the sample representing the whole population of teachers also portrays the true value of the overall population (Frerichs, 2008:2).

3.1.4 Data Collection Methods

Primary data was gathered by personally administered questionnaires to voluntary respondents. The administrator (researcher) first engaged 20 voluntary respondents for pre-testing of the questionnaire from St. Catherine's High School as it was the closest school to the researcher. This was done to assist the researcher to determine the amount of time it takes to complete the questionnaire, the quality of the questionnaire in terms of comprehension of the questions and their sequencing as well as to validate the format.

The date the data collection was performed was from June to July 2015 when teachers were on winter break and marking the students' exam papers.

The questionnaires were administered personally so that any questions could be dealt with immediately and the respondents were assisted through the questionnaire. In order to ensure the questionnaire was not too long so as to discourage respondents to fill it out completely, scaling was used (the Likert scale in this case). The researcher introduced herself to the audience; explained the objective of the research, what would happen with the results and also presented the person to contact if there were any queries from the respondents. The questionnaire began with the most relevant questions, but also friendly and non-threatening questions in order to put the respondents at ease. Questions were also simple and straightforward using everyday language where possible to ensure a general understanding by all respondents.

Data collected from the respondents was then presented in two formats; firstly as raw figures and percentages and secondly, more visually, as tables, histograms tables and pie charts. The Chi-square test was conducted to examine whether there is any dependency between the variables and 'the decision to invest' and 'the education on personal financial management'. It is important to note that the raw data was processed into statistical data that could be used to determine the variables of interest as mentioned earlier using statistical software called SPSS. SPSS enabled the researcher to do all the analyses of variables that dictate quantitative data analysis (Greasley, 2014:20).

3.1.5 Statistical Analysis

The questionnaire was designed based on a 4-point Likert scale and consistency in answering questions was determined by using Cronbach's Alpha. The Likert scale was mostly used to measure opinion, preference and attitude (Leung, 2011:412). The Likert scale is a "psychometric response scale primarily used in questionnaires to obtain

participants' preferences or degree of agreement with a statement or set of statements" (Bertram, 2009:1). The preference for a 4 point scale over more points was to exclude more effort for the respondents and hence fatigue. More points can also cause more incomplete questionnaires that are handed back compared to the 4 point scale.

Other advantages of the Likert scale were that it is simple to construct and easy to read and to complete by respondents. On the other hand, its weaknesses were that respondents could avoid extreme response categories (Bertman, 2009:7). Participants could respond according to how they think the researcher will be satisfied, as well as portray themselves in a socially acceptable manner rather than being honest. Hence the results may not be truthful. It is quite important to calculate and report Cronbach's alpha coefficient whenever a researcher uses the Likert-type scales. This is so that the researcher can determine internal consistency and reliability for the scales one uses (Gliem and Gliem, 2003:88).

Cronbach's Alpha was first established by Lee Cronbach in 1951 to provide a measure of the internal consistency of a test or scale. It is expressed as a number between 0 and 1. A low value of the alpha coefficient could mean the number of questions in the questionnaire is too few or that there is poor relatedness between the items. Internal consistency describes "the extent to which all the items in a test measure the same concept or construct and hence it is connected to the inter-relatedness of the items within the test" (Tavakol and Dennick, 2011:53).

3.2 ETHICAL CONSIDERATIONS

The researcher treated the information given by the respondents as confidential and protected the respondents' privacy. This was clearly stated to each respondent before the interview took place. The purpose of the research was clearly explained to the respondents from the onset. The respondents' self-esteem and self-respect were highly regarded by the researcher. No one was forced to answer the questionnaire if they did not want to. No misinterpretation or distortion of data was adopted in the reporting of the data collected during the study. According to Tenenbaum *et al.* (2011:354), when one assumes quantitative (i.e. positivist) assumptions in conducting research, it is almost obligatory to be as detached as possible from the investigation. The researcher did not affect the environment, and so secured objectivity in all research procedures through objective perspective. All personal or seemingly intrusive information was treated with high sensitivity and reasons for such questions were explained accordingly. Permission was first obtained from the relevant principal before the questionnaire was distributed to the employees.

3.3 DEMARCATION

This research falls under the discipline of behavioral economics. Behavioral economics (BE) uses psychological experimentation to develop theories about human decision-making and has identified a range of biases as a result of the way people think and feel. It aims to change the way economists and other decision makers think about consumers' perceptions of value and expressed preferences. According to Behavioural Economics, "people are not always self-interested, benefits maximizing, and costs minimizing individuals with stable preferences — our thinking is subject to insufficient knowledge, feedback, and processing capability, which often involves uncertainty and is affected by the context in which we make decisions" (Samson, Louwenstein and Sutherland, 2014:9).

The aim of the study was to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru teachers. The study

was conducted in different high schools based in the Maseru district. The research could then be used by STANLIB Lesotho to determine why many people may have the money and the ability to invest, as well as relevant training and education, but do not invest in applicable investment products or retirement funds. In addition, the company could use the study to come up with strategies they could use to urge such investors to invest. They could determine whether the current training given on personal financial management is effective in getting the investors, especially teachers to invest and how changes and modifications can be made on the training material.

3.4 LIMITATIONS

The sample size of 192 teachers may not adequately represent the national market. In addition, the study period was very short. This may pose a limitation in that the results could be demonstrative of that particular financial period (low consumer confidence, low interest rates) and not necessarily other time periods once the effects of the 2007/08 financial turmoil end. There may be other demographic factors such as marital status and knowledge that could affect the individuals' decisions to invest.

3.5 CONCLUSION

The purpose of this chapter was to provide the research methodology used to support the main objective of the study which was to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru teachers. The research was conducted using the positivistic approach as it is a quantitative research method. Due to the fact that the researcher did not have the time or the finances to study the entire population, the teachers in six high schools around Maseru district were chosen for research comprising the sample of 192.

Once the data was obtained, statistical analysis was conducted so that crude raw data could be converted into statistical data that could be used to generalise the teacher's

decision to invest as well as infer on the results obtained. Reliability of the questionnaire was tested using Cronbach's Alpha test and the different relationships between the variables of the personal financial management and age and sex were tested. The researcher adopted a number of different ethical considerations to ensure anonymity, confidentiality, safety and objectivity of the results analysed. Some limitations to the study are seen in the sample size, available time to conduct the research as well as availability of finances.

CHAPTER 4: Discussion of Findings

4.1 INTRODUCTION

This chapter provides a discussion of the results of the field study in two ways. It first analyses the results using descriptive methods through pie charts, frequency tables and bar charts amongst others. Secondly, it gives the analyses of the results to determine relationships and significance of the responses. The conclusion will give a summary of the findings and recommendations will be proposed where appropriate. The ultimate analysis was based on only 111 of the 192 since 81 questionnaires were only partially filled in. This constitutes 58 % of the sample.

4.2 DEMOGRAPHICS

The data was analysed using a statistical package called SPSS. Of the 111 respondents, 37 % were male and 63 % were female (Figure 4.1).

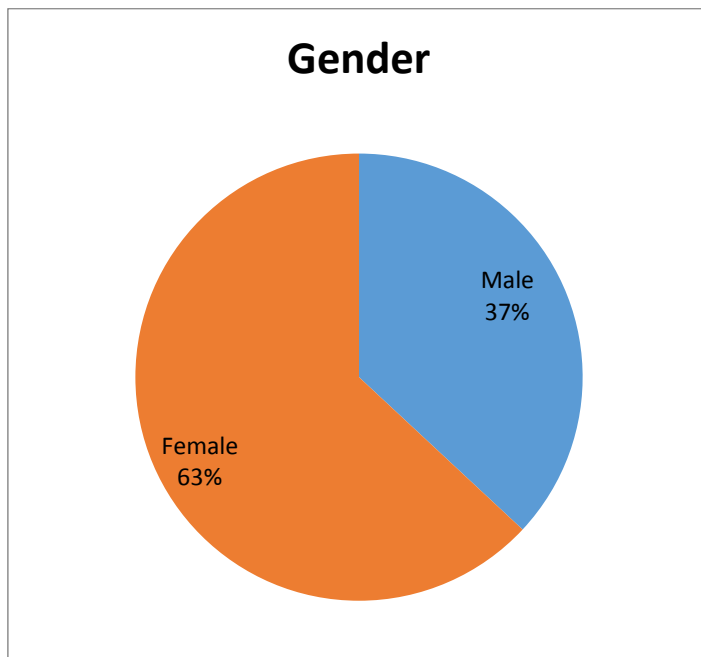


Figure 4.1. Gender distribution.

Of the 111 respondents, 6 were under the age of 25 years which constitutes 5 % of the respondents; 58 were between 25 and 35 years of age which constitutes 52 % of the

respondents; 31 were between 36 and 45 years of age which constitutes 28 %; 13 were between 46 and 55 years of age which constitutes 12 % and only 3 were above 56 years of age which constitute 3 % of the sample (Figure 4.2).

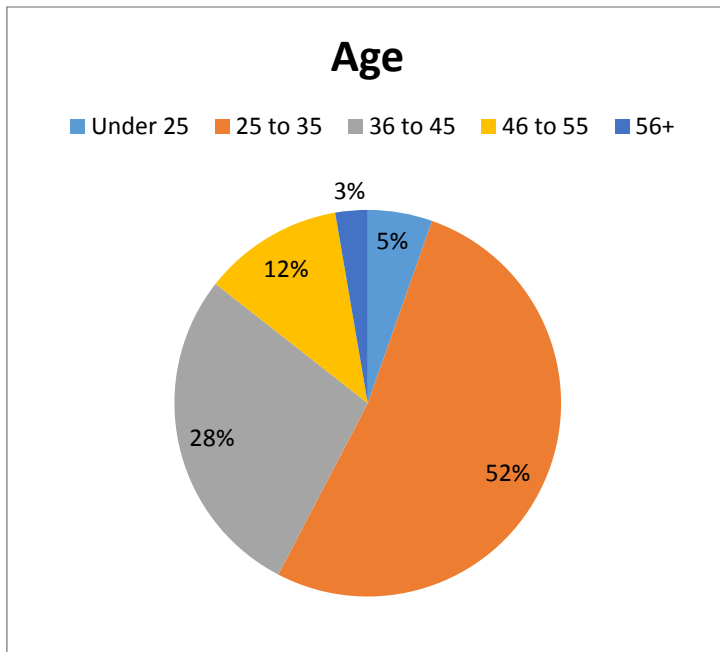


Figure 4.2. Age of respondents.

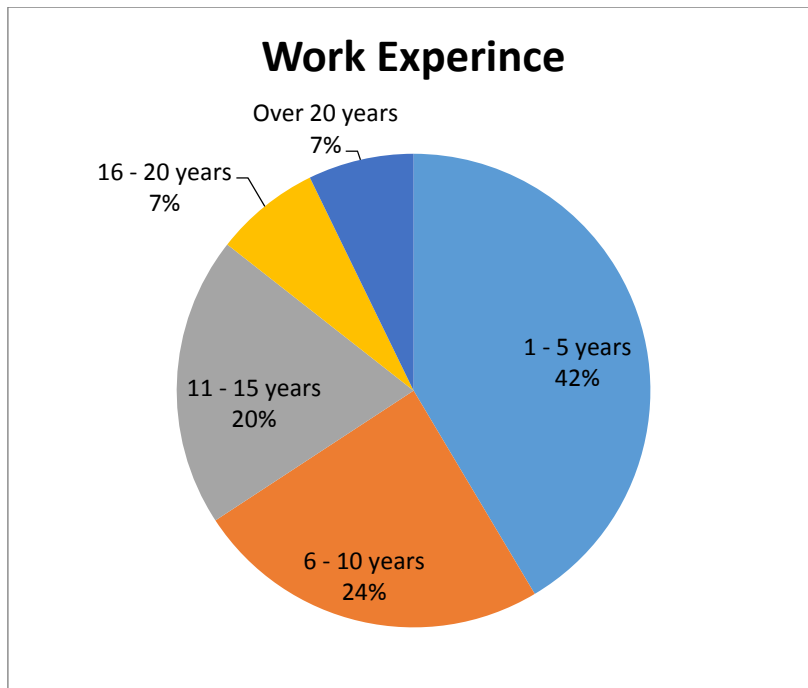


Figure 4.3. Work experience of respondents.

With regards to work experience, 42 % of the respondents had 1 to 5 years' experience, while 24 % had garnered 6 to 10 years' experience and 20 % of the teachers had 11 to 15 years' experience. The remaining 14 % is shared equally between the 16 to 20 years' experience and over 20 years' experience (Figure 4.3).

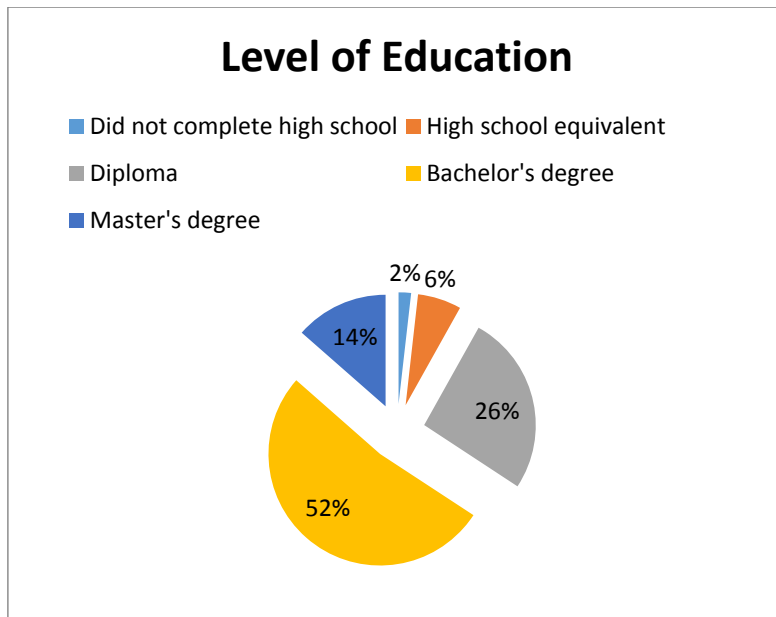


Figure 4.4. Level of education of respondents.

Figure 4.4 illustrates that 2 % of the teachers indicated they did not complete high school. This opens up room for other studies to analyse the level of education and skills teachers must have in order to be eligible to teach at high school level. For the purposes of this research, this issue will not be dealt with any further. 98 % of the teachers have qualifications with a significant 52 % of the respondents holding bachelor's degrees and 14 % holding master's degrees.

4.3 PERSONAL FINANCIAL PLANNING

A 4-point Likert scale was used for the questions in this division, ranging from 1 for strongly disagree to 4 for strongly agree. The mean of these responses was calculated, giving a mean (average) value between 1.00 and 4.00 with 2.05 being the middle value. A recorded mean lower than 2.00 indicates that respondents fundamentally disagree - thus, the closer the mean is to 4.00, the more positive the respondents are regarding the specific issue. However, because the variables recorded are categorical variables, the interpretation of the mean as it is will not be sufficient. Therefore, the factor values (FV) were calculated. A high FV (> 0.5) indicates that the majority agree with the statement.

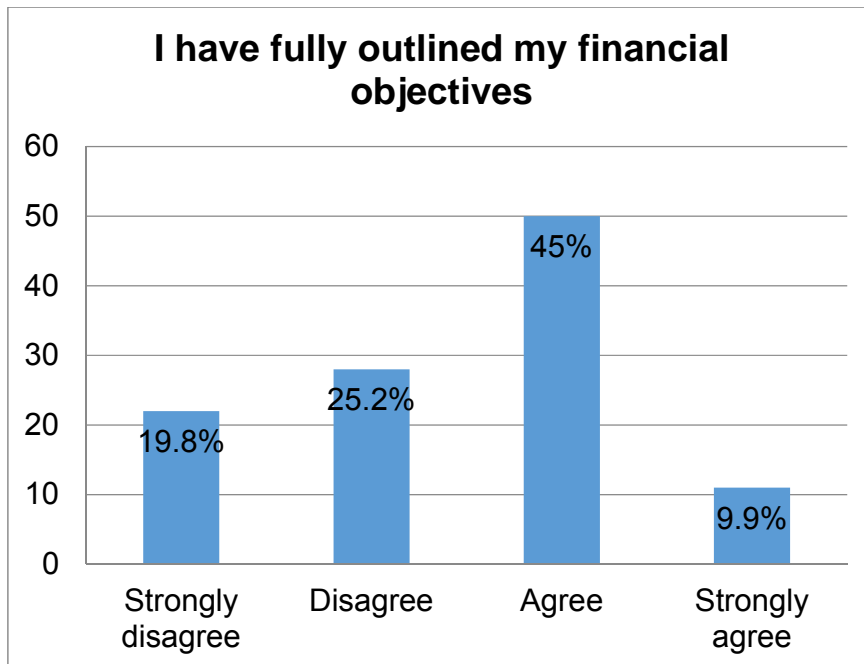


Figure 4.5. Financial objectives outline of respondents.

Figure 4.5 above gives a description of responses given by the teachers on outlining their financial objectives. Of the 111 respondents, 45 % agreed with the statement, while 9.9 % strongly agreed with the statement. The rest of the respondents disagreed with the statement on two levels, namely with 19.8 % strongly disagreeing and 25.2 % disagreeing. This shows a more positive response to the statement with 54.9 % in total agreeing to the statement and a lower 45.1 % in total disagreeing. The FV for this statement was recorded as 0.613, and as per statement made earlier, this means that most of the respondents agree.

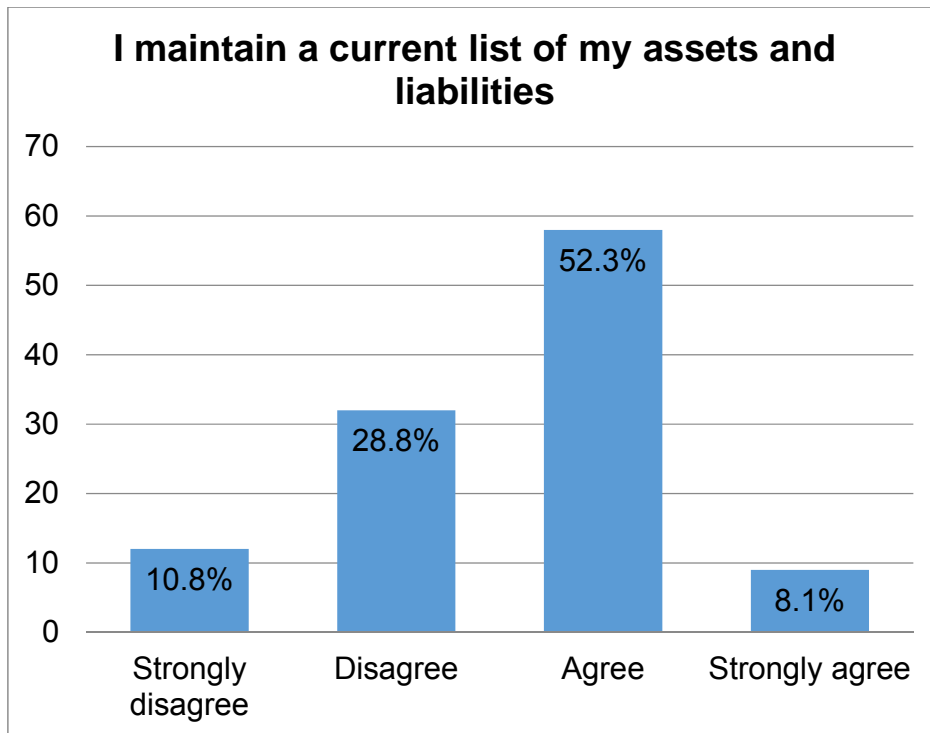


Figure 4.6. List of liabilities and assets of respondents.

Figure 4.6 depicts a more positive response to maintaining a current list of assets and liabilities with 52.3 % agreeing and 8.1 % strongly agreeing. The remaining 39.6 % of the respondents gave a negative response in that they do not maintain a current list of their liabilities and assets. The FV recorded here was 0.644, meaning most of the respondents agree with the statement. Despite the fact that budget management programs have not been implemented in Lesotho, the teachers have adopted a budgeting mentality and this is where financial institutions need to intervene. This important management skill should be nurtured and encouraged so that all people in the society can adopt it.

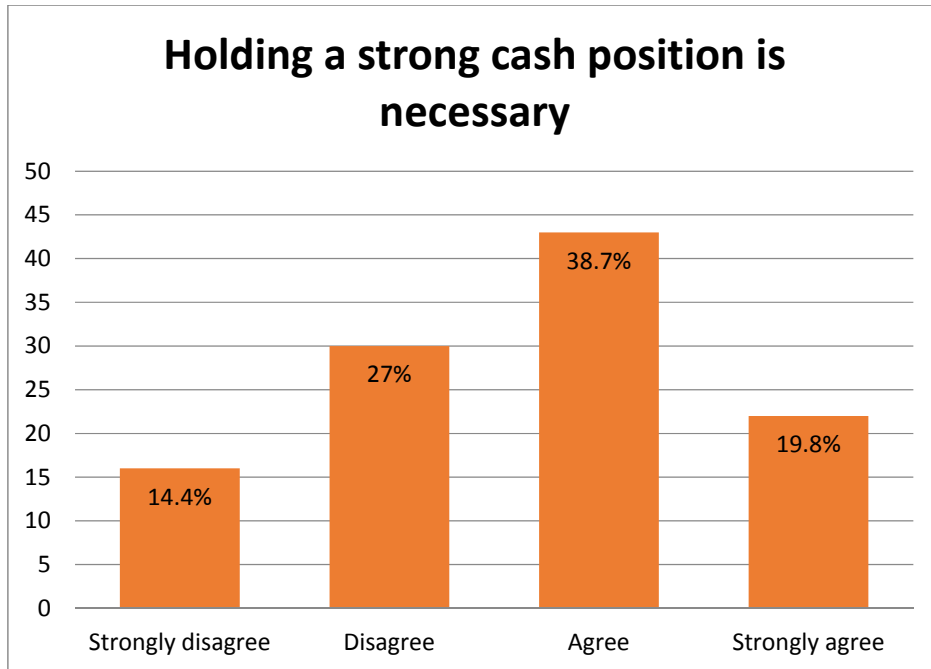


Figure 4.7. Cash position stance of respondents.

Figure 4.7 above shows the different stances the respondents take on holding a strong cash position. Respondents who either agreed or strongly agreed with this statement totaled up to 58.5 % with 38.7 % agreeing and 19.8 % strongly agreeing. The other 41.5 % disagree with this statement as they would rather have their money placed in financial instruments that earn interest/dividends instead of holding cash. This indicates another problem that should be addressed. Holding cash can present problems of its own like security of the funds (theft), inflation and lack of adequate skills to manage the cash well.

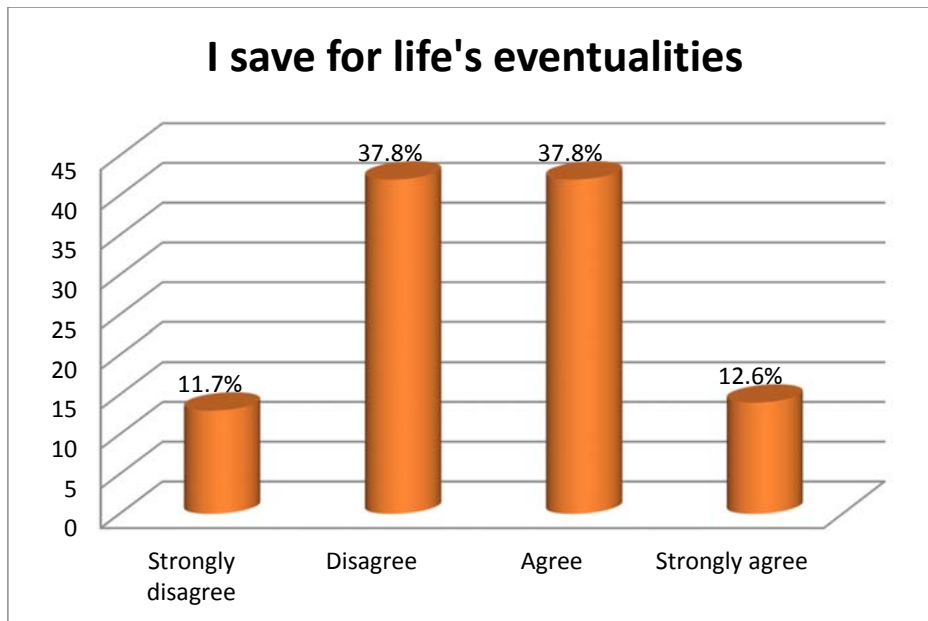


Figure 4.8. Saving for life's eventualities by respondents.

Figure 4.8 above depicts the responses of the teachers to whether they save for the eventualities of life. 37.8 % of the respondents agree and disagree to this statement, while 24.4 % of the respondents are on the extremities of the statement 11.7 % strongly disagree and 12.6 % strongly agree with the statement. Overall, 50.4 % of the respondents agree in different levels that they do save for eventualities of life.

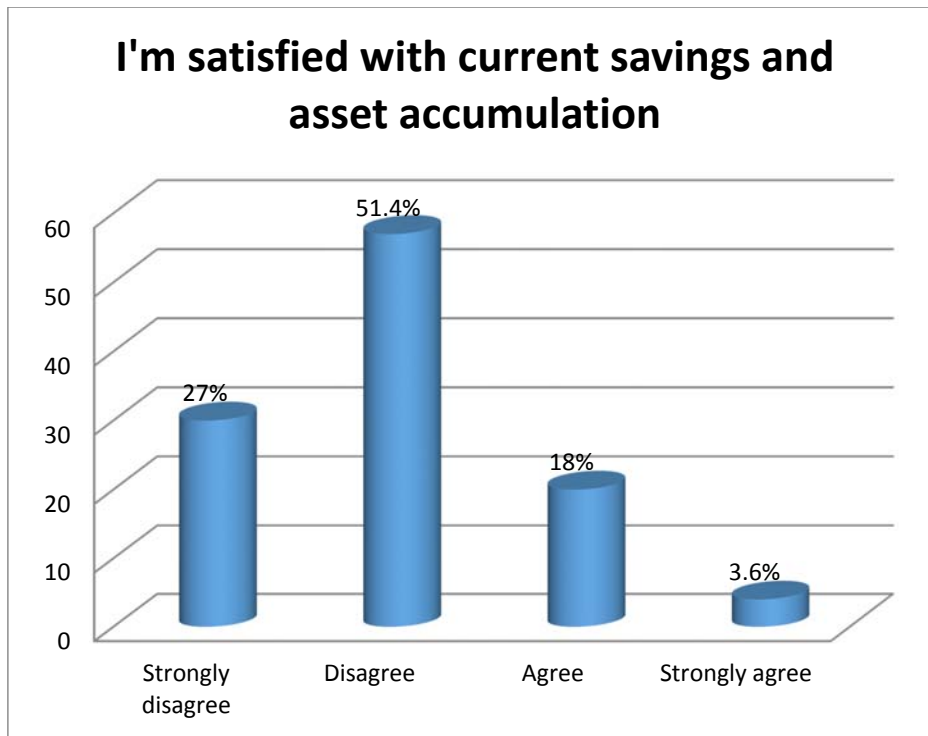


Figure 4.9. Savings and assets accumulation of teachers.

Figure 4.9 shows that most of the respondents are not satisfied with their level of saving and investing. This demonstrates that there is a desire to invest and save, but no action towards ensuring this financial need. A significant 78.4 % indicated dissatisfaction with their current savings and investments, while only 21.6 % has expressed satisfaction. This therefore, calls for financial institutions to fill the gap between the desire and the action of saving and investing. They could increase their effort in ensuring that prospective clients are aware of the different products and services they could utilize to meet this need. The FV value here is 0.495 meaning that most of the respondents are not happy with their savings and asset accumulation.

4.4 RETIREMENT PLANNING

Table 4.1. Pension plan membership of teachers.

Member of government pension plan that provides adequate pension upon retirement	Frequency	Percentages
Strongly disagree	28	25.23
Disagree	18	16.22
Agree	57	51.34
Strongly agree	8	7.21
Total	111	100

Table 4.1 above indicates the responses of the teachers on their membership to the government's pension plan. While 58.55 % of the respondents have indicated they are members, there is a concerning 41.45 % who are not members of the pension fund upon retirement. The FV recorded here was 0.601. Most of the respondents agree with this statement.

Table 4.2. Pension plan benefits understanding of teachers.

I understand all my pension plan benefits	Frequency	Percentages
Strongly disagree	22	19.82
Disagree	31	27.93
Agree	50	45.05
Strongly agree	8	7.21
Total	111	100

Table 4.2 above indicates a larger percentage of respondents agreeing to understand all their pension plan benefits, namely 45.05 % agree and 7.21 % strongly agree. This puts the overall percentage at 52.26 %, while the remaining 47.74 % of the respondents have indicated a lack of understanding. This places a greater responsibility on boards of trustees to increase communication and awareness of different funds they manage on behalf of clients. The FV recorded was 0.599. Most of the respondents agree with this statement.

Table 4.3. Retirement expectations of teachers.

I know how much to expect upon retirement	Frequency	Percentages
Strongly disagree	25	22.52
Disagree	39	35.14
Agree	41	36.94
Strongly agree	6	5.41
Total	111	100

Table 4.3 above shows that only 42.35 % of the respondents have indicated that they know how much they'll receive once they retire. The remaining 57.65 % have indicated

they do not know how much to expect. The FV recorded was 0.563 indicating that most of the respondents agree with this statement.

Table 4.4. Other retirement plans of teachers.

I have other retirement plans	Frequency	Percentages
Strongly disagree	25	22.52
Disagree	47	42.34
Agree	27	24.32
Strongly agree	12	10.81
Total	111	100

Table 4.4 above shows that only 35.13 % of the respondents have other retirement plans that will ensure them some form of financial independence once they retire, while the remaining 64.87 % indicated they have no other plans. The FV recorded here was 0.559, meaning most of the respondents do agree with the statement.

4.5 DISABILITY PLANNING

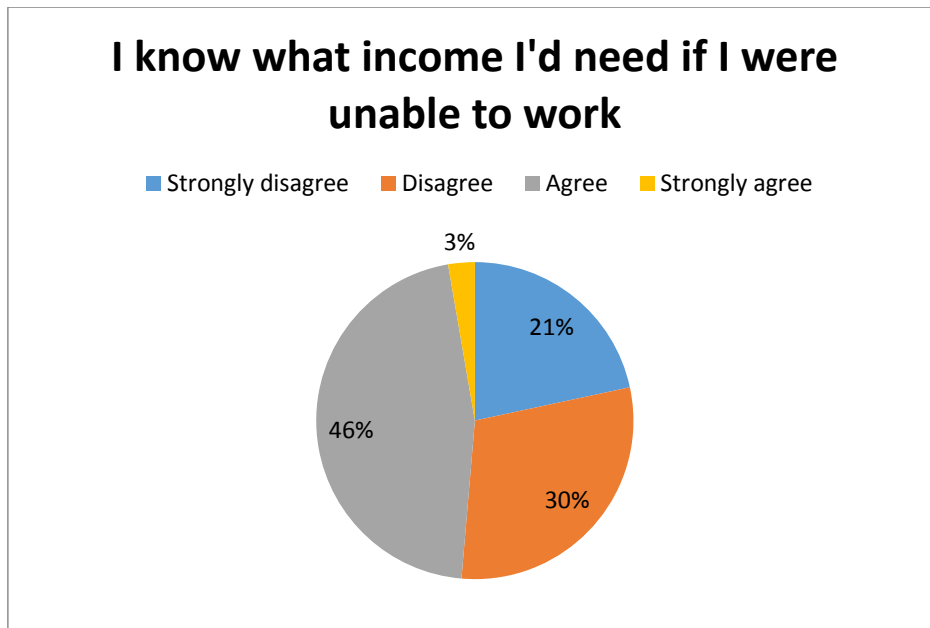


Figure 4.10. Disability income for teachers.

Figure 4.10 depicts the teachers' responses to the statement whether they know what income to expect if they were unable to work. A staggering 51 % has shown that they do not know what to expect should they find themselves unable to work for a certain period of time. The FV recorded here was 0.574, meaning most respondents agree with this statement.

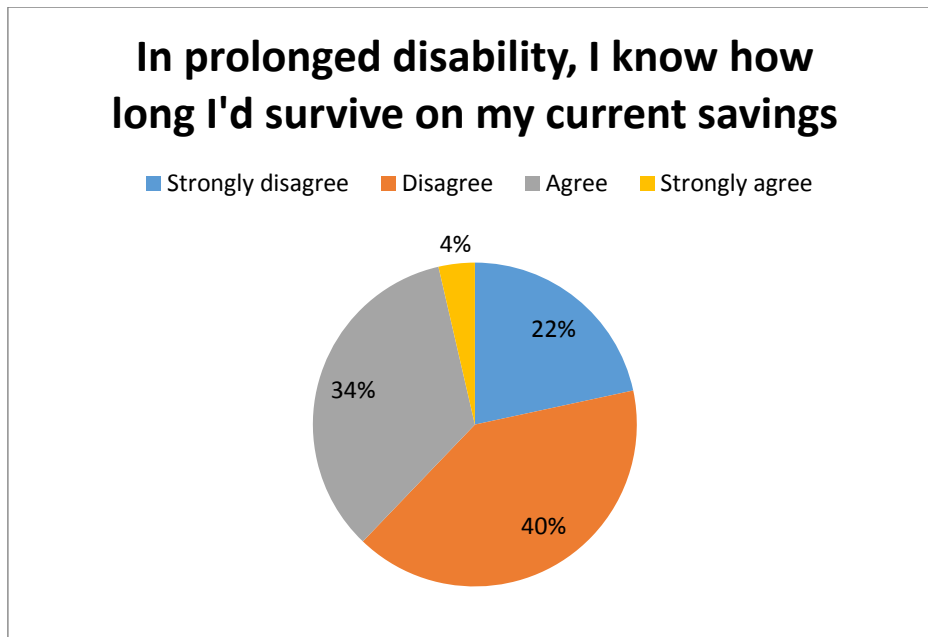


Figure 4.11. Ability to survive on savings by teachers.

Figure 4.11 above shows that 62 % of the respondents have indicated that they don't know how long they will be able to survive on their current savings should they encounter prolonged disability. Only 38 % have indicated knowledge regarding this matter with 4 % strongly agreeing. Once again, this provides an opportunity for financial institutions to teach people about pension funds in the market, but most importantly to provide advantages of pension funds to the prospective clients. The FV recorded was 0.550 which indicates that most of the respondents agree to the statement.

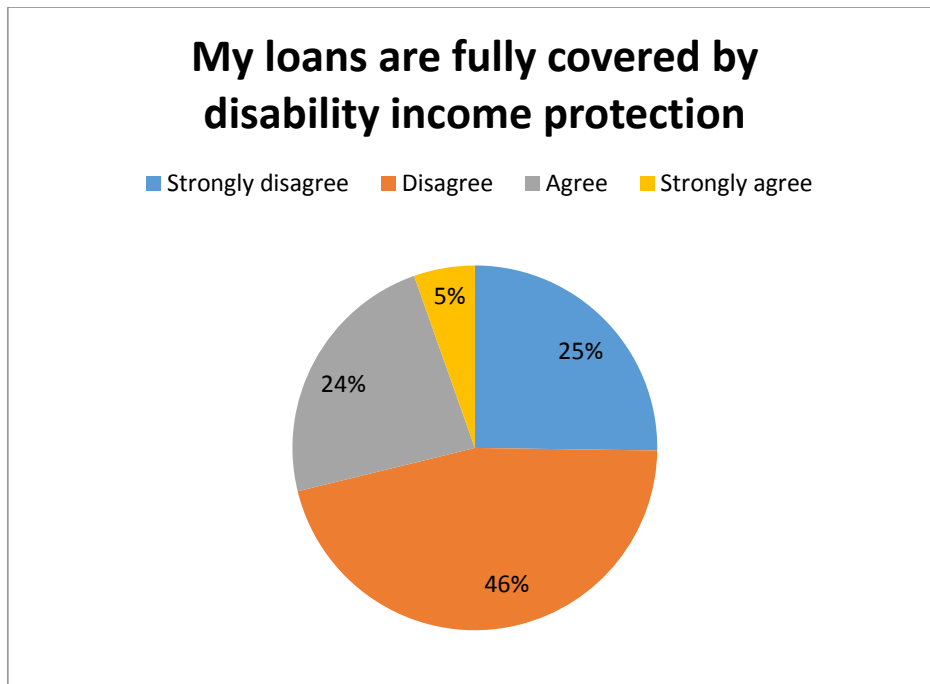


Figure 4.12. Disability cover for teachers' loans.

Figure 4.12 above shows that most of the respondents don't know if their loans are covered by disability income protection. A significant 46 % disagreed with the statement while 25 % strongly disagreed. This leaves only 29 % of the respondents exhibiting knowledge of their disability benefits through the government pension fund.

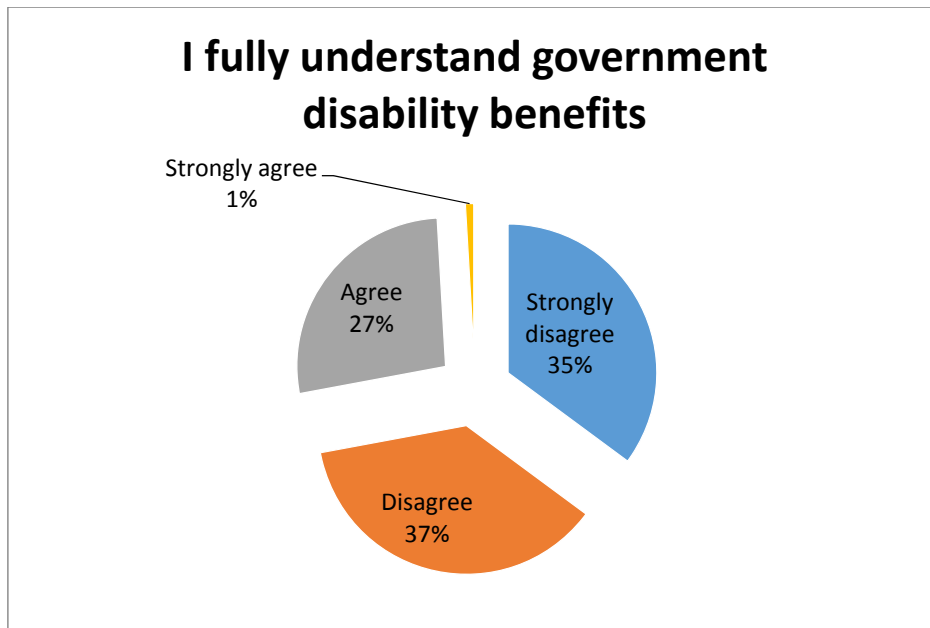


Figure 4.13. Government disability benefits for teachers.

Figure 4.13 clearly depicts the lack of knowledge when it comes to the government disability benefits. Only 28 % of the respondents indicated they know about the disability benefits, while a worrying 72 % do not have all the information. This leaves room for the financial institutions together with the government to aggressively teach people about disability benefits, and how they can benefit as Basotho. The FV here was below 0.5, meaning most respondents do not agree to this statement. This leaves a discrepancy in terms of how knowledgeable the respondents are.

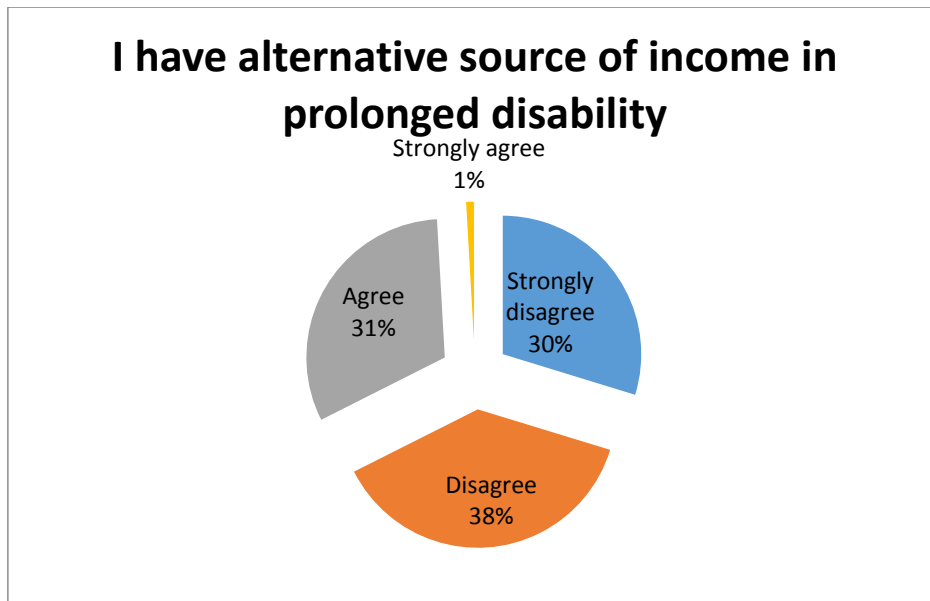


Figure 4.14. Alternative source of income for teachers.

Figure 4.14 above shows the responses to the statement “I have an alternative source of income in the event of an extended disability”. While only 32 % agreed to this statement, 68 % disagreed to the statement.

4.6 DEBT MANAGEMENT

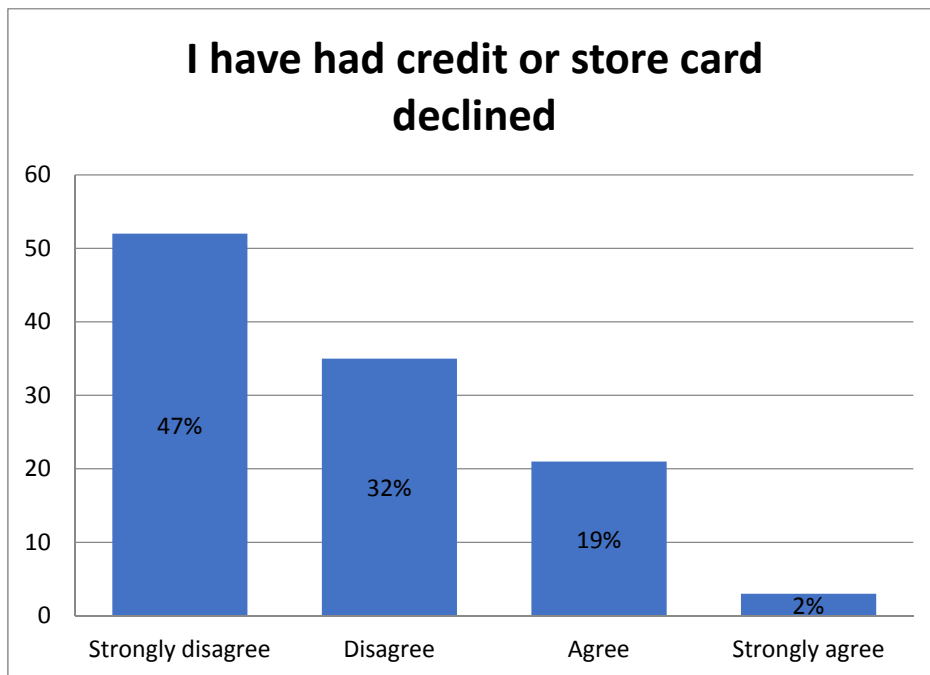


Figure 4.15. Ability to obtain credit/store card.

Figure 4.15 indicates that most of the respondents have experienced no disservice from the financial institutions. 52 of the teachers strongly disagreed with this statement at 47 %, while only 24 teachers agreed at 32 %. The remaining 19 % and 3 % agreed and strongly agreed to the statement respectively. The FV in this case was recorded as 0.4444, which indicates that most of the respondents do not agree to the statement in question.

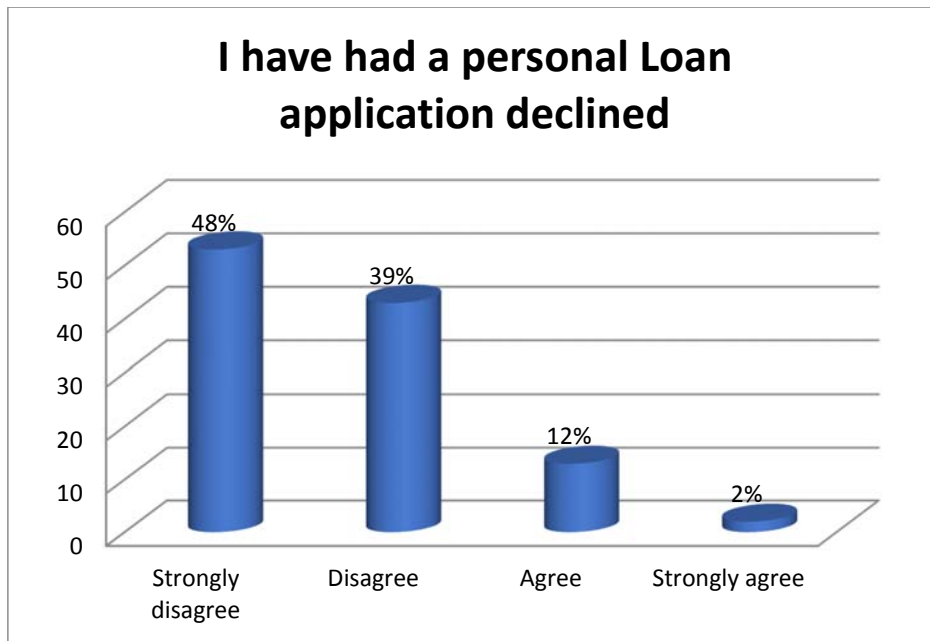


Figure 4.16. Access to loans by teachers.

Figure 4.16 above shows that most of the teachers have not had personal loan applications declined. Of the 111 respondents, 48 % strongly disagreed with the statement, 39 % disagreed with the statement putting the percentage of those who do not agree to the statement at 87 %. The remaining 13 % agreed to have had their loan applications declined in the past three years. With a FV of 0.419, it reiterates the statement made above that most of the respondents do not agree to the statement in question.

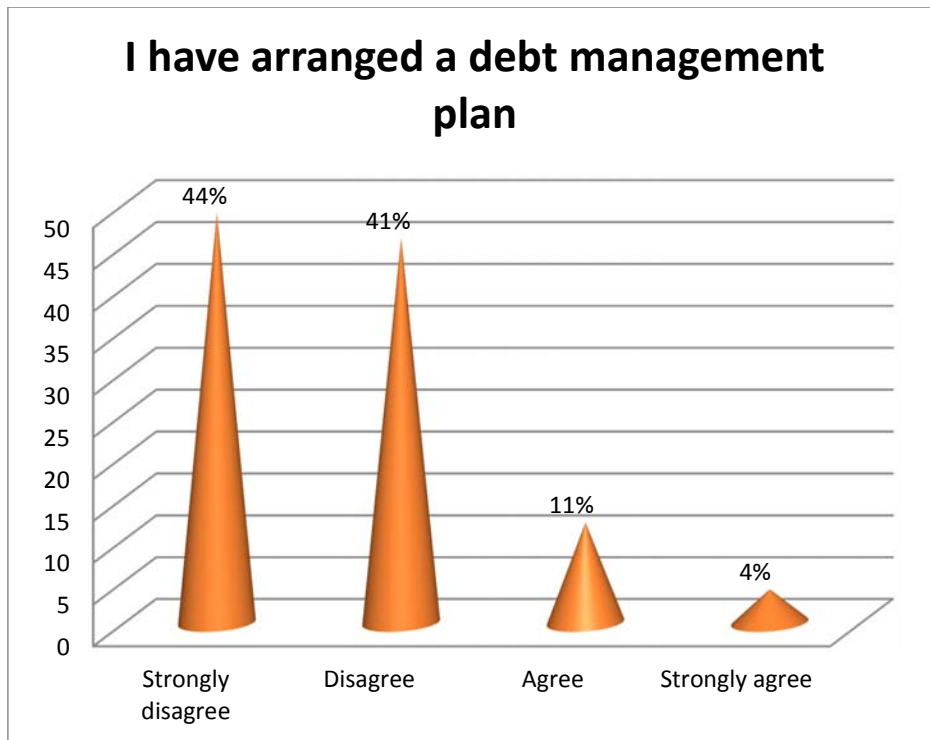


Figure 4.17. Debt management plan for teachers.

Figure 4.17 above reports the responses of the teachers. 44 % strongly disagreed to the statement, 41 % disagreed, while 11 % agreed to the statement and 4 % strongly agreed. This shows that a superior 85 % disagreed with the statement compared to the remaining 15 %. The FV also reiterates the statement that most of the respondents do not agree to the statement, with a value of 0.435.

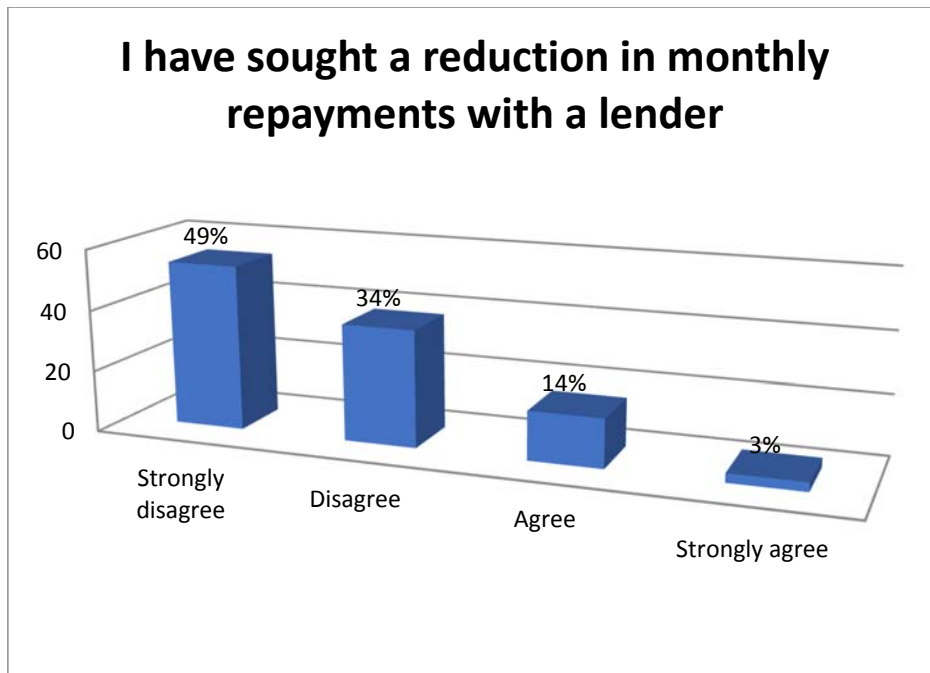


Figure 4.18. Ability to maintain repayments by teachers.

Figure 4.18 above shows that most of the respondents have not arranged for a reduction in their monthly installments. Of the 111 respondents, 49 % strongly disagreed with the statement, 34 % disagreed, while the remaining 17 % agreed, with 14 % agreeing and 3 % strongly agreeing to the statement. The FV of 0.428 reiterates the statement that most of the respondents do not agree to the statement in question.

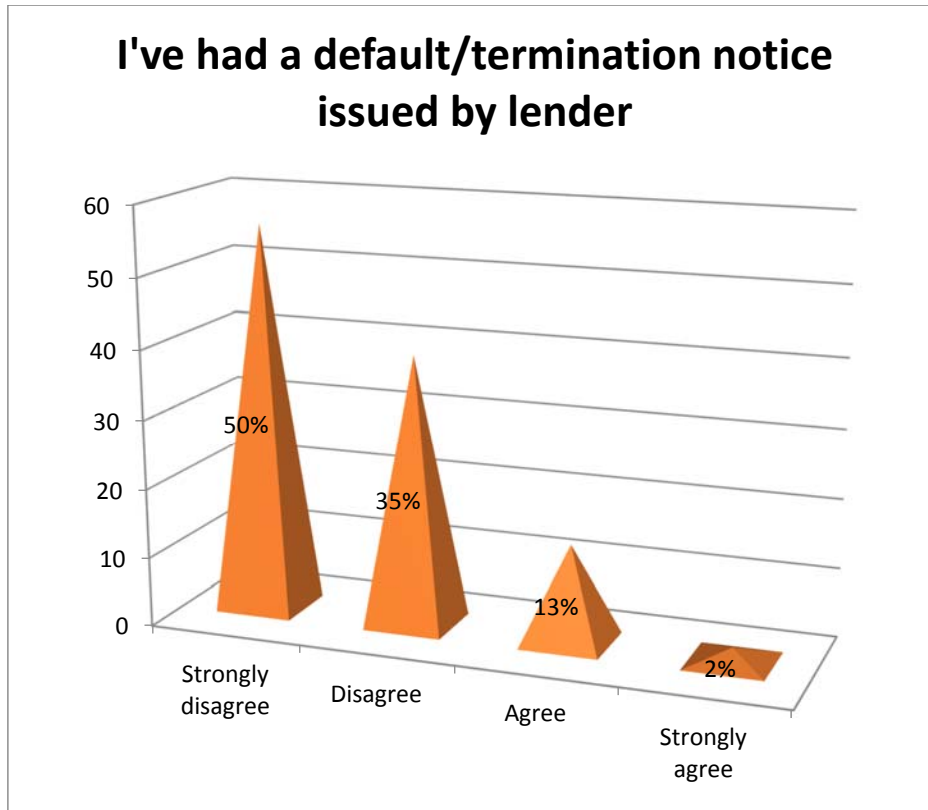


Figure 4.19. Rate of default by teachers.

Figure 4.19 shows that 50 % of the respondents strongly disagreed to the statement, 35 % disagreed, 13 % agreed to the statement and 2 % strongly agreed to the statement. This once again shows that most of the respondents do not agree to the statement and the value of FV of 0.414 supports that most of the respondents do not agree to the statement above.

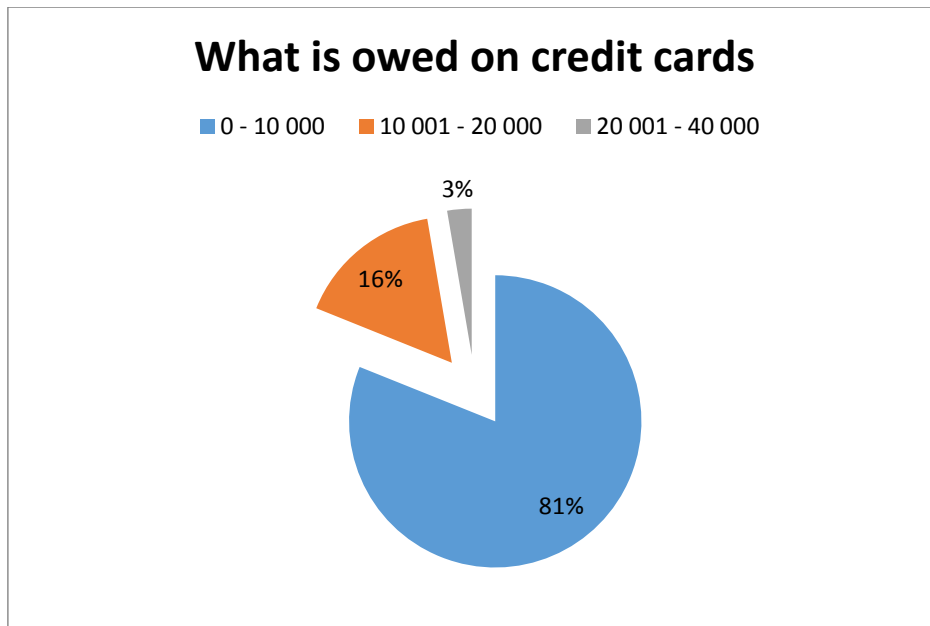


Figure 4.20. Amount owed on credit cards by teachers.

Figure 4.20 above shows that a significant 81 % of the respondents only owe between 0 to R10 000 on credit cards, while 16 % owe between R10 001 and R20 000 and an even smaller 3 % owe between R20 001 and R40 000.

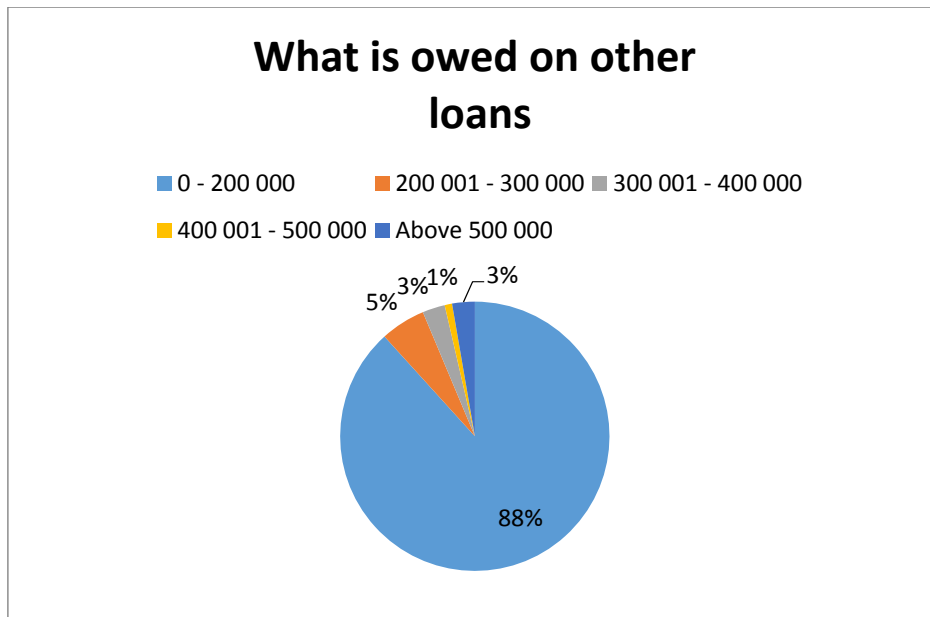


Figure 4.21. Amount owed on other loans by teachers.

When it comes to other loans such as personal, car and home loans, Figure 4.21 above shows that 88 % of the respondents owe between 0 and R200 000, 5 % owe between R200 001 and R300 000, 3 % owe between R300, 001 and R400 000, 1 % owe between R400 001 and R500 000 while the remaining 3 % owe above R500 000.

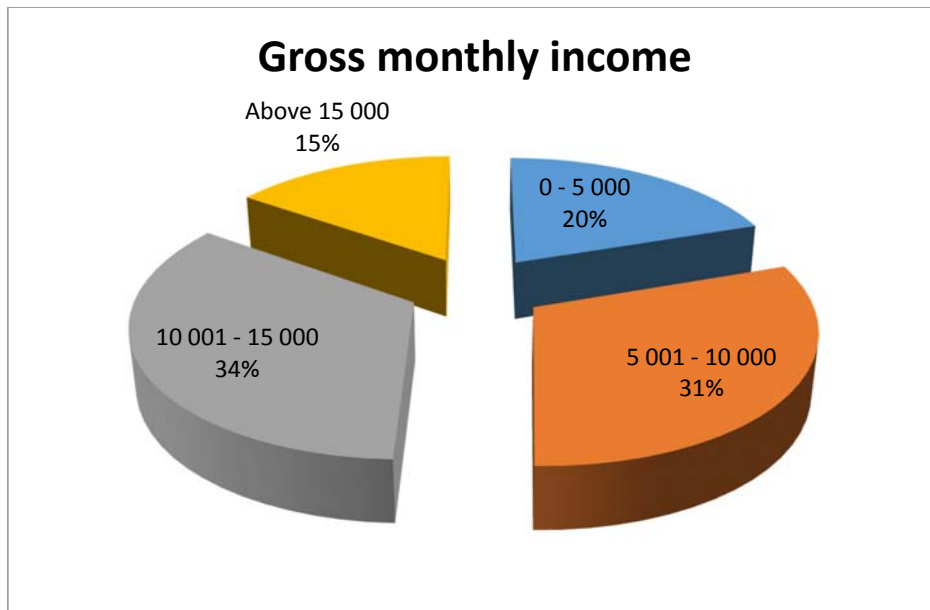


Figure 4.22. Teachers' gross monthly income.

Figure 4.22 shows that the respondents who earn between 0 and R20 000 make up 20 % of the overall respondents, 31 % earn between R5 001 and R10 000, 34 % earn between R10 001 and R15 000 while the remaining 15 % earn above R15 000 on a monthly basis.

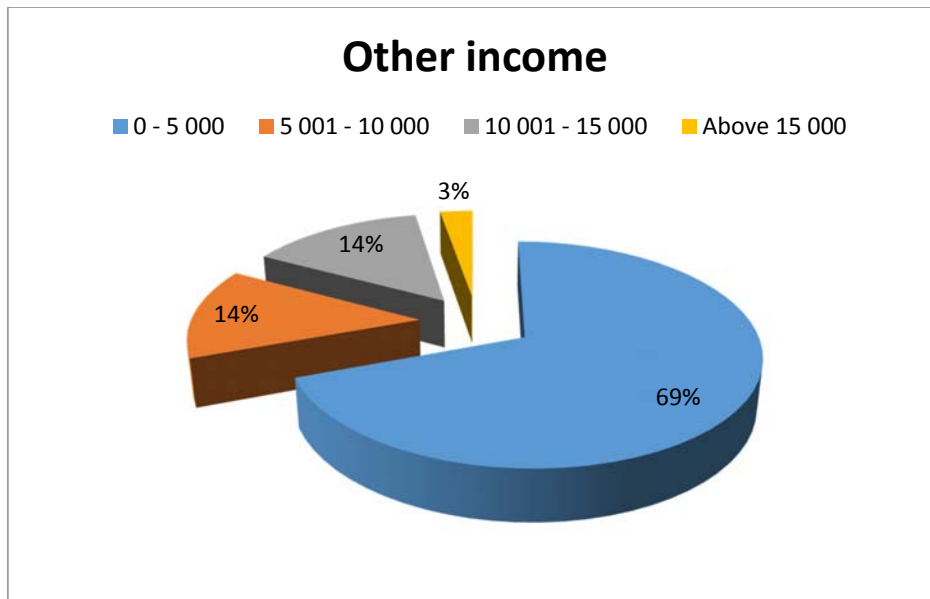


Figure 4.23. Other income

Of the 111 respondents, 69 % receive other income between 0 and R5 000, 14 % receive between R10 001 and R15 000 while the remaining 3 % earn more than R15 000 in other income (Figure 4.23).

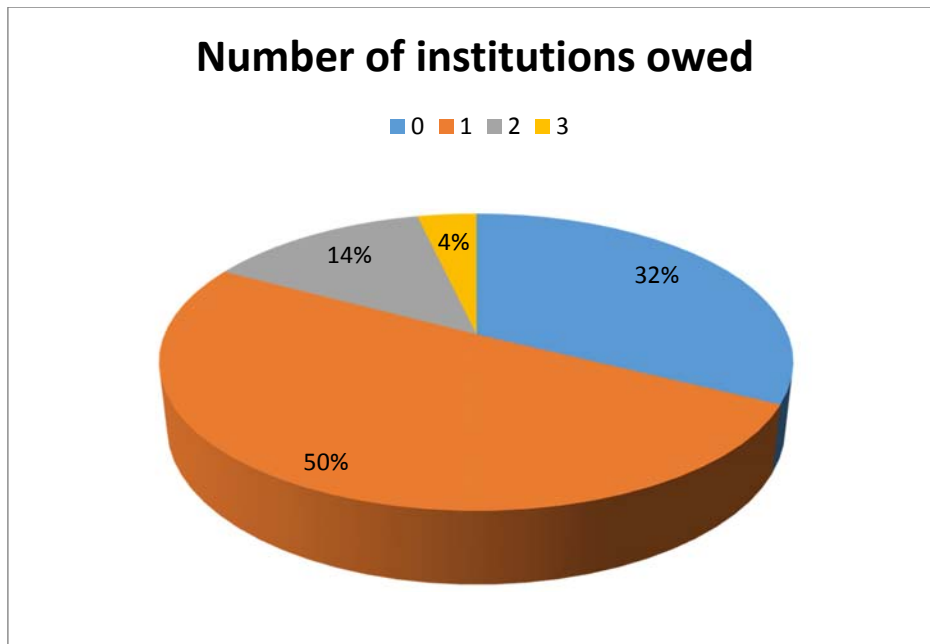


Figure 4.24. Number of institutions owed by teachers.

Figure 4.24 above shows that most of the respondents have loans and other facilities with only one institution at 50 % of the overall respondents, 32 % do not owe any financial institutions money, 14 % owe two financial institutions and the remaining 4 % owe 3 financial institutions.

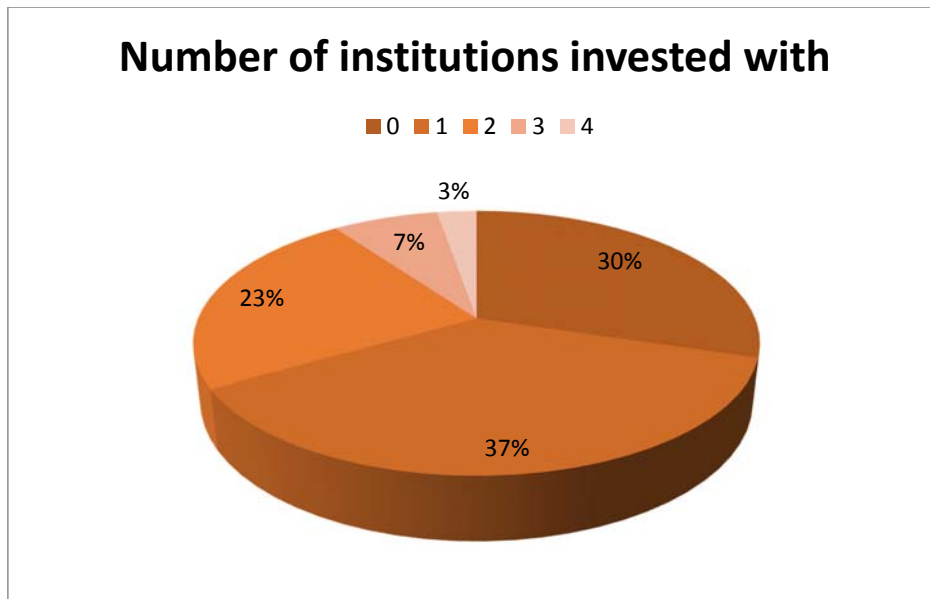


Figure 4.25. Institutions invested with.

Figure 4.25 above shows that while 30 % of the respondents do not have investments with any financial institution, 37 % have investments with one financial institution, 23 % with two financial institutions, 7 % with three institutions, while 3 % have investments with four financial institutions.



Figure 4.26. Satisfaction with financial institutions' advice.

Figure 4.26 above depicts that 43 % of the respondents are not satisfied with the advice they get from financial institutions, if at all, while 57 % say they are satisfied with the advice. Those who were not satisfied attributed their responses to issues like no time to get advice as institutions are constantly full and trying to service everyone at once and bad investment advice which cost them their money. The 57 % that indicated satisfaction attributed it to better management of funds and good investments due to the advice they received from their institutions.

Table 4.5. Mean and FV values for the different variables.

	N	Mean	FV
I have fully outlined my financial objectives on paper	111	2.450	0.613
I maintain a current list of my assets and liabilities	111	2.577	0.644
Holding a strong cash position is necessary	111	2.640	0.660
I systematically save for life's eventualities in 10years' time or more	111	2.514	0.628
I am satisfied with my present rate of savings and investment accumulation	111	1.982	0.495
I am a member of a government pension plan that provides adequate pension upon retirement	111	2.405	0.601
I understand all the benefits that are available to through my pension plan	111	2.396	0.599
I have determined how much income I can expect on retirement	111	2.252	0.563
I have other retirement plans besides the government pension plan	111	2.234	0.559
I know what income I would need if I were unable to work due to an accident or severe illness	111	2.297	0.574
In the event of a prolonged disability, I know how long I could survive on my present savings	111	2.198	0.550
My loan payments are fully covered by disability income protection	111	2.090	0.523
I fully understand the government disability benefits	111	1.937	0.484

I have an alternative source of income in the event of an extended disability	111	2.036	0.509
In the past three years, I have had a credit or store card application declined	111	1.775	0.444
In the past three years, I've had a personal loan application declined	111	1.676	0.419
In the past three years, I have arranged a debt management plan (formally/informally)	111	1.739	0.435
In the past three years, I've sought a reduction in monthly payments with a lender	111	1.712	0.428
In the past three years, I've had a default/termination notice issued by a bank or creditor	111	1.658	0.414

4.7 RELIABILITY OF DATA

In order to test the reliability of the questionnaire, four variables were constructed namely personal financial planning, retirement planning, disability planning and debt management. This was done by the summation of all the responses of the relevant questions associated with each of the variables. Then the Cronbach alpha was calculated to determine the reliability of the variables constructed. The Cronbach alpha determines the reliability of the scale used and it tests whether or not the items used for a variable actually measure that particular construct. If the computed value of Cronbach alpha is above 0.5, a conclusion can be made that a reliable scale exists. Table 4.6 below gives the results from the SPSS, and all values are above 0.5.

Table 4.6. Cronbach's alpha test of the variables.

Variables	Cronbach's Alpha	Nr of Items
Personal financial planning	0.685	5
Retirement planning	0.705	4
Disability planning	0.757	5
Debt management	0.883	5

4.8 NORMALITY

In order to test for group differences as well as for correlation, this study will test whether the four variables, namely personal financial planning, retirement planning, disability planning and debt management are normally distributed. This test is done to ascertain use of the correct tests for significant differences as well as for correlation. The p-value was computed and compared with a significance level of 0.1. If the p-value is less than 0.1, a conclusion can be made that the variable is not normally distributed. If the p-value is greater than 0.1, a conclusion can be made that the variable is normally distributed.

The p-values for the four variables are less than 0.1 which means that none of the variables are normally distributed. Therefore, the study cannot use the t-test and ANOVA to test whether or not there are significant differences among the demographic groups for each of the mentioned variables. Instead, the study will use the Mann-Whitney test on variables that are not normally distributed. This also means that Pearson's correlation coefficient cannot be used to test for the relationship between satisfaction and the four mentioned variables. Instead, the study will use Spearman's rho, a test that is used on variables that are not normally distributed.

4.9 MANN-WHITNEY U TEST

This test is used to determine whether or not personal financial planning, retirement planning, disability planning and debt management are the same across all groups of gender, levels of how much the respondent owes on credit cards as well as across levels of how much the respondents owes on loans. Here the p-value is computed and compared with a significance level of 0.1. If the p-value is less than 0.1, a conclusion can be made that these variables are different between the 2 groups. This means that the four variables above are different for males and females.

Table 4.7. Gender and satisfaction.

	Gender		Satisfaction	
Variables	P-value	Decision	P-value	Decision
Personal financial planning	0.834	Retain the null hypothesis	0.408	Retain the null hypothesis
Retirement planning	0.371	Retain the null hypothesis	0.052	Reject the null hypothesis
Disability planning	0.716	Retain the null hypothesis	0.407	Retain the null hypothesis
Debt management	0.651	Retain the null hypothesis	0.018	Reject the null hypothesis

Table 4.8. Amounts owing on credit card and on loans.

	Amount owing on credit cards		Amount owing on loans	
	P-value	Decision	P-value	Decision
Personal financial planning	0.585	Retain the null hypothesis	0.747	Retain the null hypothesis
Retirement planning	0.004	Reject the null hypothesis	0.165	Retain the null hypothesis
Disability planning	0.004	Reject the null hypothesis	0.657	Retain the null hypothesis
Debt management	0.058	Reject the null hypothesis	0.479	Retain the null hypothesis

4.9.1 Gender

All p-values are greater than 0.1. This means that these four variables are the same for males and females. This contrasts to the popular belief that men are more advanced with personal finance than women.

4.9.2 Satisfaction

The p-values for personal financial planning and disability planning are 0.408 and 0.407 which is greater than 0.1. This means that personal financial planning and disability planning are the same between those respondents who are satisfied and those who are not. The p-values for retirement planning and debt management are 0.052 and 0.018 which is less than 0.1. This means that retirement planning and debt management differ between those respondents who are satisfied and those who are not.

4.9.3 Amount owing on credit cards

The p-value for personal financial planning is 0.585 which is greater than 0.1. This means that personal financial planning is the same for those respondents owing R0 - 10 000 on credit cards and those respondents who owe above R10 000. The p-values for retirement planning, disability planning and debt management are less than 0.1 and are 0.004, 0.004 and 0.058 respectively. This means that retirement planning, disability planning and debt management differ between those respondents owing R0 - 10 000 on credit cards and those respondents who owe above R10 000.

4.9.4 Amount owing on loans

The p-value for personal financial planning is 0.585 which is greater than 0.1. This means that personal financial planning is the same between those respondents owing R0 - 10 000 on credit cards and those respondents who owe above R10 000. The p-values for all four variables are greater than 0.1. This means that personal financial planning, retirement planning, disability planning and debt management are the same between those respondents owing R0 - 200 000 on loans and those respondents who owe above R200 000.

4.10 CORRELATION

Here the study is testing whether or not there is a relationship between satisfaction and each of the following variables, namely personal financial planning, retirement planning, disability planning and debt management. The p-value is compared with a significance level of 0.1. If the p-value is less than 0.1, a conclusion can be made that a relationship exists between the variables. If there is a positive relationship between the two variables, the correlation coefficient will be positive and it will range between 0 and 1. The closer the value is to 1 the stronger the relationship between the two values.

On the other hand, if there is a negative relationship the correlation coefficient will be negative and it will range between -1 and 0. The closer the value is to -1 the stronger the relationship between the two values.

Table 4.9. Relationship between satisfaction and other variables.

Variables	Satisfaction	
	Coefficient	P-value
Number of financial institutions - loans	0.064	0.507
Number of financial institutions - investments	0.045	0.642
Personal financial planning	-0.079	0.411
Retirement planning	0.185	0.051
Disability planning	0.079	0.410
Debt management	0.225	0.017

The p-values for a number of financial institutions (loans), number of financial institutions (investments), personal financial planning and disability planning are greater than 0.1. This means that these variables are not related to satisfaction. The p-values for retirement

planning and debt management are less than 0.1 and are 0.051 and 0.017 respectively. Retirement planning has a correlation coefficient of 0.185 and debt management has a correlation coefficient of 0.225. This means that these two variables are positively related to satisfaction.

4.11 CONCLUSION

More teachers responded positively to financial planning than teachers who responded negatively. They understand the importance of financial planning and are diligently maintaining their planning and records of their spending and saving. Financial institutions should therefore nurture this important quality through training and systems that could assist clients to conduct better, more efficient ways to plan.

Despite the fact that budget management programs have not been implemented in Lesotho, the teachers have adopted a budgeting mentality. However, a significant 78.4 % of the respondents indicated dissatisfaction with their current savings and investments, while only 21.6 % has expressed satisfaction. This therefore calls for financial institutions to fill the gap between the desire and the action of saving and investing by increasing the perceived value of financial products that are currently in the market and by creating products that meet the needs of clients. They could place themselves as organisations in such a way that prospective clients are aware of different products and services they could utilize to meet this need.

Further, there still exists substantial ignorance when it comes to retirement planning and pension planning. While 58.55 % of the respondents have indicated they are members of the government pension fund, there is a concerning 41.45 % who are not members of the pension fund upon retirement; 57.65 % have shown they do not know how much to expect as pension upon retirement; 62 % of the respondents have indicated that they don't know how long they would survive on their current savings should they encounter prolonged disability. When it comes to the government disability benefits, only 28 % of respondents

indicated they knew about disability benefit, while a worrying 72 % do not have all the information.

CHAPTER 5: Conclusion and Recommendations

5.1 INTRODUCTION

This chapter provides a conclusion to the overall study as well as recommendations to financial institutions, the government through the Central Bank of Lesotho and Ministries of Finance and Education in order to ensure a renewed appetite by teachers of Maseru to provide for retirement.

5.2 SUMMARY OF THE STUDY

This study was conducted to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru teachers. The secondary objectives were to provide an overview of the importance of personal financial management, discuss the investment decision making process of Maseru teachers and determine the effectiveness of financial education by STANLIB Lesotho in helping teachers in Maseru to make better financial decisions.

Different literature approaches to finance were provided in Chapter 2. Personal financial management variables were also discussed namely financial planning, debt management, retirement planning and disability planning. Under financial planning, two schools of thought to financial planning were discussed, namely the client-centered approach and the goal-centered approach. Long-term and short-term goal settings were also discussed as well as financial planning in relation to income and expenditure.

Furthermore, under debt management, issues that affect mismanagement of debt such as delinquency and debt snowballing was discussed and the issue of debt control in relation to age and income was reported. With regards to retirement and disability planning, insurance as a financial service was discussed together with retirement funds and the shift from defined benefit to defined contribution funds. Challenges that face the Maseru teachers were also given.

Chapter 3 provided the research methodology of the study. Descriptive research was used portraying the characteristics of the teachers. This was then used to determine a possible relationship between the teachers' characteristics such as age and gender and their personal financial management skills. The positivistic approach was used as it is a quantitative research method. The population for the study included all teachers in the Maseru district, and due to the time and financial constraints, only the teachers in six high schools around Maseru district were chosen for the research comprising the sample of 192.

Of the 192 respondents, only 111 questionnaires were returned to the researcher fully and correctly completed, while the remaining 81 were either incomplete or incorrectly filled. Primary data was gathered through personally administered questionnaires to the respondents. The questionnaire was designed according to a 4-point Likert scale and the consistency in answering questions was determined by using Cronbach's Alpha.

The information given by the respondents was treated as confidential, and their privacy was guaranteed. The purpose of the research was also clearly explained to the respondents from the onset, with their self-esteem and self-respect highly considered. No one was forced to answer the questionnaire if they did not desire to do so. No misinterpretation or distortion of data was adopted in the reporting of the data collected during the study. Furthermore, all personal or seemingly intrusive information was treated with high sensitivity and reasons for such questions were explained accordingly. Permission was obtained from the relevant headmasters before the questionnaire was distributed to the teachers.

5.3 SUMMARY OF THE RESULTS

From the data analysis in Chapter 4, more teachers responded positively to financial planning than teachers who responded negatively. They understand the importance of financial planning and are diligently maintaining their planning and records of their spending and saving.

Despite the fact that budget management programs have not been implemented in Lesotho, the teachers have adopted a budgeting mentality. However, a significant 78.4 % of the respondents indicated dissatisfaction with their current savings and investments, while only 21.6 % has expressed satisfaction. Furthermore, there is still a substantial ignorance when it comes to retirement planning and pension planning. While 58.55 % of the respondents have indicated they are members of the government pension fund, there is a concerning 41.45 % who are not members of the pension fund upon retirement.

Moreover, 57.65 % have shown they do not know what amount to expect as their pension upon retirement; 62 % of the respondents have indicated that they don't know how long they would survive on their current savings should they encounter prolonged disability. When it comes to the government disability benefits, only 28 % of respondents indicated that they knew about their disability benefits, while a worrying 72 % do not have all the necessary information.

5.4 RECOMMENDATIONS

The government together with financial institutions (through the Financial Education Steering Committee) should nurture personal financial planning skills of teachers through training and systems that could assist clients to conduct better, more efficient ways to plan. They can achieve this by engaging qualified financial planners to do workshops that can be themed by different categories such as money management strategies, debt management and retirement and tax planning. It can be done on a quarterly basis so that the teachers receive training on all the aspects of personal financial management.

As a response to the obvious gap between the desire to invest and the actual action of saving and investing, financial institutions can increase the perceived value of financial products that are currently in the market, and by creating products that meet the needs of clients like investments at low transactional costs. The value of existing products can be increased by decreasing the prices of the products' initial fees, management fees, service fees, etc. By removing all the different fees and by charging one smaller total amount for a product, the clients will see it as more value for money.

Other ways to increase perceived value can be to: 1) convey the urgency of having funds for the future by sensitising clients about the government's old age packages' inability to support pensioners adequately during these years; 2) show proof of advantages of preparing for the future through testimonials of ordinary Basotho that the teachers can relate to; and 3) compare the price of saving and investing (risk and fees) to the more expensive option of not having any future savings to maintain a basic living in their country of choice.

The initiatives to inform and train people on personal financial management will not make a contribution if data is not collected to see progress and the effects that the past three years of campaigns have made on the ground. This is where the Department of Statistics can get involved. There is no data on the savings rate of individuals in Lesotho and no data that shows whether the money weeks that have been done in the past years have been effective. The data would be helpful in initiatives to graft strategies forward. Since the Department of Statistics primarily works with collecting data for the country, they already have the capacity and the know-how to start collecting relevant data. If modifications need to be done for the future, this would give the right platform to make such decisions for the future of Basotho.

Understanding the importance of saving for the future is of great value to people and therefore the concept of financial planning and actually engaging in activities that will

increase their future livelihoods. The government (through FESC) can engage public employees through road shows and other marketing activities so that more people are sensitised to the importance of financial planning. FESC should also become a permanent office that engages in training and other awareness campaigns, not only one week a year with no follow up initiative to keep the Basotho engaged. This office can engage the help of different financial institutions (this should be made mandatory) occasionally, to drive the vision and ensure implementation of strategies put in place.

With more Basotho learning increasingly more about personal financial planning, the country will be better off as more old age people are able to take care of themselves in the future, and do not rely solely on government assistance. This will also reduce government spending on consumables and enable the government to redirect the funds to other more economically enhancing initiatives. Not only does the government benefit but the future generations will also benefit. They will not have to carry the burden of taking care of their parents together with starting their own families and raising their own children. This will enhance the civilization of Basotho as the older generation will be able to take care of themselves and the younger generation will inherit investments from their predecessors and not debt. The government will become less indebted in the process of maintaining its people's basic needs in their old age or in the case of incapacitation.

5.5 CONCLUSION

In conclusion, it is clear that the Support of Financial Inclusion in Lesotho (SUFIL), together with financial and non-financial institutions have delivered a weak financial program so far. This is evident in the lack of basic knowledge in the retirement and

disability planning by the respondents. The lack of regulation and oversight in the insurance sector does not aid the problem. In fact, it aggravates the matter since it increases the issues of adverse selection and lack of trust between the sector itself and the teachers, together with society as a whole. Another issue identified in this study is the lack of documented results. No initiative or program can be well implemented if its influence cannot be measured. This makes it difficult to relate the fact that the teachers responded positively to financial planning and debt management in the training program in progress (money week).

The financial service companies like banks haven't done any better either. The banks in other countries have really gone an extra mile to assist the society to adopt a budgeting mentality by introducing simple budgeting programmes into their services, but the banks in Lesotho haven't introduced any programme similar to this. The issue of weak regulation in the financial sector has also exacerbated the problem because banks give customers financial advice that is not always to the best interest of the clients in order for them to meet their own targets for a specific period. The fact that the employees are not qualified financial planners means the advice given to clients is inadequate at best.

REFERENCES

Advagig, M. and Hugic, F. 2012. Gender Responsive Budgeting as Smart Economics: A Comparative Analysis between Bosnia and Herzegovina and Republic of Macedonia. *Journal of Economic and Social Studies*. Vol. 2(2), pp 197-216.

Amar, M., Ariely, D., Ayal, S., Cryder, C. E. and Rick, S. I. 2011. Winning the Battle but Losing the War: The Psychology of Debt Management. *Journal of Marketing Research*. Vol. 48(1), pp 38-50.

Bendig, M. and Arun, T. 2011. Micro financial services and risk management: evidences from Sri Lanka. *Journal of Economic Development*. Vol. 36(4), pp 97-126.

Bertram, D. 2009. Likert Scales are the meaning of life. [Online]. Available at <http://poincare.matf.bg.ac.rs/~kristina/topic-dane-likert.pdf> (Downloaded on 8th May 2015).

Bester, H., Chamberlain, D., Hawthorne, R., Malherby, S. and Walker, R. 2004. Making insurance markets work for the poor in Botswana, Lesotho, Namibia and Swaziland – scoping study. [Online]. Available at http://www.finmark.org.za/wp-content/uploads/InsuranceScoping_BLNS.pdf (Downloaded on 3rd April 2015).

Blackely, D. G. and McShane, B. 2012. Can Small Victories Help Win the War? Evidence from Consumer Debt Management. *Journal of Marketing Research*. Vol. XLIX, pp.487–501.

Botos K., Botos, J., Beres D., Csernak J., and Nemeth E. 2011. Financial literacy and risk taking of households in the Hungarian Central Great Plain. [Online]. Available at <http://www.asz.hu/public-finance-quarterly-articles/2012/financial-literacy-and-risk-taking-of-households-in-the-hungarian-central-great-plain/a-267-285-botos-es-tsai.pdf> (Downloaded 28 January 2015).

Brass, T. 2010. Capitalism, Primitive Accumulation and Unfree Labour. *International Annual Bibliography of Festschriften*. Vol 32(1), pp. 67–131.

Catalan, M. and Demekas, D. 2015. Challenges for systemic risk assessment in low-income countries. *Journal of Risk Management in Financial Institutions*, vol. 8(2), pp 118-129.

Central Bank of Lesotho. 2013. Private sector credit behaviour in Lesotho. *CBL Economic Review*, August 2013, No. 146.

Charter, N., Huck, S. and Inderst, R. 2010. Consumer Decision-Making in Retail Investment Services: A Behavioural Economics Perspective. [Online]. Available at http://www.dectech.co.uk/behavioural_science/public_research/dectech_research_ec.pdf (Downloaded 13 April 2015).

Cieslik, E. 2014. China's shadow banking sector: Recent developments and systemic risk assessment. *Oeconomia*. Vol. 13(2), pp 25-36.

Clancy M., Grinstein-Weiss M. and Schreiner M. 2001. Financial Education and Savings Outcomes in Individual Development Accounts. [Online]. Available at http://www.microfinance.com/English/Papers/IDAs_Financial_Education.pdf (Downloaded 16 February 2015).

Eccles, D. W., Ward, P., Goldsmith, E. and Arsal, G. 2013. The Relationship between Retirement Wealth and Householders' Lifetime Personal Financial and Investing Behaviors. *Journal of Consumer Affairs*. Vol. 47(3), pp. 432-464.

FinMark Trust. 2014. Focus Note Understanding the challenges and opportunities for saving among low income individuals: Lesotho, Malawi and South Africa. [Online]. Available at http://www.finmark.org.za/wp-content/uploads/pubs/Focusnote_savingsstudy_SA_Malawi_Lesotho_112013.pdf (Downloaded 2 February 2015).

Finscope. 2011. FinScope Consumer Survey Lesotho 2011. [Online]. Available at http://www.finmark.org.za/wpcontent/uploads/pubs/RepFSLESOTHO_FNL_2012.pdf. (Downloaded 25 January 2015).

Frerichs, R. R. 2008. Simple random sampling. [Online]. Available at http://www.ph.ucla.edu/epi/rapidsurveys/RScourse/RSbook_ch3.pdf (Downloaded 10 May 2015).

Fulford, S. L. 2014. How important is variability in consumer credit limits? *Federal Reserve Bank of Boston Working Paper*, Vol. 14 (8), pp 1-10.

Geisler, G. G. and Stern, J. J. 2014. Retirement Account Options When Beginning a Career. *Journal of Financial Service Professionals*. Vol. 68 (3), pp45-50.

Gerber, J.F. 2013. The Hidden Consequences of Credit: An Illustration from Rural Indonesia. *Development and Change Journal*. Vol. 44(4), pp 839–860.

Gliem, J. A. and Gliem, R. R. 2003. Midwest Research to Practice Conference in Adult, Continuing, and Community Education. *Refereed Paper Presentation*, The Ohio State University, Columbus, OH, October 8-10.

Government of Lesotho. 2012. National Strategy Development Plan 2013/13 to 2016/17: Growth and development framework. [Online]. Available at www.gov.ls (Downloaded on 31st March 2015).

Grable, J. E. and Carr, A. 2014. Risk tolerance and goal based financial planning. *Journal of Financial Service Professionals*, Vol. 68(1), pp 12-14.

Greasley, P. 2014. Quantitative data analysis using SPSS. Berkshire, England: McGraw-Hill House.

Grinstein-Weiss, M., Guo, S., Reinertson, V. and Russell, B. 2015. Financial Education and Savings Outcomes for Low-Income IDA Participants: Does Age Make a Difference? *The Journal of Consumer Affairs*. Vol. 49(1), pp 156-185.

Hershey, D. A. and Mowen, J. C. 2000. Psychological Determinants of Financial Preparedness for Retirement. *The Gerontologist*, Vol. 40 (6), pp 687-697.

Ingham-Broomfield, R. 2015. A nurses' guide to Quantitative Research. *Australian Journal of Advanced Nursing*. Vol. 32(2), pp. 32-38.

International Monetary Fund. 2014. 2014 Article iv consultation—staff report; press release; and statement by the executive director for the kingdom of Lesotho. *IMF Country Report* No. 14/201.

Karlan, D., Ratan, A. L. and Zinman, J. 2014. Savings by and for the poor: a research review and agenda. *Review of Income and Wealth Series*. 60(1), pp 36-78.

Klimavičienė, A. and Jurevicienė, D. 2008. Asmeninių finansų valdymo teoriniai aspektai gyvenimo ciklo požiūriu, *Business: Theory and Practice*. Vol. 9(1), pp 22–32.

Kucuktalasli, O., Arslan-Ayaydin, O. and Karan, M. B. 2012. Quality in the financial sector from the perspective of consumer credits by socioeconomic and demographic characteristics. *Total Quality Management Journal*. Vol. 23(12), pp 1453–1463.

Leung, S. O. 2011. A Comparison of Psychometric Properties and Normality in 4-, 5-, 6- and 11-Point Likert Scales. *Journal of Social Service Research*. Vol. 37(1), 412–421.

Lusardi A. and Mitchel O. S. 2011. How financial literacy and impatience shape retirement wealth and investment behaviors. *NBER Working Paper Series*. Working Paper 16740, January.

Manje L. and Jeffris K. 2014. Lesotho Demand, supply, policy and regulation. Synthesis Report 2014. [Online]. Downloaded at http://www.finmark.org.za/wp-content/uploads/pubs/MAP_Lesotho_Synthesis_2014_FNL.pdf (Downloaded 8 February 2015).

Maraïs, A. 2009. Considering the role and analysing the effectiveness of the media in covering issues of personal finance: the case of Huisgenoot (2007- 2008). *Global Media Journal African Edition*. Vol. 3 (1), pp 1-23.

Martinez, G. J. R. 2013. The knowledge about financial planning and personal finance management in university students. *Global Conference on Business and Finance Proceedings*. Vol. 8(2), pp 1350-1354.

Mokobori, P. 2008. Gender and development policy in Lesotho. The National University of Lesotho Discussion Paper, Ref 85. [Online]. Available at http://www.educationforsustainabledevelopment.org/papers/paper_85.doc (downloaded 20 May 2015).

Muthumanikumar, M., Martin, D. P., Sriram, S., Rajadurai, M. and Sudalaimuthu, S. 2012. Consequences of financial crisis on investor's risk tolerance with special reference to IIFL in Tirunelveli City. *ASIA Pacific Journal of Research in Business Management*. Vol. 3 (12), December 2012.

Navickas, M., Gudaitis, T. and Krajnakova, E. 2014. Influence of financial literacy on management of personal finances in a young household. Vol. 15(1), pp 32-40.

Nseera, E. and Bhatia, A. 2014. African Economic Outlook: Lesotho. [Online]. Available at www.Africaneconomicoutlook.org (Downloaded 21 January 2015).

Otieno, J. O., Rambo, C. M and Odundo, P. A. 2014. Contribution of local authority transfer fund to debt reduction in Kenyan local authorities. *Global Journal of Business Research*. Vol. 8(3), pp 57-68.

Parish, S. 2014. Permanent Life Insurance in Financial Planning: Time for a New Model. *Journal of Financial Services Professionals*. Vol. 68(6), pp 30-32.

Park, M. J. and DeVaney, S. A. 2007. Examining a Model of Economic Well-being Based on Financial Ratios. *Consumer Interests Annual*. Vol. 53(1), pp 1-23.

Poposka, K. 2013. Personal finance: concept and stance in the republic of Macedonia. *Journal of Sustainable Development (1857-8519)*. Vol. 5(10), pp 70-82.

Rajasekar, S., Philominathan, P. and Chinnathambi, V. 2014. Research methodology. [Online]. Available at <http://arxiv.org/pdf/physics/0601009.pdf> (Downloaded 13 May 2015).

Rothwell, D. W. and Sultana, N. 2013. Cash-Flow and Savings Practices of Low-Income Households: Evidence from a Follow-Up Study of IDA Participants. *Journal of Social Service Research*. Vol. 39(1), pp 281–292.

Samson, A., Louwenstein, G. and Sutherland, R. 2014. The Behavioral Economics Guide 2014 (1st ed.). [Online]. Available at <http://www.behavioraleconomics.com/BEGuide2014.pdf> (Downloaded 14 May 2015).

Scheresber, C. B. D., Prio, M. I., Abbas, S. A., Ali J., Khan H. U. and Rashid, Z. 2015. Over-indebtedness and use of debt counseling: an overview. *Global Conference on Business and Finance Proceedings*. Vol. 10(1), pp 360-367.

Scharff, R. C. 2011. Being Post-Positivist . . . or Just Talking About it? *Journal of Science and Business Media*, Vol. 18(1), pp 393-397.

Smith, T. A. 2014. Testing theory and related factors for influencing proficiency in quantitative research. *Academy of Educational Leadership Journal*. Vol.18(4), pp. 117-128.

Speelman, G.P, Clark-Murphy, M. and Gerrans, P. 2012. Decision making clusters in retirement savings: gender differences dominate. *Journal of Economic Issues*. Vol. 10(34), pp 329-339.

STANLIB Lesotho. 2014. About STANLIB Lesotho. [Online]. Available at www.stanlib.com (downloaded 24 September 2014).

Swiecka, B. 2014. Households indebtedness repayment difficulties as one of the problems of the contemporary financial market. *Journal of Economics and Management*. Vol. 16(1), pp135-146.

Tavakol, M. and Dennick, R. 2011. Making sense of Cronbach's Alpha. *International Journal of Medical Education*. Vol. 2(1), pp. 53-55.

Tenenbaum, G., Gershgorena, L. and Schinkeb, R. J. 2011. Non-numerical data as data: A positivistic perspective. *Qualitative Research in Sport, Exercise and Health Aquatic Insects*. Vol. 3(3), pp. 349–361.

Thamae. M. 2014. Excess Liquidity in the Financial Sector of Lesotho: Main Drivers and Policy Options. [Online]. Available at <http://wiredspace.wits.ac.za/jspui/bitstream/10539/14893/1/Excess%20Liquidity%20in%20the%20Financial%20Sector%20of%20Lesotho.pdf> (Downloaded 19 March 2015).

Timmermann, S. 2014. The nuances of the 50+ market: A primer for new planners. *Journal of Financial Service Professionals*. Vol. 68 (3), p26-29.

UNDP Maseru. 2013. National Money Week. [Online]. Available at ls.undp.org (Downloaded 24 September 2014).

Vilakathi, C. Z. 2009. Research Design and Methodology. [Online]. Available at

<http://uir.unisa.ac.za/bitstream/handle/10500/1452/04chapter3.pdf> (Downloaded 10 May 2015).

Volpe, R. P., Chen, H. and Pavlicko, J. P. 2010. Personal Investment Literacy Among College Students: A Survey. *Financial Practice & Education*. Vol. 6(2), pp 86-94.

Wagoner, J. 2014. Personal Budgeting: What Are We Trying to Do? *Journal of Financial Service Professionals*.

Yi, A. 2014. Reforming the student loan market: income related repayment plans or risk-based loans? *Virginia Journal of Social Policy & the Law*. Vol. 21(3), pp 511-546.

APPENDIX A

Cover Letter for the Questionnaire



Monddy Mohoanyane
Business School
University of the Free State
Bloemfontein, South Africa

Dear Respondent,

Re: A Request to participate in the Research

I am a MBA Student at the University of the Free State (UFS), Bloemfontein and I am conducting research on the impact of the personal finance management training of Stanlib Lesotho on investment behaviour of Maseru Individuals. The research has been authorised by the Business School at the UFS and my supervisor Professor Helena Van Zyl.

Personal finance encompasses issues such as credit and debt products, debt management, retirement plans, insurance, investment and taxes. Personal financial management is important for individual financial wellbeing as well as the economy as a whole. The primary objective of this questionnaire is to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru Individuals. The results will assist Stanlib to determine the effectiveness of its financial education in helping teachers make better decisions.

Therefore, your participation will form a critical part of this research. Please take some time to complete the questions set below. It will take maximum of 15 minutes of your time to complete this questionnaire. Your responses will be valuable to the researcher and as such it will be treated with **utmost confidence**. No reference will be made to any individual and the information will be reported in an aggregated form. A summary of my findings will be provided upon your request.

Return date for the questionnaire: latest by 17 July 2015

If you have any queries, please do not hesitate to contact me. Alternatively, you can contact the University of the Free State Business School on +27(0)51 401 3163. I thank you in advance for your kind assistance and corporation.

Yours Sincerely,

Monddy Mohoanyane

Maretsepile.mohoanyane@stanlib.com

+266- 5887 7887

Questionnaire

Instruction(s)

Please tick the appropriate box with a cross to indicate your answer to each question.

Demographic Questions

1) What is your Sex?

☐ Male

☐ Female

2) How long have you worked?

☐ 1 – 5 years

☐ 6 – 10 years

☐ 11 – 15 years

☐ 16 – 20 years

☐ Over 20 years

3) What is your age group?

☐ Under 25

☐ 25 to 35

☐ 36 to 45

☐ 46 to 55

☐ 56 or older

4) What is your highest level of education?

☐ Did not complete high school

☐ High school equivalent

- ☐ Diploma
- ☐ Bachelor's Degree
- ☐ Master's Degree
- ☐ PhD

Personal Financial Planning	Strongly Disagree	Disagree	Agree	Strongly Agree
I have fully outlined my financial objectives on paper.				
I maintain a current list of my assets and liabilities.				
Holding a strong cash position is necessary.				
I systematically save for life's eventualities in 10 years' time or more				
I am satisfied with my present rate of savings and Investment Accumulation				
Retirement Planning	Strongly Disagree	Diagree	Agree	Strongly Agree
I am a member of a government pension plan that provides adequate pension upon retirement				
I understand all the benefits that are available to me through my pension plan				
I have determined how much income I can expect on retirement				
I have other retirement plans beside the government pension plan				
Disability Planning	Strongly Disagree	Diagree	Agree	Strongly Agree
I know what income I would need if I were unable to work due to an accident or severe illness				
In the event of a prolonged disability, I know how long I could survive on my present savings				
My loan payments are fully covered by disability income protection				
I fully understand the government disability benefits.				
I have an alternative source of income in the event of an extended disability				
Debt Management	Strongly Disagree	Diagree	Agree	Strongly Agree
In the past three years, I have had a credit or store card application declined?				
In the past three years, I have had a personal loan application declined?				
In the past three years, I have arranged a debt management plan (formal or informal)?				
In the past three years, I have sought a reduction in monthly repayments with a lender				
In the past three years, I have had a default or termination notice issued by a bank or creditor				

How much do you owe on credit cards?

- ☐ 0 - R10 000
- ☐ R10 001 - R20 000
- ☐ R20 001 – R40 000
- ☐ Above R40 000

How much do you owe on loans (personal/home/car)

- ☐ 0 – R200 000
- ☐ R200 001 – R300 000
- ☐ R300 001 – R400 000
- ☐ R400 001 – R500 000
- ☐ Above 500 000.....

What is your gross monthly income?

- ☐ 0 – R5 000
- ☐ R5 001 – R10 000
- ☐ R10 001 – R15 000
- ☐ Above R15 000

Any other income (monthly amount)?

- ☐ 0 – R5 000
- ☐ R5 001 – R10 000
- ☐ R10 001 – R15 000
- ☐ Above R15 000.....

How many financial institutions do you have loans with?.....

How many financial institutions do you have investments with?.....

Are you satisfied with financial advice/education provided by financial institutions?
Motive your answer.

.....
.....

END

APPENDIX B

Maseru Day High School

P.O. Box 204

Maseru 100

Lesotho

20th July 2015

Dear Mrs Mohoanyane

Re: Opportunity to participate in your Academic research

Thank you for considering our school for your field study at the University of the Free State. You are more than welcome to come and conduct your work with our teachers here at Maseru Day. Any day that works to your convenience is great for us.

We look forward to working with you.

Yours Faithfully

K. Mojaki

Mr. Keketso Mojaki

Head Master: Maseru Day High School

Mabathoana High School

P.O. Box 2135

Maseru 102

Lesotho

17th July 2015

Dear Mrs Mokoanyane

Re: Opportunity to participate in your Academic research

Thank you for considering our school for your field study at the University of the Free State. You are more than welcome to come and conduct your research with our teachers here at Mabathoana. Please come on 20th July as it's our closing date.

We look forward to working with you.

Yours Faithfully

.....*Moejane*.....

Mrs. Mankali Moejane

Head Master: Mabathoana High School



Molele Government H School

P.O. Box 15
Kolonyama, Maseru 206
Lesotho

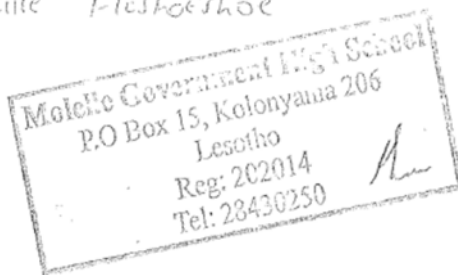
16th July 2015

Dear Mrs Mahanyane

Re: Request to carry out research at our School

Please be advised that you can come to our school at your convenience as we are here until August 2nd 2015. We look forward to working with you.

Mr Mwaalle Hushoeshoe
Principal



Cover Letter for the Questionnaire



Monddy Mohoanyane
Business School
University of the Free State
Bloemfontein, South Africa

Dear Respondent,

Re: A Request to participate in the Research

I am a MBA Student at the University of the Free State (UFS), Bloemfontein and I am conducting research on the impact of the personal finance management training of Stanlib Lesotho on investment behaviour of Maseru Individuals. The research has been authorised by the Business School at the UFS and my supervisor Professor Helena Van Zyl.

Personal finance encompasses issues such as credit and debt products, debt management, retirement plans, insurance, investment and taxes. Personal financial management is important for individual financial wellbeing as well as the economy as a whole. The primary objective of this questionnaire is to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru Individuals. The results will assist Stanlib to determine the effectiveness of its financial education in helping teachers make better decisions.

Therefore, your participation will form a critical part of this research. Please take some time to complete the questions set below. It will take maximum of 15 minutes of your time to complete this questionnaire. Your responses will be valuable to the researcher and as such it will be treated with **utmost confidence**. No reference will be made to any individual and the information will be reported in an aggregated form. A summary of my findings will be provided upon your request.

Return date for the questionnaire: latest by 17 July 2015

Request is accepted

Yours Sincerely,

Monddy Mohoanyane

Maretsepile.mohoanyane@stanlib.com

+266- 5887 7887



Cover Letter for the Questionnaire



Monddy Mohoanyane
Business School
University of the Free State
Bloemfontein, South Africa

Dear Respondent,

Re: A Request to participate in the Research

I am a MBA Student at the University of the Free State (UFS), Bloemfontein and I am conducting research on the impact of the personal finance management training of Stanlib Lesotho on investment behaviour of Maseru Individuals. The research has been authorised by the Business School at the UFS and my supervisor Professor Helena Van Zyl.

Personal finance encompasses issues such as credit and debt products, debt management, retirement plans, insurance, investment and taxes. Personal financial management is important for individual financial wellbeing as well as the economy as a whole. The primary objective of this questionnaire is to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru Individuals. The results will assist Stanlib to determine the effectiveness of its financial education in helping teachers make better decisions.

Therefore, your participation will form a critical part of this research. Please take some time to complete the questions set below. It will take maximum of 15 minutes of your time to complete this questionnaire. Your responses will be valuable to the researcher and as such it will be treated with **utmost confidence**. No reference will be made to any individual and the information will be reported in an aggregated form. A summary of my findings will be provided upon your request.

Return date for the questionnaire: latest by 17 July 2015

Request Accepted

Yours Sincerely,

Mondy Mohoanyane

Maretsepile.mohoanyane@stanlib.com

+266- 5887 7887



Cover Letter for the Questionnaire



Monddy Mohoanyane
Business School
University of the Free State
Bloemfontein, South Africa

Dear Respondent,

Re: A Request to participate in the Research

I am a MBA Student at the University of the Free State (UFS), Bloemfontein and I am conducting research on the impact of the personal finance management training of Stanlib Lesotho on investment behaviour of Maseru Individuals. The research has been authorised by the Business School at the UFS and my supervisor Professor Helena Van Zyl.

Personal finance encompasses issues such as credit and debt products, debt management, retirement plans, insurance, investment and taxes. Personal financial management is important for individual financial wellbeing as well as the economy as a whole. The primary objective of this questionnaire is to explore the impact of the personal finance management education of STANLIB Lesotho on investment behavior of Maseru Individuals. The results will assist Stanlib to determine the effectiveness of its financial education in helping teachers make better decisions.

Therefore, your participation will form a critical part of this research. Please take some time to complete the questions set below. It will take maximum of 15 minutes of your time to complete this questionnaire. Your responses will be valuable to the researcher and as such it will be treated with **utmost confidence**. No reference will be made to any individual and the information will be reported in an aggregated form. A summary of my findings will be provided upon your request.

Return date for the questionnaire: latest by 17 July 2015

Yours Sincerely,

Monddy Mohoanyane

Maretsepile.mohoanyane@stanlib.com

+266- 5887 7887

Request is granted on 15/07/15
Atto — da

ST. CATHERINE'S
HIGH SCHOOL
P.O. BOX 17, MASERU 100
LESOTHO, SOUTHERN AFRICA
TEL/FAX: 22 322452
15/07/15