Global Scientific JOURNALS

GSJ: Volume 12, Issue 5, May 2024, Online: ISSN 2320-9186
www.globalscientificjournal.com

Financial Literacy and Saving Behavior of Co-Operative Employees in Butwal

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Abstract

This study has examined factors examine the level of financial literacy and saving behavior of co-operatives in Butwal Sub-Metropolitan City. Independent variables included financial literacy and socio-demographic variables like age, marital status, and monthly income and dependent variable are saving behavior. The data have been collected from the co-operatives in Butwal Sub-Metropolitan City. Major focused of the study on factors that service quality and saving behavior on co-operatives with specific objectives. To meet these objectives, various statistical tools: Mean, Standard deviation, Coefficient of Variation, Coefficient of correlation, ANOVA test was applied. It has been found that higher levels of variables performance increase service quality and saving behavior on co-operatives, significance relationship between internal factors and satisfaction. The descriptive and causal comparative research design adopted for the study. *The study targeted 145Co-operatives of Butwal Sub Metropolitan City as population, from there are altogether 145 co-operativesin Butwal. In this regard, the total employees these 145 co-operativesare 396 which are considered as the population of the study, the sample size is taken as 199 employees based on α% level of significance as mentioned below in sample size. Now, for the sample researcher has applied Yamen (1967) formula to calculate sample size. $n = N/(1+Ne^2)$. So, the sample of the study is 199. Conveniences sampling methods will be used.*

Keywords: Financial literacy , saving behavior of co-operative employees.

1. Introduction

Chen (2018) firmly stated that financial literacy continued to gain greater prominence in the field of education and beyond in this period. Accordingly, many researchers became interest in the field of financial literacy and its impact on personal financial management practices. Nowadays environmental changes in technology, legal and evolutions in financial markets have become ever more necessary for individuals, households, and corporations to be more knowledgeable and competent in financial management practices. Among them, saving is one of the common financial management practices for individuals, households and corporations. In today, most of the financial institutions provide various forms of saving for consumers. Saving can have positive impact on the entire economy since it can encourage the investments that trigger the economic growth and development (Brown, 2013).

Financial decision making is an integral part of daily life. Most of the decisions are made without consulting trained financial advisors. Accordingly, our ability to make financial decision often depends on the ability to comprehend financial theories and terminology and integrate them into the decision-making process. Financial literacy is the term used to describe the combination of economic and theoretical knowledge employed in financial decision making. Economists have been seeking to understand the links between financial literacy, and wealth for the last decade(Anderson, 2005).

Cooperatives has strengthened collective decision of its members mostly in the areas of procurement of the agro inputs, agro processing, storage of the agro products and its marketing & distribution. These cooperatives have also vital role in access to financial services, value chain training and marketing assistance besides negotiation with government for subsidies, fertilizers and the elimination of intermediaries by selling the products directly in the market (Huston, 2010). Nepalese cooperatives are mostly technically assisted by nonprofit organization through the findings from the international organizations, foundations and development partners. Most of the members of these co-operatives are poor, disadvantaged and deprived families, including small and marginal farmers. The role of these agri-coopertiaves are more important, Nepal being the agriculture economy, where it contributes around 34% on GDP and provides employment for more than 66 % people1 . According to World Development Report "agriculture is around four times more effective at raising incomes among the poor than other sectors" (World Bank, 2020). The significant is the literacy rate for the population of 10 years and above which only 39.6%. There is a wide gap between the literacy rate of rural and urban people. The rural people are more illiterate (Brown, 2013).

However, high illiteracy, mainly financial illiteracy (lack of financial management skills both book keeping, statutory compliance and financial decision making) might be the biggest hurdle in the process of the sustainable growth of these co-operatives. The concern is whether the efforts of co-operatives in farmers economic empowerment and self sustainability of the cooperatives will be successful in the condition that the executive members (farmers) representing the board of directors of such co-operatives have financial illiteracy or low financial literacy. Financial decision making is an integral part of daily life. Most of the decisions are made without consulting trained financial advisors. O-operative may not be able of the product the literature that there is a strong relationship between financial knowledge and household welfare. Studies indicate that households with less financial knowledge or literacy tend not to plan for their retirement (Lusardi & Mitchell, 2007) receive lower asset levels and usually borrow at higher interest rates. These results have convinced policy makers in both, developed and developing countries to increase efforts in advancing financial education, so they can increase household saving and participation in financial markets, to improve well-being and reduce poverty ultimately. Increasing financial knowledge and capability promotes better financial decision making, thus, enabling better planning and management of life events such as education, illness, housing purchase, or retirement.

Co-operative societies are based on the principles of cooperation, mutual help, democratic decision making and open membership. Co-operatives represented a new and alternative approach to organization as against proprietary firms, partnership firms and joint stock organization which represent the dominant form of finical organizations. These co-operatives, till 1996, were allowed to lend money only for non-agricultural purposes. Cooperatives are - autonomous business organizations, community organizations, popular organizations, Involved in micro-credit and micro-finance activities which replaced indigenous lenders and saved their members from exploitation of indigenous lenders' high rate of interest, members' business organizations united voluntarily, responsible for the economic and socio-cultural development of the members, protect its members and community during the period of price hike on daily consumer items, responsible for fair trade and transparent economic activities, industrial development for the transformation of Nepal, and working to create employment and self-employment in the community.

Thus it is necessary for service providers to understand how customers evaluate the quality of service offerings, choose organization and the basis on which they build long-term patronage. When customers consume a product or avail a service, they compare the quality of experience with their prior expectations which leads to their satisfaction or dissatisfaction. Therefore services marketing researchers based their work on developing a service quality concept focused on consumer behavior. Thus it has been recognized that customers evaluate service quality by comparing the actual performance with service expectations that they held.

Most of the cooperatives in Nepal are involved in saving collection and credit disbursement. But the highest number of cooperatives involved in saving and credit business is - Saving and credit cooperatives, multipurpose cooperatives, and Agricultural cooperatives. In some cases communication, milk, consumer cooperatives are also involving themselves in saving collection and credit disbursement. The involved businesses are collection of saving deposits, disbursement of credit to the members, recovery of loans. The general purpose of the study is to examine the level of financial literacy of co-operatives. The specific purposes of the study are:

- To measure the relationship between financial literacy and saving behavior.
- To examine the effect of financial literacy on saving behavior.
- To assess the difference among age, monthly income, marital status with regard and saving behavior.

2. Review of Literature

Hogarth (2002) financial literacy and saving behavior of co-operative employees can be defined as the way how people manage their money in terms of insuring, investing, saving and budgeting. In some studies, financial knowledge has been described as the understanding and knowledge of basic financial concept and the ability to use them to plan and manage their financial decision. Financial capability, or literacy, is determined by experience, expertise and person's needs, and can have a positive impact on consumers' personal involvement in financial markets and services.

Lusardi and Mitchell (2007) examined financial literacy and saving behavior of co-operative employees. Using data of elderly individuals from the Health and Retirement Survey in the US, the authors investigate whether financially literate people are more likely to plan for retirement, and whether planning have an impact on retirement wealth. Results of the study found that financial knowledge increases the likelihood of planning for retirement and that people who plan for retirement have higher levels of wealth compared to people who do not plan. They show that financial literacy, by its significant effect on planning, indirectly impacts household saving behavior. Research has shown that people with higher knowledge of finance are more capable of preparing themselves for retirement through better saving and insurance plans.

Dulebohn and Murry (2007) found that financial literacy and saving behavior of co-operative employees affected risky decision-making behavior in university- sponsored defined contribution retirement plan. It is series of investigation, Hersey and his colleagues found that financial knowledge has been shown to be an important determinant of retirement planning and savings decisions. This evidence has been supported by who suggested that individuals with more financial knowledge are more likely to plan for retirement. However, found that Australian individuals, who were more knowledgeable of their existing superannuation, were more likely to remain with the default find without retirement.

Lusardi and Mitchell (2007) examine the level of financial knowledge in co-operatives and how they plan for retirement. They found evidence that shows that older women demonstrate much lower levels of financial knowledge than the older population as a whole. Also, women who are less financially educated are less likely to plan for retirement and be successful planners. Using the National Financial Capability Study, examine financial knowledge in the United States by ethnicity and demography. They demonstrate that financial knowledge is particularly low among the young, women, and the less-educated.

Dvorak and Hanley (2010) designed an financial literacy and saving behavior particular contribution plan and found that participants show fairly good knowledge of the basic mechanics of the plan but are unable to differentiate among various investment options. Specifically, women, low income and low education employees were the most deficient. Apparently, personal contributions lead to more knowledge. Finally, they suggest that plans should be design with few investment options and encourage personal contributions.

Alessie (2011) financial literacy and saving behavior is strongly influencing net worth. First, a higher degree of financial knowledge increases the possibility of having gains from the stock market. Second, it has the great impact on the creation of retirement plans which lead to boost in savings. Overall, financial knowledge has been found to influence directly as well as indirectly the wealth and savings of households through planning, providing to be much more efficient in determining the saving behavior of households.

Thapa and Nepal (2014) investigated the financial knowledge of Nepalese co-operatives using various demographic, educational and personality characteristics with stratified sample size of 436. Research found that most of the students have basic level of financial of financial knowledge but they lack in understanding of credit, taxes, share market, financial statement and insurance.

Budhathoki (2017) studied taking the variables, finance literacy (basic financial knowledge and advance finance literacy) as independent variable and moderating variable (age, gender, education, income level, planning methods and type of employee: public or private) and retirement planning as dependent variable. The major objective of the study was to find relationship between financial knowledge and retirement planning. The study concluded that there is no significant relationship between basic financial knowledge and significant relationship between advance finance literacy and retirement planning. Main reason for initiating saving and credit co-operative business was to help the people to support their financial condition so that they do not have a problem to face lack of proper money lending organizations in the country. The people are provided with financial help to start, promote, sustain and grow their businesses and professions by the organization. In addition, loans are provided at a concessional rate and the amount is collected in small installments to make it easy for the debtors to pay their loans.

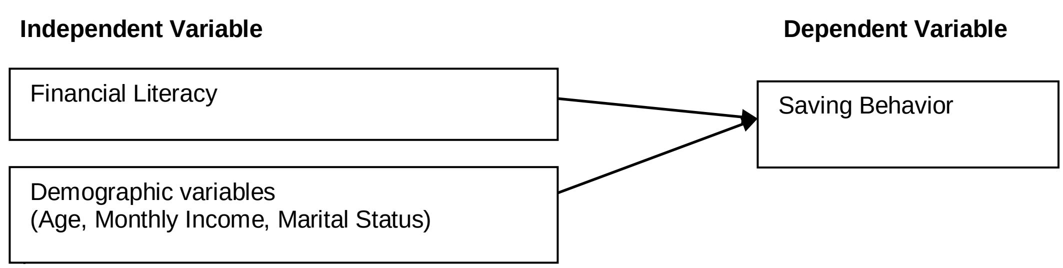
Ritson (2019) studied a mission to financial literacy and saving behavior in their organization and develop their organization financially and socially. The mission is linked with the idea of vision. Hence preparing effective plans assists in achieving optimistic results to achieve the mission by the co-operatives. After the mission is targeted by the organization, management activities must be performed in order to achieve the objectives of the co-operatives.

Battersby (2020) declared that the financial literacy and saving behavior in the institution where they deposit their savings. The companies with a good track record and an established reputation could arouse a certain level of trust. To attract new customers in the organization, the co-operatives should build up trust and good relation with the public. A sign of the relationship between a firm and the customer is developed when there are repetitive purchases by a customer. The objective of the research is to help to retain the customers in the case co-operatives as well. Considering the below mentioned research framework, the hypotheses of the study are as mentioned below:

- H_1: There is significant relationship between financial literacy and saving behavior.
- H_2: There is significant effect of financial literacy on saving behavior.
- H_3: There is a significant difference among different age group of employees with regard to saving behavior.
- H_4: There is a significant difference among different income Group of employees with regard to saving behavior.
- H_5: There is a significance difference among married and unmarried employees with regard to saving behavior.

The theoretical framework is the structure that can hold or support a theory of a research study. The theoretical framework introduces and describes the theory that explains why the research problem under study exists. Theoretical framework is a structure which shows the relation between independent and dependent variable. The theoretical framework of the study is as presented below.

Figure 1
Research Framework



Note: Adapted from Delafrooz, and Laily, 2011

3. Research Methodology

Research design

The current research utilized a descriptive research design, which aims to describe or define a subject by collecting data and tabulating the frequencies of research variables or their interaction, as Cooper and Schindler (2003) explained. This approach is suitable for the study as it aims to depict the existing state of affairs without manipulating variables. Additionally, a causal-comparative design was employed to investigate the relationships between independent and dependent variables after a specific action or event has taken place.

Population, sample size and sampling method

Population refers to the entire group of individuals or objects that possess certain characteristics or qualities that are of interest to the researcher. In research, the population is the group that the researcher wants to generalize their findings to. It is the entire group that has the characteristics or traits that the researcher is interested in studying.

There are altogether 145 co-operatives in Butwal. In this regard, the total employees these 145 co-operatives are 396 considered as the population of the study, the sample size is taken as 199 employees based on α% level of significance as mentioned below in sample size. Now, for the sample researcher has applied Yamen (1967) formula to calculate sample size. $n = N/(1+Ne^2)$. So, the sample of the study is 199. Conveniences sampling methods have been used.

The sampling method chosen determines how the sample respondents are approached for data collection. In this study, the convenience sampling method has been chosen to approach sample respondents. This method has been chosen because it is not possible to identify all potential investors, and so they has been approached based on the convenience of the researcher.

The questionnaire was chosen as the data collection instrument primarily due to its practicality, applicability to the research problem, and the size of the population. A self-administered questionnaire with closed-ended questions was developed and administered to 384 respondents. Out of 199 questionnaires 170 questionnaires ware returned and remaining questionnaires were not returned. Therefore, the response rate is 85%.

The questionnaire had two major sections. The first part sought demographic information from the respondents, while the second part sought information on different variables. The questionnaire was also used to collect data on different independent and dependent variables, using a five-point Likert scale, where 5 represents "Strongly Agree," 4 represents "Agree," 3 represents "Neutral," 2 represents "Disagree," and 1 represents "Strongly Disagree."

The data was analyzed by using the SPSS software version 20. Analysis was conducted via correlation and multiple regressions.

Regression analysis is a set of statistical methods used for the estimation of relationships between a dependent variable and one or more independent variables. It can be utilized to assess the strength of the relationship between variables and for modeling the future relationship between them. Simple linear regression is a model that assesses the relationship between a dependent variable and an independent variable. The simple linear model is expressed using the following equation:

$Y = a + bX + \epsilon$

Where:

- Y – Dependent variable
- X – Independent (explanatory) variable
- a – Intercept
- b – Slope
- ϵ – Residual (error)

For Multiple Regression Analysis

Multiple linear regression analysis is essentially similar to the simple linear model, with the exception that multiple independent variables are used in the model. The mathematical representation of multiple linear regressions is:

$Y = a + bX_1 + cX_2 + dX_3 + \epsilon$

Where:

- Y – Dependent variable
- X_1, X_2, X_3 – Independent (explanatory) variables
- a – Intercept
- b, c, d – Slopes
- ϵ – Residual (error)

The regression equation of the study is as follows: Regression equation showing the relation between all independent variable and dependent variable:- $Y=a+b1X1+b2X2+b3X3$

4. Results and Analysis

Table 1 shows that the value of Cronbach Alpha for financial literacy and saving behavior are 0.975, 0.798 respectively which means that the questions in the questionnaire for different variable are reliable. Reliability is two fundamental elements in the evaluation of a measurement instrument. Validity is concerned with the extent to which an instrument measures what it is intended to measure. Reliability is concerned with the ability of an instrument to measure consistency.

Descriptive statistics is an essential concept in mathematics and statistics. The mean is the average or the most common value in a collection of numbers. The mean and standard deviation value of different dimensions of financial literacy and saving behavior has been calculated in this section to know the response of employees.

Table 1

Descriptive Statistics of Independent variable and Dependent variable

Variables	N	Mean	S.D	Cronbach Alpha
Financial Literacy	170	3.57	1.13	0.975
Saving Behavior	170	3.63	0.96	0.798

Table 1, it is found that the mean value of financial literacy is 3.57. It indicates that the response of employees is in between neutral and agrees. With a standard deviation of (1.13), this means that standard deviation is far from the mean. Therefore, it can be concluded that there is some sort of lacking with respect to financial literacy. Hence, it is suggested that factors affecting on financial literacy part to make their employees more satisfied. The table 1 shows in the data saving behavior is 3.63, which is near to Disagree slightly and agree slightly. The average value for saving behavior in financial literacy of employees is 3.63 with a standard deviation of 0.96; this means that standard deviation is not clustered closed around the mean. Hence, it is suggested that factors affecting on financial literacy part to make their employees more satisfied.

Correlation

The correlation coefficient lies between +1 and -1. The +1 coefficient indicates that the variables are perfectly positively correlated and -1 coefficient indicates that the variables are perfectly negatively correlated.

Table 2

Correlations

Variables	Saving Behavior	Financial Literacy
Saving Behavior	1	.985**
Financial Literacy		1

**. Correlation is significant at the 0.01 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 2 it is shows that there is a positive relation between financial literacy, Since table no. 4.8 it is found that the value of correlation coefficient r= 0.008 which means there is low positive linear relationship between age and saving behavior with no significant. Moreover, it is found that the value of correlation coefficient r= 0.988 which means there is strong positive linear relationship between financial literacy and saving behavior significant at 0.01 level of significance. Moreover, it is found that the value of correlation coefficient r= 0.109 which means there is positive linear relationship between marital status and saving behavior no significant. Moreover, it is found that the value of correlation coefficient r= 0.06 which means there is low positive linear relationship between gender and saving behavior significant at 0.01 level of significance. Moreover, the P value for financial literacy, in-relation to saving behavior is 0.00 which signifies that the independent variable are significant at 0.01 level of significance which means there is a significant relationship between financial literacy and saving behavior. Thus, hypotheses (H_1) have been accepted.

Overall Regression

Regression coefficient is a statistical measure of the average functional relationship between two or more variables. In regression analysis, one variable is considered as dependent and other(s) as independent. Thus, it measures the degree of dependence variable on the other(s).

Table 3

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.781[a]	.609	.539	.18547

a. Predictors: (Constant), Financial Literacy

Table 3 shows, to analyze the influence of independent variables towards the saving behavior; the multiple linear regressions was applied to the study. Table 4.9 showed that the value of correlation coefficient (R) was equal to (.781), which showed a good positive correlation between financial literacy and saving behavior. The multiple coefficients of determination, R Square (R^2), were equal to (.609) It indicated that 60.9% of the variance of saving behavior could be explained by financial literacy.

Table 4

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	183.864	5	36.773	1.069E3	.000[a]
	Residual	5.641	164	.034		
	Total	189.506	169			

a. Predictors: (Constant), Financial Literacy

b. Dependent Variable: Saving Behavior

Table 4 shows that significance of the regression model (significant of R square). Sig value of 0.000 of T test indicates that the model is significant at 1 percent level of significant. P value is less than 0.01; therefore we can say that the model used show the alternative hypothesis (H_2) is accepted. There is significant effect of dependent variable i.e. Saving Behavior is explained by independent variable i.e. financial literacy. Table showed the result from the ANOVA of Regression Line. The significant level was equal to .000, which was less than 0.05 (.000 < .05). Therefore, the null hypothesis was rejected. This implied that variable of financial literacy, influenced saving behavior towards financial literacy on employees as a linear regression relationship.

Table 5

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	.610	.103		1.340	.182
Financial Literacy	.017	.015	.989	66.096	.000

a. Dependent Variable: Saving Behavior

Table 4.5 showed the regression coefficients of independent variable, Table 4.11 reports the, results show, the measure of financial literacy given by saving behavior has positive impact on employees as its coefficient (0.017) is positive though it is 1 percent statistically significant. Co-operative employees have significant positive impact on the saving behavior of the co-operative employees. Regression Coefficients of independent variable, which is financial literacy that had significant levels of .0.00. The significant levels of financial literacy, is less than .05. This implied that financial literacy do influence the saving behavior at the .05 significant level. P value is less than 0.05; therefore the model show the alternative hypothesis (H_2) is accepted. There is significant effect of dependent variable i.e. Saving Behavior is explained by independent variable i.e. financial literacy.

Post-Hoc Analysis

Post hoc in Latin means 'after this'. Simply put, a post-hoc analysis refers to a statistical analysis specified after a study has been concluded and the data collected. A post-hoc test is done to identify exactly which groups differ from each other. Therefore, such tests are also called multiple comparison tests. A priori comparisons are performed before the data are collected, and post-hoc (or a posteriori) comparisons are done after the data have been collected. When the null hypothesis of an analysis of variance **(**ANOVA**)** model is rejected**,** post-hoc tests are used to identify the population means that are different.

Table 4.6

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.066	3	3.022	2.780	.043
Within Groups	180.440	166	1.087		
Total	189.506	169			

Table 4.7

Multiple Comparisons

					95% Confidence Interval	
(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	Lower Bound	Upper Bound
18-30	30-40	.27550	.21555	.203	-.1501	.7011
	40-50	.42228	.24868	.091	-.0687	.9133
	50 more	-.46875	.35292	.186	-1.1655	.2280
30-40	18-30	-.27550	.21555	.203	-.7011	.1501
	40-50	.14677	.20091	.466	-.2499	.5434
	50 more	-.74425*	.32106	.022	-1.3781	-.1104
40-50	18-30	-.42228	.24868	.091	-.9133	.0687
	30-40	-.14677	.20091	.466	-.5434	.2499
	50 more	-.89103*	.34417	.010	-1.5705	-.2115
50 more	18-30	.46875	.35292	.186	-.2280	1.1655
	30-40	.74425*	.32106	.022	.1104	1.3781
	40-50	.89103*	.34417	.010	.2115	1.5705

*. The mean difference is significant at the 0.05 level.

Table 6 shows the significance of the model. Sig value of 0.043 of F test indicates that the model is significant at 5 percent level of significant. P value is less than 0.05; therefore we can say that the model used to show the different in saving behavior with regard to different age group is significant. Multiple comparison result showed that the saving behaviour of age group 18 to 30 age group all group P- value more than 5% saving behavior with regard to different age group insignificant and 30-40 years and age more than 50 years is significantly different likewise, saving behaviour of age group 40 to 50 and more than 50 is different.

Table 8

ANOVA Test of monthly income

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	36.785	3	12.262	13.328	.000
Within Groups	152.721	166	.920		
Total	189.506	169			

Table 9

Multiple Comparisons

(I) Monthly Income	(J) Monthly Income	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Less than 20000	20000-40000	.08480	.35558	.812	-.6172	.7868
	40001-60000	-.17150	.34960	.624	-.8617	.5187
	More than 60000	-.96681*	.33789	.005	-1.6339	-.2997
20000-40000	Less than 20000	-.08480	.35558	.812	-.7868	.6172
	40001-60000	-.25629	.21026	.225	-.6714	.1588
	More than 60000	-1.05161*	.19015	.000	-1.4270	-.6762
40001-60000	Less than 20000	.17150	.34960	.624	-.5187	.8617
	20000-40000	.25629	.21026	.225	-.1588	.6714
	More than 60000	-.79531*	.17874	.000	-1.1482	-.4424
More than 60000	Less than 20000	.96681*	.33789	.005	.2997	1.6339
	20000-40000	1.05161*	.19015	.000	.6762	1.4270
	40001-60000	.79531*	.17874	.000	.4424	1.1482

*. The mean difference is significant at the 0.05 level.

Table 8 shows Sig value of 0.00 of F test indicates that the model is significant at 5 percent level of significant. Show the different in saving behavior with regard to different monthly income group is significant.

Table 4.9 Multiple Comparisons it is clear that our post-hoc analysis is statistically significant and we rejected research null hypothesis and accepted the alternative hypothesis (H3) i.e. there is a significant impact of more than 60000 monthly incomes on saving behavior. Multiple comparison result showed that the saving behaviour of less than 20000 and 40000 income is significantly different likewise, saving behaviour of income group 40000 to 60000 is different.

Table 10

ANOVA with marital status

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.233	1	2.233	2.003	.159
Within Groups	187.273	168	1.115		
Total	189.506	169			

Table 10 shows Sig value of 0.159 of F test indicates that the model is significant at 5 percent level of significant. Show the different in saving behavior with regard to different marital status is insignificant.

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5. Discussion

Regarding the impact of financial literacy on saving behaviour, the result of the current study was consistent with theoretical expectations and previous empirical findings. In this regard, it can be concluded that financial literacy can contribute the economic growth through saving and development of financial sector. In addition, the study identified the financial literacy level of the staff. Thus, the staff can plan to increase their financial literacy level to make better financial planning for their future. Moreover, increasing the financial literacy and saving behaviour can contribute the individual's financial goals such as buying a house, financing their children's education, better retirement experience, and investment to increase wealth more and more. Accordingly, the university policy makers should consider the interventions to enhance the financial literacy of the staff to make the contribution to the individual saving level and the whole economy of the country. Also, they must suggest the government to devise the policies that address the financial literacy training programmes on individual saving for employees.

Researchers showed that individuals with high level of financial literacy can manage their funds well, understand how financial institutions work, and possess a range of analytical skills. Delafrooz and Laily (2011) have conducted a study to examine the degree to which financial literacy influenced the saving behaviour. This research had been conducted via quantitative methodology by distributing self-administered questionnaires to 199 employees in the public and private sectors. The finding revealed that saving behavior is significantly influenced by the financial literacy whereby individuals with low level of financial literacy are not intended to save and eventually encounter financial problems in future. Hilgert, Hogarth and Beverly (2003) explored the connection between knowledge and behavior of US Household by using the secondary data adopted from the University of Michigan's monthly Surveys of Consumers conducted in 2001. The researchers found that households obtained higher financial scores (answered the quiz correctly) tend to have higher scores on saving index (achieved more saving practices). Thus, the researchers concluded that increase in financial knowledge can lead to better saving behavior.

6. Conclusion and Implication

In examining the relationship between financial literacy and individual saving behavior of co-operatives staff, financial literacy is determined as the key variable in enhancing the individuals' saving behavior. Thus, they conclude that higher financial literacy level leads to more positive saving behavior. Increased saving behavior and practices can contribute many benefits for the individual as well as the economy as a whole. Thus, this study is significant to the policy makers, employers who will find the policies and strategies that encourage the individual saving behavior and practices. As for the employees, by knowing their actual level of financial literacy, they can make some measures, if necessary, to make better financial decisions for themselves and their families.

The current study focused on only one organization, namely Butwal Co-operative. Therefore, the similar research should also be done in other organizations and compare the results to ascertain whether there is consistency on effect of financial literacy on individual saving among respondents in various organizations. Further studies should be done on private sector employees, students, and self-employed population in order to find out whether there is same effect of financial literacy on saving behavior. The study only covers the sample of Butwal sub metropolitan city. So, it is better to include others sectors like banks and finance companies. The study is conducted among the saving and credit cooperatives executive members and hence, might not represent the entire agriculture and other co-operatives that exist in Nepal. The actual scenario may differ with the geographical location as well, as this study has been conducted only with the co-operatives established at the hilly region of Nepal. Small sample size and use of quantitative method only are also the limitations of the study.

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