DETERMINANTS OF SPENDING HABITS: A CASE STUDY OF UNIVERSITY OF KWAZULU-NATAL STUDENTS.

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DECLARATION

I, Obagbuwa Oloyede declare that

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DEDICATION

I dedicate this work to God Almighty for the gift of life and the enablement to start and complete this project. May His name be praised forever. Amen.

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ABSTRACT

As the cost of university education continues to increase, university students' spending habits have become topical. Good spending habits among students will guarantee their financial stability. Spending habits are an aspect of financial behaviour; a component of financial literacy. Financial literacy comprises three components: financial knowledge, financial attitudes, and financial behaviours. The relationship between these components has been examined, especially among university students. However, the relationship between financial knowledge, financial attitude together with demographic characteristics and spending habits have not been well-addressed in the extant literature, particularly among university student's in South Africa. This study aims to fill the knowledge gap on students' spending by examining the determinants of their (university student's) spending habits. This study uses spending habits as the dependable variable, and financial knowledge, financial attitude, gender, age, family background, racial group, years in university, the course of study and financial aid as independent variables. The study employed quantitative research method; it used questionnaire adapted from previous studies. The reliability of the scales for the constructs was confirmed using Cronbach Alpha and the coefficient values more than 0.70. A total of 479 completed questionnaires were collected and used for the study. The study employed Statistical Packages for Social Sciences (SPSS 24) to analyse the data. Descriptive statistics were used to analyse the demographic characteristics and the results were presented in tables and charts. Binary Logistic Regression and ANOVA were used to examine the relationship between the explanatory variables and the dependable variable. The finding revealed that financial attitude can influence students' spending habits while other explanatory variables did not have a significant influence on students' spending habits. The study further sought to investigate the significant relationship between gender and spending habits, the course of study and spending habits, and racial groups and spending habits using Crosstabulation and Chi-Square analysis. The findings shows that there is no statistically significant relationship between gender and spending habits, the course of study and spending habits, and racial groups and spending habits of the respondents. These findings suggest that a financial literacy programme by the university authority with emphasis on financial attitudes will enhance the good spending habits of the students. However, the research findings only reflect the responses of the study

population of the College of Law and Management as well as College of Humanities of the University of KwaZulu-Natal.

Keywords: Spending habits, financial literacy, financial knowledge, financial attitude, financial behaviour, university students.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Because of the reduced disposal income occasioned by the increased cost of tuition, cost of accommodation, the general rising cost of living, and the likelihood of overspending, university students are faced with the responsibility of making rightful financial decisions. Usually, students spend over and above available income to them resulting in debt that they find difficult to repay (Murphy, 2005). Shange (2015) reported that South African students spend an average of R2702 monthly compared to R2100 that is being spent by an average South African and this figure has grown by 7.95% in the last four years (Village, 2015). Students do not have a plan for investment and savings but want to spend money now. They want to appear nice with branded sporting clothing and latest cell phones and other gadgets (Village, 2015). This trend of negative spending habits needs to be checked, otherwise, the financial stability of the students will be impaired and future financial well-being not guaranteed. However, the Student Village Spending Survey confirmed that students are willing to learn more about savings, budgeting, loans and investment (Shange, 2015). Therefore, this study seeks to examine the relationship between financial knowledge, financial attitude, demographics characteristics and spending habits to determine the degree of influence on one over the other. This will expose the level of their financial literacy thereby engendering policy formation or redirection aimed at enhancing the students spending habits. In this regard, this study will draw its frameworks from the purview of financial literacy.

This chapter consists of the background of the study, problem statement and the significance of the study. The specific objectives of the study are highlighted and the research questions together with the developed hypothesis are stated. The organisation of the study is also presented at the end of this chapter.

1.2 Background of The Study

Spending habits are not a static phenomenon among university students. They constitute financial behaviour that varies depending on the level of financial knowledge and financial attitudes (money management capabilities). Students who are experiencing freedom from the luxury of home for the first time and perhaps, will be making finance decision for themselves also for the first time will face the task of planning and managing their finances. This becomes more challenging as items of expenditure are more against the controlled income available.

Due to the increase in the cost of university education globally, student's disposable income has greatly been reduced. In the recent past, there have been protests by students against increases in tuition fees in some countries around the world. These among others include Australia, Brazil, Germany, Netherlands, United Kingdom, Finland, Thailand, New Zealand and Turkey. The reason for these increases is traceable to the decline in government support for higher education (Calitz and Fourie, 2016). Likewise, South Africa had its share in these global developments.

In South Africa, the cost of higher education has been on the increase. The cost of education moved up from 8.1% in 2009 and to 9.2% in 2015. Furthermore, from 2010 to 2012, tuition fees of 23 universities in South Africa rose by 27% (from R12.2billion to R15.5bilion) (KwaZulu-Natal, 2016). Government funding dropped from 49% in 2000 to 40% in 2012 (KwaZulu-Natal, 2016). Calitz and Fourie (2016) stated that government allocation to higher education dropped from 4.9% to 4.7% of total government expenditure between 1996 and 2013. In addition, the debt profile of students as at 2014 was R711.9 Million and this arises from their inability to repay their study loan (Tech, 2015). Students' debt went up by 31%(from R2.6 billion to R3.4 billion) (KwaZulu-Natal, 2016).

These developments highlighted above become burdensome to students. Justice (2016) stated that students study duration was elongated because of lack of funds, that may have occurred due to lack of financial management. Also, students concentration on their studies is impaired because they have to work part-time either on the campus or outside to make ends meet (Justice, 2016). Moreover, these problems later degenerated to a reaction by protest tagged '#fees must fall' to express their dissatisfaction. However, Guardian (2016) emphasized that the major problem regarding #fees must fall protest, is lack of students' disciplined concerning consumption and spending habits. Students engaged in reckless expenditure on entertainment, gadgets, cosmetics, branded clothing and fast foods. Students must be able to appreciate value for money and possess the skill to manage it in a way to enhance its value (Guardian, 2016). To achieve this, there must be fundamental changes in students' financial behaviour (Guardian, 2016)

This unrewarding spending behaviour of students was also confirmed by the survey carried on spending habits of young people in three cities in the Republic of China and it was found that young people spend more on entertainment, clothes and accessories (Nadome, 2014). They collect money from friends or engage in part-time jobs to get more money to spend. The study established that an average Hong Kong youth spends the larger proportion of the money they have on enjoyment. Furthermore, about 20% of Hong Kong youth confirmed that they "spend all they have" (Nadome, 2014). Therefore, exposing the students to personal financial control will enhance their spending habits by inculcating good financial attitude through adequate financial knowledge. It will propel responsible financial behaviour that will assist them to fulfil obligations such as repayment of study loan on time and improve their financial well-being (Hayhoe et al., 2000). Moreover, it will prepare them for future financial challenges that await them (Van Deventer and de Klerk, 2016). According to Falahati and Paim (2011), exposing students to financial management practice early in life has a significant influence on financial attitude, financial knowledge and financial behaviour in the future. Therefore, this study seeks to find out the factors that determine the students' spending habits by examining the components of financial literacy (financial knowledge, financial attitude and financial behaviour as well as other demographics features) with the intention of recommending measures of improving their financial literacy.

Financial literacy provides the skill to understand finance and enables individuals to make cognizant and effective decisions on financial matters. It provides the consciousness and facts about financial products, establishments and ideas such as financial skills and capabilities in terms of managing money and financial control (Xu and Zia, 2012). Miller et al. (2009) described financial literacy as the promoter of access to finance by fashioning motivations and an environment that brings about anticipated financial behaviours such as savings, budgeting and wise use of credit. Swart (2005) added that the omission of personal financial management in degree programs was largely responsible for the lack of financial knowledge among students in South Africa.

Studies such as Botha (2013); Fatoki (2014); Gouws and Shuttleworth (2009); Kotzé and Smit (2008); Oseifuah and Gyekye (2014); Rugimbana and Kojo Oseifuah (2010); Shambare and Rugimbana (2012); Symannowitz (2006); Tustin (2010); Van der Merwe (2012) have been carried out on financial literacy with emphasis on financial knowledge in South Africa but their focus was not on the students' spending habits. Furthermore, these studies did not consider the influence of financial knowledge, financial attitude and demographics characteristics on students' spending habits, which this study focuses on.

1.3 Problem Statement

Due to the increase in the cost of education, general cost of living, the decline in government funding of the universities, and continuing economic instability, university students in South Africa especially those that come from poor background have little disposable income to cope with. This financial pressure distracts them from their studies as they sometimes engage in self-help strategies such as taking part-time employment. The financial pressure also comes from increased tuition fees and is compounded by spending habits of university students, which includes how they utilise loans, bursaries and other income available to them as well as the use of credit cards (Palmer et al., 2010; Rydzik, 2016). Spending habits is an issue of concern for university students, university authority and other stakeholders such as govement and bursaries providers as it is vital to understand what they spend, how to save their money and management of debt so as to be sure of future financial well-being (Palmer et al., 2010; Rydzik, 2016).

1.4 Objectives of the study

This study analyses the determinants of spending habits of South Africa's university students. Specific objectives are:

1. Examine the factors that influence university students spending habits.
2. Examine the spending habits among students who major in business-related courses and those who do not.
3. Determine whether spending habits differ with student gender among university students.
4. Investigate the spending habits among racial groups.

1.5 Research Questions

1. What factors influence the spending habits of university students?
2. Are there differences in spending habits between students who major in business-related courses and those who major in non-business-related courses?
3. Are the differences, if any, in spending habits of female and male students statistically significant?
4. Are the differences, if any, in the spending habits among racial groups statistically significant?

1.6 Research Hypotheses

1. H1: There is a substantial relationship between factors such as financial knowledge, course of study, gender, attitude and family background, year in college, racial groups and spending habits.

   $H1_{0:}$ There is no substantial relationship between factors such as financial knowledge, course of study, gender, attitude and family background, year in college, racial groups and spending habits.

2. H2: There is difference in spending habits between students who major in business-related courses and those who major in non-business-related courses.

   $H2_0$: There is no difference in spending habits between students who major in business-related courses and those who major in non-business-related courses.

3. H3: There is a significant statistical difference in spending habits between male and female students.

   $H3_0$: There is no significant statistical difference in spending habits between male and female students.

4. H4: There is a significant statistical difference in spending habits among the racial groups.

   H_0: There is no significant statistical difference in spending habits among racial groups.

1.7 Significance of The Proposed Study

The main purpose of this research is to examine the determinants of spending habits among students of the University of KwaZulu-Natal. Considering the high cost of university education and cost of sustaining university life, the need to know how the students spend the little resources they have cannot be overemphasised. Knowing how students spend their disposable income can help in formulating students' funding policies. Also, students are the future players in the financial market as well as the economy; determining factors influencing their spending habits will reshape them for fulfilling their financial objectives (Ajide, 2015). This study will equally explore student financial literacy which is critical tools for positive financial behaviour. Therefore, it will serve as a guide for universities as well as to the larger society in making adequate plans for programs toward achieving financial literacy among students. Financial literacy will improve students' spending habit, their saving culture and enhance their efficient management of credit which will impact on their financial comfort and fulfilling future financial goals. Parents will also gain insight into the effects of financial independence of their children and help inculcate personal financial management capabilities into them from home. Overall, the study is hoped to engender stability and growth of South Africa's economy.

1.8 Organisation of the study

This thesis is structured into five chapters as follows:

1.8.1 Chapter One: Introduction

Chapter one is the introductory chapter which has provided background to the study, problem statement, objectives of the study, research questions, research hypotheses and significance of the study.

1.8.2 Chapter Two: Literature Review

Chapter two presents both the theoretical reviews and empirical works relating to this study. Under the theoretical review, the following theories were reviewed: family resource management theory, the economic theory of spending behaviour, the theory of planned behaviour, consumer socialization theory and developmental theory. Under the empirical review, the concept of financial literacy was critically reviewed. Next to it is the essentials of financial literacy in the growing financial and economic world, international studies on financial literacy among university students (studies from America, Europe and Asia), studies on financial literacy in South Africa, the components of financial literacy (financial knowledge, financial attitude and financial behaviour). The relationship between financial knowledge and financial behaviour, financial attitude and financial behaviour, financial behaviour and demographic characteristics were also reviewed. Furthermore, spending habits of young people and factors that can affect spending habits were reviewed. The chapter equally presented the conceptual framework for the study.

1.8.3 Chapter Three: Research Methodology

Chapter three explains the methodology and research design espoused for this study and their usage were properly justified. The study employed binary logistic regression and ANOVA to determine the relationship between the explanatory and outcome variables. Crosstabulation and Chi-square analysis were used to determine the statistical significance of the link between gender, course of study and spending habits. The chapter likewise presents the target population and sample size, data collection instruments (spending habit scale, financial attitude scale and financial knowledge scale), reliability and validity of the instruments, demographic variables and data analysis.

1.8.4 Chapter Four: Data Analysis, Results and Discussions

Chapter four presents the analyses of the collected data, the findings and the interpretations of the results. The findings are presented in tables, bar charts and pie charts. The developed hypotheses are tested using inferential statistics like binary logistic regression, one-way analysis of variance (ANOVA), crosstabulation and chi-square test. The discussion was based on the research questions, the study objectives and the tested hypotheses. Moreover, the empirical findings are discussed to provide a clear understanding of the study objectives, thereby increasing the knowledge on the connection between financial knowledge, financial attitude, demographic characteristics and university students' spending habits.

1.8.5 Chapter Five: Summary, Conclusions and Recommendations

Chapter five presents a summary, conclusions and recommendations in line with the study findings as relates to the study objectives. Also, the conclusion of the whole study is presented. The limitations of the study and the suggestions for future research are equally highlighted.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

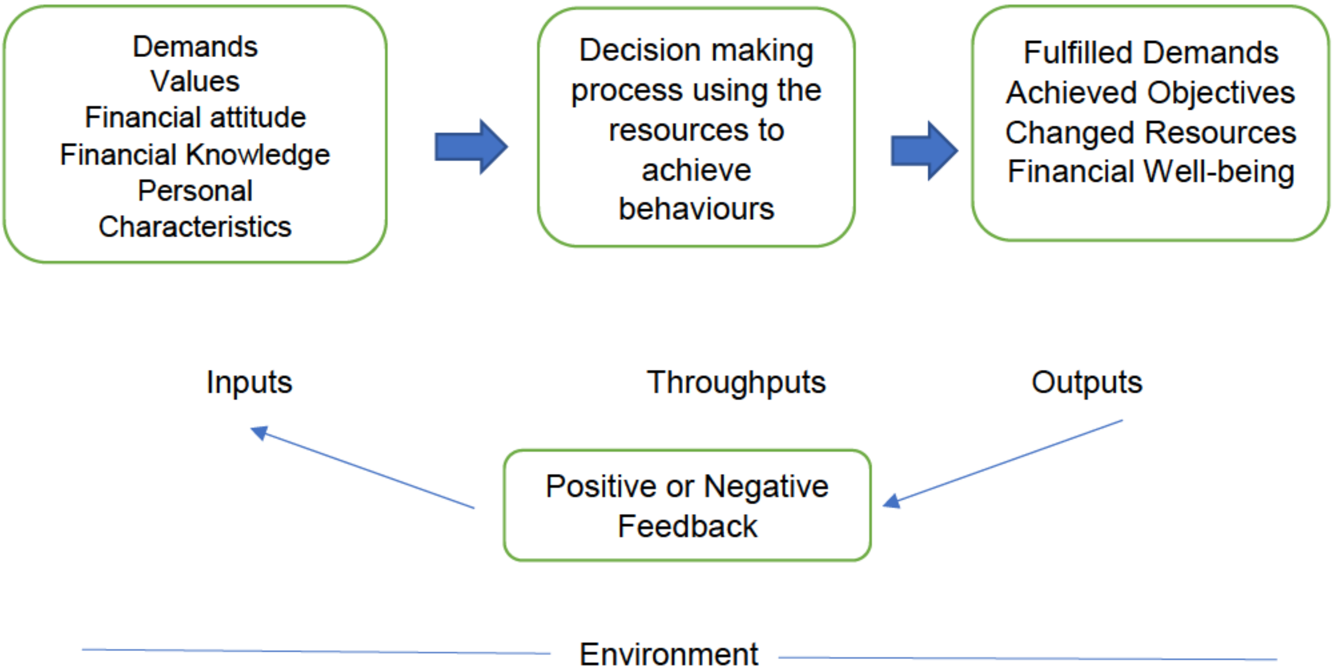
This research study investigated the determinants of spending habits among University of KwaZulu-Natal students and this chapter discusses the theoretical review, empirical review relevant to the objectives of the study and the conceptual framework. Furthermore, the chapter provides an overview of the concept of financial literacy, under which this study falls. Definitions of financial literacy and its constructs are given. The chapter further reviews the continuous significance of financial literacy to the developing world. It further reviews diverse financial literacy studies done in America, Asia and Europe along with those carried out in South Africa.

2.2 Theoretical Review

2.2.1 Family Resource Management Theory

This study used the family resource management theory to explain the influence of financial knowledge, financial attitudes on student spending habits (financial behaviour). Deacon and Firebaugh (1988) formulated the theory of family resource management and described it as a process of management where resources are used to accomplish objectives. Furthermore, the family resource management theory states that demands and resources (that is, financial knowledge, financial attitudes and personal characteristics) have an influence on financial behaviour. The family resource management theory model contains four stages; namely inputs, through-puts, outputs, and feedback. These four stages explain people's actions regarding financial behaviour (Jorgensen and Savla, 2010).

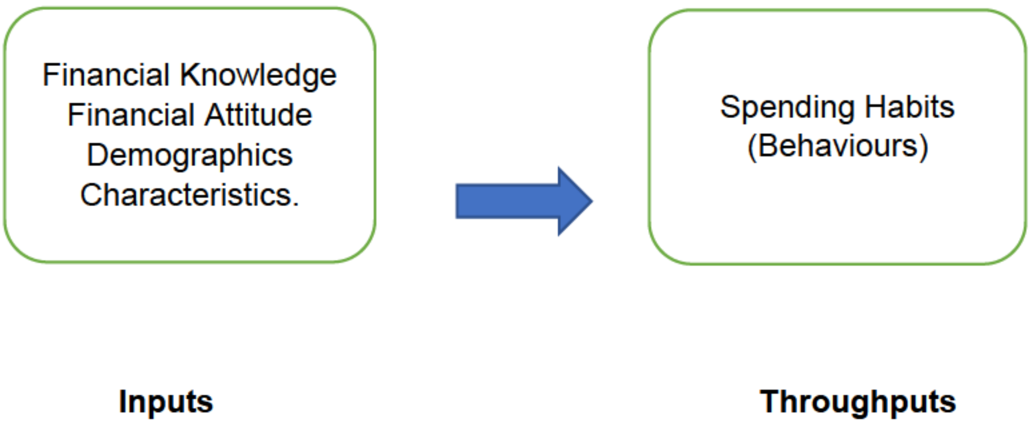
Figure 2. 1 Deacon and Firebaugh's Family Resource Management Model



Source: Adapted from Jorgensen and Savla (2010)

As regards this study, the inputs and throughputs stage of the model will be adapted and investigated to determine the perceived influence of inputs such as financial knowledge, financial attitude and demographic characteristics on the financial behaviour (spending habits). This is illustrated in Figure 2.2 below.

Figure 2. 2 Conceptual Model for the Study



Source: Adapted from Jorgensen and Savla (2010)

Other relevant theories to this study are discussed below:

2.2.2 Economic Theory of Spending Behaviour

There are three general theories that determine consumer spending, and these are The Absolute Income Hypothesis, The Relative Income Hypothesis, and The Permanent Income Hypothesis.

The Absolute Income Hypothesis: This theory is associated with James Tobin and Arther Smithies, who state that individual consumers will determine what portion of their current income will be allocated to consumption based on the absolute level of that income. The increase in the absolute income will result in a decrease in the proportion of income allocated to consumption.

The Relative Income Hypothesis: This theory was advocated by Dorothy Brady Rose Friedman and James Duesenburry. It assumed that spending is related to a family's income relative position compared to the income of another similar family. It argues that the proportion of family income that is spent on consumption is subject to the income of the neighbouring families and not on the absolute level of income of the family.

The Permanent Income Hypothesis: This hypothesis was developed by Professor Milton Friedman. It emphasises that there is a link between consumption and income and that the relationship is proportional. It replaces the concept of current income with permanent income and concludes that changes in permanent income lead to proportional change in permanent consumption (Shruthi, 2013).

In accordance with the above theories of consumer spending, income level is one of the influencers of spending behaviour. This study will examine the available sources of income to the students vis-à-vis their spending habits.

2.2.3 Theory of Planned Behavior

This theory postulated that individuals' attitude regarding behaviour forms their intention to perform that behaviour. It concludes that individuals' attitudes precede the performance of their behaviour. Furthermore, individuals' effort in performing a behaviour is influenced by that person's attitude toward the effectiveness of the behaviour and the supposed outcome that the performance of the behaviour will generate (Ajzen, 1991; Ajzen and Fishbein, 1980). This is an extension of the Theory of Reasoned Action which hypothesised that attitudes are one of the predictors of behavioural intentions. Attitudes are being used as the general assessment of individual behaviour (Conner and Armitage, 1998). In this study, the effect financial attitude as an independent variable will be determined.

2.2.4 Theory of Consumer Socialization

This theory outlines how socialisation agents such as family affect consumer values, attitudes, standards, norms, knowledge, and behaviour. It identifies parents and family as the primary socialisation agents in the process of individual graduating from childhood to young adulthood, and learning the know-how of marketplace functions as a consumer (Moschis, 1987; Serido et al., 2015). Financial socialisation extends this outline outside consumption behaviour to include the " the process of acquiring and developing the values, attitudes, standards, norms, knowledge, and behaviour that contribute to the financial viability and well-being of the individual" (Danes, 1994; Serido et al., 2015). The opportunities for socialization come from the individual, organization, and institutional representatives that children associate or relate with. Similarly, spending habits can be spread by parents and other influential social agents, and this can be extended from one generation to the other as claimed by the social learning theory (Fluellen, 2013).

Research studies confirmed that parents, peer groups, schools and mass media play an important part in financial socialisation (Fluellen, 2013; Moschis, 1987). Parents influence on their ward's financial knowledge, attitudes and behaviour are more than the experience gotten at work and education acquired through high school (Shim et al., 2010). Children habitually model the financial behaviour of their parents (Serido et al., 2015). However, to financially socialise another family member, there must exist a quality relationship between the parents and the children. Parents who want to teach children about money can only succeed in doing that if there is a quality relationship between them (Gudmunson and Danes, 2011). This study will consider the degree of influence parents have on the students spending habits.

2.2.5 Developmental Theory

Developmental theories centre on the biological, psychological, and social procedures that drive change in an individual's behaviour which is targeted at achieving particular developmental landmark (Serido et al., 2013). King (2009) states that an individual developes specific skills such as abilities for proper understanding, by their interactions with various people across different setups and these skills grow as time progresses thereby enhancing the management of sophisticated information, viewpoints and tasks. According to the study carried out by Perry Jr (1999), adolescents between the age of 18 and 24 assumed a relativity view of the world and how they fit in. Moreover, making a decision becomes more difficult considering objective knowledge, personal values and responsibility. Arnett (2000) conclude that developmental changes during late adolescents correspond with taking responsibilities for oneself regarding personal finance. Therefore, for this study, spending habits are conceptualised as a developmental responsibility of late adolescents, hence effects of students age will be examined.

2.3 Empirical Review

2.3.1 Financial Literacy

In today's world, the financial market offers a wide range of financial services and products. In addition, the changing technology creates a financial environment that requires conscious financial decisions. Individuals require adequate information flow to be able to operate effectively in the financial market. The process of gaining insight regarding financial market and its products is through the concept of financial literacy (Özdemir et al., 2015). Furthermore, financial literacy has been acknowledged as the key competency required by individuals to function in an ever increasing complex financial system (Potrich et al., 2015). Researchers around the world believe that substantial numbers of the world population still lack financial literacy and that there is urgent need to remedy the situation (Atkinson and Messy, 2012; Brown and Graf, 2013; Lusardi and Mitchell, 2011; Thaler, 2013).

The Organization for Economic Co-operation and Development OECD (2013) defines financial literacy as a blend of responsiveness, knowledge, dexterity, attitude and behaviour needed for appropriate decisions on financial matters and eventually attain individual financial comfort. Criddle (2006) states that financial literacy includes learning how to make choice from many financial alternatives for establishing financial objectives. The President Advisory Council on Financial Literacy (PACFL) defines financial literacy as the required skill that enables the individual to apply financial knowledge for management of financial resources for a lifelong financial comfort (Hung et al., 2009). In addition, financial literacy is considered as the intellectual ability that enables the individual to recognise risks and opportunities associated with financial issues, navigate through sophisticated financial matters and the demonstration of actions that improve financial well-being (Van Deventer and de Klerk, 2016).

In the light of the above financial literacy definitions, this study will adopt the (OECD, 2013) definition of financial literacy as a combination of financial knowledge (skill), financial attitude and financial behaviour required for positive financial decision, as a working definition.

Financial literacy covers financial knowledge, attitudes, and behaviours (Jorgensen et al., 2017). Embedded in financial literacy is financial education which develops the ability that enhances individual capacity to make right financial decisions as well as management of personal finances fruitfully. In other words, financial education emphasises knowledge, while financial literacy encompasses the financial attitudes and behaviors of individual. (Potrich et al., 2016). The inference of financial literacy is to positively change the financial behaviour of the individual. So, financial literacy that does not change financial behaviour positively is useless (Lusardi et al., 2010). Huston (2010) postulates that financial literacy is of two dimensions: understanding, which results from financial knowledgeability, and the rightful usage, which is making correct financial decisions. Suffice to say that, an individual that is financially knowledgeable cannot be considered as financially literate. He or she must have the capacity to translate the knowledge into making accurate financial decisions. Therefore, financial knowledge alone is not adequate to manage finance effectively, as its effect on financial behaviour is assessed through the financial attitudes of students (Norvilitis and MacLean, 2010; Xiao et al., 2011).

2.3.2 The Essentials of Financial Literacy to the Growing Financial and Economic World.

Growing financial markets and the newly opening-up economies in developing countries have necessitated the growing involvement of consumers. These consumers will require a sufficient level of financial literacy for the developing markets and economies to experience stability, expansion and efficient operations (Kefela, 2010). Furthermore, the increasing dimension of international transactions in the last decade that brought about changing technologies and global financial interactions among individuals has increased the need to improve financial literacy across the globe (Kefela, 2010). Kefela (2011) considered financial literacy as the understanding and applications of financial concepts to achieve financial well-being by making right financial decisions. These decisions cover good spending habits, good savings culture, effective budgeting, making right choices of financial products and planning for the future (education for children and retirement).

Due to changing financial markets, new service providers, multi-faceted financial products and services to new entrance customers to financial markets, the need for financial literacy in developing countries cannot be overemphasised (Miller et al., 2009; Refera et al., 2016). The developed world has identified the need for improving in financial literacy so as to cope with the dynamics of the financial market. Therefore, it is pertinent for developing economies where financial products, as well as services, are changing swiftly to continuously improve the financial literacy of their citizens. (Refera et al., 2016). The financial sector in Africa and other developing economies are experiencing incessant growth because of globalization, privatization, growing information and communication technology and various government initiated policies aimed at reducing the levels of poverty by creating access to finance. Therefore, to be able to cope and benefit from the evolving development in the financial sector, people need to acquire skills in personal finance.

Most African economies are characterised by high level of unemployment, low registration in education, high susceptibility to economic fluctuations as well as the lack of savings, investment and income-generating activities. Therefore, efforts at improving the financial literacy of the people will cause changes in the current economic realities (Refera et al., 2016).

Capuano and Ramsay (2011) concluded that financial literacy has greater effects on individuals, financial systems, the economy and the society. These specific positive effects were highlighted below:

INDIVIDUAL

- Improved savings culture and conscious planning for retirement.
- Consumers are able to analyse financial knowledge realistically.
- Adequate management of debt and guaranteed future financial well-being.
- Become an active participant in the financial markets and making the right choice regarding financial products.
- Become familiar with consumer rights and necessary regulations guiding financial markets operations.

FINANCIAL SYSTEM AND THE ECONOMY

- It propels high competition, creativity and products quality.
- It brings about discipline in the market and mitigates market risk.
- It encourages self-funding retirement.
- It prevents recurring lending.

SOCIETY

- It engenders financial inclusion.
- Government financial policies will be well understood.

  (Capuano and Ramsay, 2011; Refera et al., 2016).

2.3.3 Components of Financial Literacy

2.3.3.1 Financial Knowledge

Financial knowledge is the acquisition of skill that engenders understanding of financial information and application of the same to make wise and favourable financial decisions (Rootman and Antoni, 2015; Shuttleworth, 2011). It is the understanding of financial concepts as well as financial products and services (Sebstad et al., 2006). Mundy and Masok (2011) state that consumers should be well-versed regarding the concepts of finance including budgeting, financial planning, savings, investments, identification of regulated financial products and awareness of the danger inherent in buying unregulated financial products. Financial knowledge is expected to translate to financial skill (Rootman and Antoni, 2015).

According to Mundy and Masok (2011), financial skill is having the capacity to make use of financial knowledge to manage personal finances. Financial skill help individuals to plan, oversee, handle and fix any arisen financial problems (Rootman and Antoni, 2015). Sebstad and Cohen (2003) and Yilmaz (2011) concluded that financial skill is required to handle lifetime financial needs as well as unforeseen contingencies without necessarily becoming more indebted. Delafrooz and Paim (2011) state that consumers that are financially skilful possess better saving behaviour and hardly have financial problems. Financial skill infuses confidence in making right financial choices in the financial market. Lapp (2010) states that there is a relationship that exists between financial confidence and financial self-efficacy – the consumers' viewed ability to handle financial matters by themselves. However, financial education had been discovered as central to enhancing financial knowledge and encouraging individual financial responsibility (Borden et al., 2008; Peng et al., 2007).

Financial education is the process by which an individual customer comprehends financial concepts, products and services to enhance participation in the formal financial market (Rootman and Antoni, 2015). The financial concepts that customers learnt through financial education include spending, budgeting, saving, borrowing and management of debt (Orton, 2007; Rootman and Antoni, 2015; Sebstad and Cohen, 2003). Financial education enriches customers' financial literacy as well as financial behaviour (Rootman and Antoni, 2015). Benefits of financial education include: savings for retirement and children education, increased customers capacity to manage the increasingly complex financial market and enhanced knowledge on a balanced budget (Rootman and Antoni, 2015). Financial education can be offered through university and workplaces. Financial education offered through university will ensure that students take responsibility regarding their financial decisions, have suitable financial attitude and spending behaviours (Mundy and Masok, 2011).

2.3.3.2 Financial Attitude

Financial attitude is about individual's thought, feelings and opinions regarding financial matters (Sebstad et al., 2006). It is the emotional attachment to the learning of financial information and concepts that prepare someone to react favourably to financial matters (Potrich et al., 2016). Prior research studies Shim et al. (2010) and (Edwards et al., 2007) state that an individual's financial attitude has a relationship with how his or her thinking regarding money and credit management.Botha et al. (2014) conclude that financial attitude influences an individual's decision as regards the financial products and services that they buy. An individual financial attitude is a factor with regard to the spending of cash, and in general, financial attitude determines customers' particular financial behaviours (Koropp et al., 2013; Rootman and Antoni, 2015).

Financial attitude is expected to be influenced by financial knowledge (Shim et al., 2010). Shim et al. (2009) discovered that there is a relationship between financial knowledge, attitudinal elements (observed behavioural control and attitude) and behavioural tendencies. Consequently, it is expected that young adults (university students) who are financially knowledgeable will exhibit positive financial attitude toward the performance of the healthy financial behaviour. The observed students' behavioural control together with financial attitude, as well as parental influence, have a large connection with diverse financial behaviours (Shim et al., 2009).

2.3.3.3 Financial Behaviour

Financial behaviour refers to the actual financial decisions an individual makes in the financial market with regards to the level of their saving behaviour, debt management and spending habits (Rootman and Antoni, 2015). Botha (2013) states that financial behaviour is about having the understanding of how financial decisions are made as well as identifying a common committed error in the financial market. Therefore, the financial behaviour is characterised by the individual action displayed regarding financial matters and his or her disposition of such action. (DeBondt et al., 2010).

Financial behaviour is a fundamental financial literacy component and even the most important (OECD, 2013; Potrich et al., 2016). Furthermore, financial behaviour is considered to be the determinant of financial literacy (Lusardi and Mitchell, 2013). The positive effects of being financially literate are motivated by financial behaviour including budgeted expenditure and responsible spending (OECD, 2013).

2.3.4 Relationship Between Financial Literacy Components

2.3.4.1 Financial Knowledge and Financial Behaviour

Financial knowledge is the acquisition of a specific type of financial understanding by learning the skill of income management, expenditure and savings in a way that is rewarding (Potrich et al., 2016). It is a critical element in making financial decisions; however, it is not sufficient to guarantee responsible financial behaviour. Financial knowledge is only one of many vital influencers of responsible financial behaviour (Tang et al., 2015). Responsible financial behaviour also intensely entwines with social and psychological matters. Huston (2010) involved other influences (for example, family and self-control) together with financial knowledge. Therefore, there is a need for better understanding of the effects of other factors on responsible financial behaviour (Tang et al., 2015).

Financial behaviour can be described as the manner in which people deal with money. It is the application aspect of financial literacy that contributes positively to the financial well-being of the individual (Chaulagain, 2017). A responsible financial behaviour compares opportunity cost and finds alternative ways of minimising wastages. Financial behaviour can be classified into two; consumption and financing. The consumption aspect deals with how money is used as regards expenditure, while the financing aspect relates to usage of money for the purpose of investment and savings (Chaulagain, 2017). Financial behaviour is considered as the essential element of financial literacy (OECD, 2013). Financial behaviour has been found to be a determinant of financial literacy (Lusardi and Mitchell, 2013).

Numerous studies have shown that financial knowledge has a positive connection with self-beneficial financial behaviour (Mandell and Klein, 2009). Knowledge of the operations of financial markets should influence individuals effective borrowing decisions (Robb and Woodyard, 2011). Hilgert et al. (2003) emphasised the connection between financial knowledge and financial behaviour by the addition of financial knowledge and financial behaviour questions to the nationwide survey of consumer finance which deals with the practice of cash-flow management, credit management, savings and investment. The result shows that those that are financially knowledgeable score higher in the financial index which indicates that financial knowledge has a connection with financial behaviour. Shim et al. (2010) studied a total of 2,098 full-time first-year students of the public university and found that there is a direct link between financial knowledge and financial behaviour. Van Rooij et al. (2011a) carried out a survey of participants ranging in age from 20-90, with an average age of 49.6, and with 34.6% having already acquired college education, and they discovered that people who were financially illiterate could not cope with daily financial issues. Sohn et al. (2012) in their study conducted in ten high schools in Korea, found out that higher financial knowledge that produces financial skill becomes a strong foundation for positive financial behaviour.

Other studies examining the relationship between financial knowledge and financial behaviour categorise financial knowledge into two: objective and subjective (Shim et al., 2010). Both the objective and subjective financial knowledge give rise to either right or wrong financial behaviour (Shim et al., 2010). Collins (2013) considered 144 clients of non-profit Community Development Corporation, Long Island, New York vis-à-vis their financial behaviour regarding savings and budgeting and concludes that they have a low level of financial knowledge. Subjective and objective financial knowledge likewise linked with credit behaviour (Collins, 2013).However, the findings of Borden et al. (2008) challenged the relationship between financial knowledge and behaviour. They did not notice any significant difference between financial knowledge and financial behaviour. Robb and Woodyard (2011) conclude that income had important effects on financial behaviour as well as financial satisfaction, financial confidence, and education.

A study by Robb and Sharpe (2009) showed an important link between credit card balance behaviour and financial knowledge. Financial knowledge and retirement planning are interrelated. Also, responsible spending habit and budgeting seems favourable to retirement savings (Lusardi and Mitchell, 2011). Lack of understanding of economics and finance is a serious limiting factor in stock ownership (Van Rooij et al., 2011a).

2.3.4.2 Financial Attitude and Financial Behaviour

Financial attitudes can be defined as a blend of concepts, information and emotions concerning learning which brings about a favourable reaction (Potrich et al., 2016). The financial attitude of an individual expresses an emotional or mental verdict on financial issues. In other words, attitudes assess the happening of things and provide guidance (Chaulagain, 2017). Financial attitude is either positive or negative but at times an individual chooses to be indifferent (Chaulagain, 2017). Jain (2014) claimed that attitude is divided into three: positive, negative and neutral. Financial attitude derived its influence from financial knowledge, but not in all cases does knowledge help in framing positive attitude. At times, knowledge is an independent factor while attitude is dependent. Furthermore, when financial attitude becomes an independent variable, financial behaviour will be dependent variable (Chaulagain, 2017).

Financial knowledge influences financial attitudes and financial attitudes in turn influence financial behaviour of an individual (Shim et al., 2010). Atkinson and Messy (2012) found that negative financial attitude of an individual leads to negative and faulty financial behaviour which will contribute nothing to their financial well-being. However, Agarwalla et al. (2015) claimed that financial attitude is not the only one that impacts financial behaviour. Other factors do. One possible and effective way of improving responsible spending habits may be to recognise and address attitudes that relate to overspending by university students (Jorgensen et al., 2017).

A reasonable change in financial behaviour is affected by the amendment to financial knowledge and attitude. Financial knowledge is connected with financial attitude while financial attitude connects with financial behaviour (Potrich et al., 2016). Financial attitudes influence how people spend, save, hoard and waste money (Mien and Thao, 2015).

Studies revealed that financial attitudes go before the financial behaviour. That is, financial attitudes influence spending habits (Falahati and Paim, 2011). Furthermore, people who have very strong insights and good financial attitudes lean towards a successful personal financial management and in turn, financial satisfaction (Joo and

Grable, 2004). Bad financial attitudes are associated with high financial stress. Financial difficulty is a direct function of bad financial attitude (Falahati and Paim, 2011). Financial attitude moderates between financial knowledge and behaviour (Rydzik, 2016). Shim et al. (2009) conducted a study on 1 197 students of State University, Southwestern United States and concluded that there is a connection between financial knowledge and financial attitude which eventually affects financial behaviour. The study emphasised that for students to fully comprehend finances and related issues, they must have a grip on financial knowledge which forms the basis for financial attitudes and financial behaviours. Students who lack financial knowledge, attitudes and behaviour will find it hard to understand the cost attached to their financial decisions and in most cases lead to debt (Rydzik, 2016). In addition, there is a direct connection between financial attitude and financial behaviour (Rydzik, 2016). Serido et al. (2015) in their study discovered that the attitudes of the parents of first-year college students had an influence on the students' financial behaviour. The attitudes of students at the point of graduation were influenced by their romantic lover.

Education is equally an influence on attitude toward change in financial behaviour (Rydzik, 2016). Borden et al. (2008) studied the usage of a credit card by students after attending a seminar and found out that the students' attitudes changed vis-à-vis their behaviour which is evidenced by the reduced credit cards they carry.

2.3.4.3 Financial Behaviour and Demographic Variables

2.3.4.3.1 Gender

There are differences in men and women as regards economic issues, educational achievement, employment and income (Theodos et al., 2014). According to the survey carried out by National Financial Capability Survey (NFCS) to determine how gender differs regarding financial knowledge, financial behaviour and well-being, it was discovered that women are not as knowledgeable as men. Also, they differ in their financial behaviour (Theodos et al., 2014). Furthermore, the literature indicates that there is gender difference regarding financial matters.

Studies show that there are significant differences in gender regarding consumers' financial behaviour. For instance, there is the possibility of women displaying obsessive purchase behaviour (Hira and Mugenda, 2000); in terms of investment, women take less risk than men. Consequently, they save less for retirement compared to men. (Tang et al., 2015). As a result, women close to the age of retirement possess smaller wealth compared to men (Levine et al., 1999). Hayhoe et al. (2000) concluded that female students have the possibility of having a prepared budget, keep records of expenses and engage in saving habit compared to the male students. Davies and Lea (1995) concluded that there is the likelihood of male students being indebted more than female. In a study carried out on both undergraduate and graduate (2650 students) by Lyons (2004), women were found to be likely riskier in handling credit cards because of their susceptibility to impulsive purchases. Studies carried out by Chen and Volpe (1998) found out that women find it hard in handling financial matters thereby resulting in low level of knowledge and consequently result in negative financial decisions. A study by Chen and Volpe (2002) indicated that gender is connected with financial literacy. Women lack financial knowledge more than men which may be due to the fact that women bear a larger burden of bringing-up families, not working or starting work late, earn smaller income, not saving for a pension and face more financial management challenges. This concurred with the conclusion of other researchers (Atkinson and Messy, 2012; Brown and Graf, 2013; Lusardi and Mitchell, 2011; Mottola, 2013). Shambare and Rugimbana (2012) found out in their investigation of money acquisition in South Africa that 20% of men answered correctly questions on compound interest compared to 10% of ladies that answered correctly.

Gender differences as relating to positive financial behaviour is a function of the following processes: conversion of financial knowledge into financial behaviour, application of parental influence in financial decisions and the display of personal characteristics in relation to financial behaviour (Tang et al., 2015). Women are likely to be better in effectively converting financial knowledge into financial behaviour than men. On the basis of Planning, Attention, Simultaneous, and Successive (PASS) cognitive processes and achievement, Naglieri and Rojahn (2001) concluded that females substantially performed well more than males in PASS intellectual processes. PASS cognitive processes aim at producing behaviour that is responsible for selecting, the construct of strategies, and monitoring of concert (Naglieri and Rojahn, 2001). Earlier studies show that women have the tougher capacity to plan, execute and self-discipline which is a vital factor in translating financial knowledge into positive financial behaviour (Tang et al., 2015).

2.3.4.3.2 Age

There is a change in consumers purchasing behaviour and habits over their lifespan. Preference for clothing, fashion, and recreation changes with age (Shruthi, 2013). According to the hyperbolic model (individual life cycle and saving behaviours), over the life cycle, finance becomes more sophisticated in terms of consuming, borrowing and savings as age progresses (Xiao et al., 2015). In the theoretical model of retirement saving behaviour developed by Lusardi et al. (2010), financial knowledge is predicted to increase with age up to sixty-five years.

Past research studies show that a positive relationship exists between the age and the university students' financial literacy. There are more of demographic diversity and instability in the age range of eighteen to twenty-four years (Akram et al., 2016). Micomonaco (2003) and Chen and Volpe (1998) found out that there was a deficiency in financial literacy between the age of 18-24. Financial literacy seems to be higher among adults of medium age (35-65) bracket and lower in the younger age bracket (18-34) and elderly (65 and above) (Potrich et al., 2015). Lusardi and Mitchell (2011) disclosed that the respondents whose age falls between 25 and 65 seem to answer more questions compared to those whose age is below 25 or over 65. Moreover, de Bassa Scheresberg (2013) discovered that young adults in the age bracket of 24-34 years utilised loan associated with the high-interest rate due to the low level of their financial knowledge. Additionally, a study conducted on credit counselling clients revealed that age has a positive relationship with needed financial behaviour (Xiao et al., 2015). In view of the above, age is a factor in making financial decisions.

2.3.4.3.3 Course of Study

Students' major course of study in the university is one of the key indicators that have a profound effect on their personal financial literacy. Students' educational background has an effect on the average score on financial knowledge; students who major in business-related courses score high marks in financial knowledge test (Shaari et al., 2013). Chen and Volpe (1998), Volpe et al. (1996) and Beal and Delpachitra (2003) discovered that business major first-year students who pay more attention to financial issues by developing an interest in reading and listening to reports on finance got a high mark in the test they conducted. There is a link between financial subjects students' study in college and understanding of investment (Peng et al., 2007). Research carried out by Beal and Delpachitra (2003), Chen and Volpe (1998), Volpe et al. (1996), Peng et al. (2007) and Robb and Sharpe (2009) showed that students who major in business courses have deeper knowledge as regards personal finance compared to non-business students. There is a low level of financial literacy among non-business university students (students who did not do finance-related subjects) because of their low mean score of 47.01% in financial knowledge questions (Fatoki, 2014). There are substantial indications that students of economics or business-related studies have the possibility of being financially literate (Ansong and Gyensare, 2012). This claim was corroborated by the study conducted by Lusardi and Mitchell (2007) and (Chen and Volpe, 2002). In the study conducted by Ludlum et al. (2012) students of business law, accounting, finance and other business-related courses demonstrated a greater level of financial literacy as relates to the usage of credit cards.

Virtually all the available literature pointed out that students who major in business-related subjects have a higher knowledge of financial literacy which should stand as a good platform for good financial behaviour. However, the course of study as a variable had not been considered in relation to spending habits of university students. Hence it formed parts of the explanatory variable under consideration in this study.

2.3.4.3.4 Family Background

Parents are vital financial socialisation agents that influence their children (Jorgensen and Savla, 2010). They form their children money attitude, credit attitude, and how to gather financial information. (Sohn et al., 2012). Financial socialisation is " the process of acquiring and developing values, attitudes, standards, norms, knowledge, and behaviours that contribute to the financial viability and well-being of the individual" (Jorgensen and Savla, 2010). In their studies, Moschis (1985) and Clarke et al. (2005) suggested that parents educated their children about finances by passing thoughtful instructions, allowing participation and demonstrating a financially responsible model for emulation. Social learning theory postulates that children's experiences in financial management are enhanced by observing their parents, getting involved in home money management matters and taking deliberate instruction from parents (Jorgensen and Savla, 2010). It is the responsibility of parents to discover the right time to involve their children in financial decisions so as to create a focused learning experience. Parental influence through family dialogue and tracking of pocket money or other incomes bring about the increase in knowledge and development of attitudes, values and behaviours toward money (Allen et al., 2007; Jorgensen and Savla, 2010; Moschis, 1985; Moschis et al., 1986). Parents have a significant impact on the financial decisions of young adults (Shim et al., 2013).In line with the above, family background influences spending habits (Jariah et al., 2004). Friese and Koenig (1993) established the link between family dissonance and irrational and thoughtless spending habits. This finding was buttressed by Hira (1997) pointed out that irrational buying behaviour has a relationship with unkind childhood family backgrounds such as separation, death, the absence of love, and intimidation. Borden et al. (2008) stated that students from separated homes have the highest credit card debt. Whatever college students learnt during their childhood affects how they behave at the adult stage (Jariah et al., 2004).

2.3.4.3.5 Financial Aid

Financial aid is a factor that relates to university student spending habits and indebtedness on credit card (Leclerc, 2012). Robb and Pinto (2010) concluded that a great number of students who were at risk financially are the ones that overused their credit cards because of inadequate financial aid. Individuals that did not have access to many financial resources may not fulfil all their financial commitments (Robb and Woodyard, 2011). The reviewed literature confirmed that a relationship exists between availability of resources and spending habits and in this study, various sources of finance will be considered in relation to students spending habits.

2.3.4.3.6 Years in the University

According to development theories; cognitive, biological, and social methods are responsible for changes in human behaviour that are targeted at accomplishing definite developmental landmark. Through an interface with various people in different settings, individuals develop skills that grow from early-level to higher-level thereby enhancing management of multipart information, perceptions and tasks (King, 2009). Years in the university are the year's students develop a sense of independence and prepare to think and make a plan for financial future (Rydzik, 2016). In a survey conducted by Flores (2014), it was discovered that students' financial literacy gained higher momentum as they move from year one to higher levels. Nevertheless, the student's' initial financial freedom experience can bring about irresponsible financial behaviour (Flores, 2014). University students in year one who lack financial knowledge have the possibility of engaging in unhealthy financial behaviour like overspending and incurring debt (Shim et al., 2010). Stollak et al. (2011) stated that there is a substantial difference in the amount of money found in the students' savings accounts. Much money was found in the accounts of the students in the senior class, followed by the next lower class down to the fresher. Nearly available research established that years spent in school also affect spending decisions. Students in year one to three are part of the study population for this study and their degree of variation in spending habits will be examined.

2.3.4.3.7 Racial Group

There are different financial literacy levels about racial groups. Chen and Volpe (1998) discovered through the univariate analysis, that there is a significant difference in the financial literacy level of racial groups (African American, American Indian Hispanic and the White). However, when multivariate analysis was employed, the result was contrary; there was no difference in the financial literacy levels across the racial groups. This finding was corroborated by the further study carried out by Chen and Volpe (2002) and Worthington (2006). Regarding South Africa, Struwig et al. (2012) did not find the financial literacy marks of black respondents significantly different from that of coloured respondents. Nevertheless, the marks scored by both black and coloured respondents were found to be lower compared to white and Indian respondents.

A research study suggests that college students opinions regarding money differ by racial group (Masuo et al., 2004). Racial background influences knowledge, attitudes and behaviour of individuals as regards credit cards (Borden et al., 2008). Chen and Volpe (1998) discovered that black students scored low in numerous financial subjects as compared to white students. Lyons (2004) also discovered that black students have the possibility of engaging in risky financial behaviour such as failure to pay in full credit card balances. Likewise, Joo et al. (2003) discovered that white students have the tendencies to display positive attitudes regarding the usage of credit cards. White students have displayed positive financial behaviour toward monthly full payment of credit card balances and monitoring of household expenditure (Grable and Joo, 2006). Nevertheless, Chien and Devaney (2001) discovered that households who are not white displayed reasonable attitudes regarding the use of a credit card.

Racial groups play an influential role in students' spending habits. Leclerc (2012) confirmed that black students are possibly at risk financially due to lack of financial knowledge. On the contrary, Lusardi et al. (2010) concluded that there is no significant difference in the financial literacy level across racial groups.
The connection between financial literacy and racial group is not definite; nonetheless, studies have confirmed that financial literacy levels differ among racial groups (Lusardi and Mitchell, 2007; Struwig et al., 2012). These studies involved respondents from the following racial groups; Black, Hispanic, America Indian, Coloured White and Indian.

2.3.5 International Studies on Financial Literacy among College Students

2.3.5.1 Studies from America

Three research studies were reviewed: Jorgensen et al. (2017); Potrich et al. (2015); Rydzik (2016). The study of Rydzik (2016) examined the degree to which the three elements of financial literacy- financial knowledge, financial attitudes and financial behaviour interact and what implication does mindfulness has on these connections. It was conducted on the first-year students of Private University in New England. The instruments used in conducting the survey were "the college students financial literacy survey (CSFLS)" created by Jorgensen and Savla (2010) and "Five Facets of Mindfulness Questionnaire developed by Baer et al. (2008). The CSFLS instruments measured the understanding of the respondents' personal finance by examining the relationship and the supposed influences of the financial literate elements. The five facets of mindfulness questionnaire measured respondents' mindfulness. Data collected were analysed using linear and multiple regression analysis. Factorial ANOVA was also used to determine the relationship between the factors. Financial knowledge and financial attitudes were used as independent variables while financial behaviour is used as a dependent variable. The study found that there is a significant link between financial attitudes and financial behaviour and that the link is positively affected by mindfulness. However, the blend of financial knowledge, financial attitudes and financial behaviour together with influences of mindfulness did not show a significant correlation.

In a study by Jorgensen et al. (2017) the effect of geographical location on two-dimensional financial attitudes; financial achievement and financial power, as well as positive spending behaviour of sprouting adults, was considered from the viewpoint of family financial socialization model. The data used for the study were sourced from the emerging adult financial capability study (EAFCS). EAFCS was a survey carried across different sections of sprouting adults with data obtained from various universities and courses both within and outside the US (Jorgensen et al., 2017). The survey measured the components of financial literacy (financial knowledge, financial attitudes, and financial behaviour) as well as financial capabilities, influences and personal demographics. A total number of 2,847 undergraduate students who were in finance classes from three universities in the USA and one from Portugal formed the sample for the study. To examine the likely differences geographically in the connections among the power achievement attitudes, financial power attitudes, and positive spending behaviour of students, hierarchical linear regression and ANOVA model were used (Jorgensen et al., 2017). Results of the study agree on the correlation between financial attitudes and positive spending behaviour. However, there was no strong indication that geographical locations had a significant effect on the relationship between financial attitudes and positive spending behaviour.

A study by Potrich et al. (2015) built and likened models that measure the financial literacy level of university students. In this study, financial literacy was defined by the positive relationship among financial knowledge, financial attitudes, and financial behaviour as agreed to by these authors: Agarwalla et al. (2015); Atkinson and Messy (2012); OECD (2013). The study was conducted on 534 students of both public and private universities in Southern Brazil. To measure financial knowledge, multiple choice questions based on basic and advanced subjects of finance were used and they were adapted from the study carried out by Van Rooij et al. (2011b). The financial attitude was measured using nine questions, five-point Likert scale (absolutely disagree to absolutely agree) created by Shockey (2002) while financial behavior was measured using 20 questions, a five-point Likert scale (never to always) developed by Chen and Volpe (1998), Johnson (2001), and Shockey (2002) but adapted to suit the Brazilian environment. The study constructed three models. The first model was created because of the conclusion of Hayhoe et al. (2005) and Miller and Baca (2001) that a positive change in both financial knowledge and financial attitude will bring about positive effects on financial behaviour (Potrich et al., 2016). The second and the third models were created to reiterate the emphasis by OECD (2013), Atkinson and Messy (2012), Agarwalla et al. (2015), and Shockey (2002) that financial literacy is a blend of financial knowledge, attitude, and behaviour. The results of the study indicated that financial knowledge and financial attitude affect financial behaviour and that the combinations of financial knowledge, attitude and behaviour determine the literacy level of the university students.

2.3.5.2 Summary of International Studies from America

Early researchers from America like Danes and Hira (1987), Volpe et al. (1996), and Chen and Volpe (1998) have concluded that students lack financial knowledge and there is need to improve their knowledge on personal financial management. Gutter and Copur (2011) and Braunstein and Welch (2002) agreed that inadequate financial knowledge had an effect on individual daily financial resource management, credit rating and the possibility of not achieving long-term goals. Joo and Grable (2004), and Joo et al. (2003) stated that financially uneducated students regularly misconstrue the immediate consequences of credit card usage and this usually leads to increased stress and decreased level of financial well-being in the short-term while the long-term effects are debt, low credit rating and delay future plans (Borden et al., 2008). Lusardi and Mitchell (2007) agreed that financial illiteracy leads to poor retirement planning. The assertion from these authors indicated a relationship between the elements of financial literacy (financial knowledge, financial attitudes, and financial behaviour). However, the influences of these elements on each other were not emphasised. In the studies of Rydzik (2016), Potrich et al. (2016), and Jorgensen et al. (2017) highlighted above, efforts are geared toward determining the influences of one element on the other. Furthermore, moderating variables such as mindfulness and geographical location are introduced to determine its effects on the financial literacy elements' influence as they relates to each other.

2.3.5.3 Studies from Europe

Three studies conducted by Özdemir et al. (2015), Akben-Selcuk (2015) and Philippas and Tzora (2017) were considered for review in Europe. These studies were carried out among students in Turkey and Greece and quite relevant to this study.

First, Akben-Selcuk (2015) investigated the factors that influence financial behaviours of college students in Turkey. The study was conducted on 1539 students drawn from three private and 14 public universities. Three specific financial behaviours (paying bills on time, budgeting, and saving culture) were the target of the study. The results of the study showed that financial knowledge influences financial behaviour as well as financial attitude and knowledge of personal finance received by students from their parents.

Second, Özdemir et al. (2015) sought to determine the effect of educational curriculum especially in the area of financial related courses on the financial literacy level of university students. To evaluate this, 235 students from the faculty of economics and administrative sciences were sampled. A questionnaire that contained an adapted scale was used to collect the data. The scale to measure financial literacy centred on the awareness of financial products, the sources of information regarding financial product selection, numerous items relating to money, elementary calculations in finance, the methods adopted when income is low and demographics. The study concluded that, due to the inclusion of financial related subjects in their curriculum, students who studied economics and administrative science have high financial literacy level. Therefore, designing educational program in the area of finance for an individual that has no background in financial subjects will improve financial literacy.

Third, Philippas and Tzora (2017) studied the level of financial literacy among university students in Greece to determine if university students who are knowledgeable in finance would display a greater level of financial literacy against an average younger population without higher education. Furthermore, the relationship between financial knowledge and financial fragility (unanticipated financial shock) was examined. The study site considered for the research were the Department of Business Administration and the Department of Statistics and Insurance of the University of Piraeus. Four hundred and fifty-six (456) final-year undergraduate students were sampled. Data were collected through questionnaire and analysed using descriptive statistics, cross-tabulation, Chi-Square test and binary logistic regression. The study concluded that students who study business statistics and statistics did not display a greater level of financial literacy than the young adult population. Moreover, the study found that students with a level of financial literacy can accommodate more unanticipated financial shocks. It equally confirmed that male students are more financially literate than the female counterpart.

2.3.5.4 Summary of International Studies from Europe

The relationships among the elements of financial literacy – financial knowledge, financial attitude and financial behaviour were in focus in the first two studies reviewed. Adequate financial knowledge was found to have an influence on financial behaviour which suggests that if students are properly educated in financial matters, it will influence their financial decisions that will ultimately enhance their financial well-being. Meanwhile, the third study relates financial knowledge with financial fragility and found out that having a good understanding of financial matters could help in managing unexpected financial shocks.

2.3.3.5 Studies from Asia

Under the Asian continent, studies conducted by Shaari et al. (2013), Jariah et al. (2004) and Albeerdy and Gharleghi (2015) were reviewed. These studies emphasise the influence of financial literacy (financial knowledge) on financial behaviour; as such they are pertinent to this study.

The research study by Shaari et al. (2013), examined the financial literacy levels of university students. A total number of 2,500 students were given the questionnaires to complete, 384 completed questionnaires were collected and used for the study. The study employed a conceptual framework where financial literacy is considered the dependent variable while academic courses (business majors and non-business major), investment(saving), demographics (gender and age), and money management (spending habit) were the independent variables. Multiple linear regressions were used to determine the significance of the relationships connections between the variables.

The study found that there is a statistically significant relationship between financial literacy level and spending habit. In addition, the study found a strong relationship between financial literacy level of the students and their course of study. It was found that students who major in business are more knowledgeable in personal finance than those who are non-business majors. Furthermore, students aged between 18-24 were found to have a low level of financial literacy as well as fresh students in the university. Students that have spent more that one year in the university demonstrated a higher financial literacy level.

Jariah et al. (2004) studied the financial behaviour of university students. Because of the high purchasing power available to the student through the easy accessed educational loan and parental support, the students got involved in impulsive spending and buying items that are less important thereby creating a future financial burden for the students. The study used a self-administered questionnaire to collect data. Ten percent of the students who received an education loan were involved in the survey. Out of 1,800 questionnaires distributed, 1,500 were completed and used in the study. The variables tested include gender, age, marital status, place of origin, number of siblings, academic achievement, and location of residence. Descriptive statistics were used for the analysis.

The study found out that students especially male students used their money to settle the debt and they were also involved in less priority unessential purchases thereby having more financial problems that female students. The study concluded that, with the increase in the cost of living, student require prudent spending to meet their daily needs. Therefore, university students should be equipped with the elementary financial knowledge and skills that will help them to handle their income responsibly.

The research work of Albeerdy and Gharleghi (2015) focused on factors influencing the financial literacy of Malaysian university students. A self-administered questionnaire was used as the survey instrument. In order to achieve the objective of the study, the relationship between the dependent variable (financial literacy) and independent variables (education, financial socialization agents and money attitude) was determined. The operations of both the descriptive and inferential statistics, Pearson Correlation analysis and multiple regression were engaged in order to determine the relationship between the variables.The results of the study show that education and money attitude have a strong influence on financial literacy while the relationship between financial socialisation agents and financial literacy is considered weak.

2.3.5.6 Summary of International Studies from Asia

The three studies reviewed clearly show that there is a relationship between the concepts of financial literacy (financial knowledge, financial attitude and financial behaviour) and the degree of influence of one concept to another was equally highlighted. Furthermore, the extent of the relationship and influence of demographics such as financial socialization, academic study, gender and age were examined.

2.3.6 Studies on Financial Literacy in South Africa

South Africa is a developing country in Africa with an evolving economy and financial system. The significance of financial literacy in South Africa is gaining momentum especially for the majority of the poor people who are omitted from the proper financial system (Refera et al., 2016), and among the university students who are the future players in the financial markets and drivers of the economy. Holzmann (2010) agrees that, in developing countries, financial literacy is important to address the issues of apparent low level of financial skills, access to finance and acknowledgement of the fact that finance and financial related matters are key elements for growth and innovations. Regarding the financial literacy level in South Africa, Roberts and Struwig (2011) concluded that a large size of the South African population may not be sufficiently prepared to make rightful financial decisions. Hence the baseline study recommended a broad and aggressive financial education programme to enhance their low financial knowledge.

University students are possibly the interesting area for a study on financial literacy because most of the students are independently managing their income (allowance from parent, bursaries, education loan scholarship awards, credit cards etc.) for the first time, Therefore, it is important for them to be exposed to financial literacy skills before engaging in key financial transactions. Sufficient financial knowledge, positive financial attitude and responsible financial behaviour acquired while in school will influence their financial decisions positively, thereby guaranteeing their financial well-being in their adult life. Most importantly, this dispensation of financial markets is witnessing a variety of complex financial products and operations. Therefore, students that are financially illiterate are likely to become victims of financial failure and stress in adulthood.

In the view of the above, studies on financial literacy in South Africa are categorised into two: studies focusing on the general population vis-à-vis various aspects of the economy and those carried out among university students. Studies that focused on the general population include (Gouws and Shuttleworth, 2009; Mishi and Chipote, 2014; Struwig et al., 2012; Tustin, 2010; Van der Merwe, 2012) and those carried out among university students are reviewed below.

Van Deventer and de Klerk (2016) investigated African Generation Y (citizens born between 1986 and 2005) students' knowledge of personal financial management. The target population for the study was registered students of South African public higher education institutions (HEIs) in 2013. The study focused on the students' knowledge of personal financial management in terms of general financial literacy, savings, spending, and debt. The study concluded that the students' financial knowledge is low, and this has negatively affected their savings, spending, and debt management.

The research study by Oseifuah and Gyekye (2014) analysed the level of financial literacy among South African undergraduate students. The study was conducted on third-year Bachelor of Commerce (Accounting) from University of Venda. The study focused on students' knowledge on personal finance and the relationship between financial literacy and demographic (gender. age, nationality); source of financial support, father's educational achievement, family income and monthly pocket money. The results indicated that Accounting students of the University of Venda have a low level of financial literacy; only 38% of the students who took part were financially literate. It also confirmed that there are differences in financial literacy regarding gender as male Accounting students were more likely to have knowledge about financial matters than the female counterparts. Moreover, Fatoki (2014) assessed the financial literacy of non-business university students in South Africa. The study was conducted among the final year students in the Department of Agriculture and Chemistry at two selected universities both in Limpopo and Gauteng provinces. The result (47.01%) which is below mean score (61.95%) as obtained by JumpStart Survey 2008, shows that there is a low level of financial literacy among non-business students.

Shambare and Rugimbana (2012) investigated financial literacy among the educated using a selected university in South Africa as a case study. A questionnaire containing financial literacy scale was the survey instrument used to collect data. The study concludes that 85% of the sample size is financially illiterate.

Botha (2013) examined the financial literacy level of final year diploma students of business-related courses and those whose course of study did not contain business-related subjects. A questionnaire was used to collect the data. The study concludes that the financial literacy level of final year diploma students is low. In addition, students who do business-related courses performed better than those who do not. The demographics variables – language and funding methods were found as an influencer of financial literacy.

While Louw et al. (2013) appraised the financial literacy gap that exists among third-year students of North-West University (Potchefstroom Campus). The study targeted students' understanding of the social-economic environment vis-à-vis the financial world as well as their ability to manage their personal finance. The respondents were from various faculties (Natural science, Arts, Economic and Management Science). A total number of 424 students responded to the questionnaires. The study concludes that the exposure of students to financial practice is very low, but students from the faculty of Economic and Management Science responded well to questions on financial literacy.

2.3.6.1 Summary of South African Studies

The overall conclusion on the financial literacy level of university students in South Africa was that the students have a low level of financial literacy. Furthermore, the degree of relationship of demographic variables and other specifics variables such as financial knowledge, the source of financial support, educational achievement, family income, pocket money, and language were examined. Language and funding sources were found to influence financial literacy. Students with business-related background were found to be financially knowledgeable more that their non-business-related background counterparts.

Financial literacy is defined by financial knowledge, financial attitude and financial behaviour (Potrich et al., 2016). Financial behaviour is the demonstration of individual financial literacy skill in terms of financial decisions taken in the financial markets. However, the financial behaviour is expected to be motivated, shaped and influenced by financial knowledge and financial attitude. This study will investigate the direct effect of financial knowledge and attitude on behaviour which will be measured by the students' spending habits. It will equally examine the degree of influence other demographic variables considered for the study have on the students' financial behaviour.

2.3.7 Spending Habits among Young people

Spending habits is a behaviour that is displayed due to loss of self-discipline regarding continuing overspending. According to the theory of social learning, spending habits are learned from parents and other important personalities (UKEssays, 2015). Individual experiences during childhood comprise ways their parents manage money and training given to them towards money management. Parents are the critical impetus in their children's lives when growing. The positive and negative spending habits displayed are subject to their parents' habits (Hadzic and Poturak, 2014). The influence of agents of socialisation such as family and peer group has greater effects on an individual's attitude towards money (Hadzic and Poturak, 2014). The habits mostly move from one generation to another (UKEssays, 2015). An individual who get engaged in irresponsible spending habits seems important, attractive and satisfied with such habits, therefore spends a lot of money to feel good (UKEssays, 2015).

Pillai et al. (2010) stated that a young adult's attitude as relating to spending habits plays a key role in perceiving the sustainability of their finance and it is also an important variable in financial judiciousness. Young adults have tendencies to immediately spend their money on consumable products, thereby neglecting long-term financing matter such as investment (Shaari et al., 2013). Students that are knowledgeable normally spend a greater proportion of their money on durable goods such as housing, education and investment rather than spending on food, clothing, cinema etc. Thus, an improvement on students financial literacy is quite desirable and recommended for universities (Shaari et al., 2013). Students that can control their finances will have less default rate on their loan debt (Cummins et al., 2009). The higher cost of university education nowadays had constituted a substantial part of total debt students incur over the duration of their study and beyond (Mundy, 2009). Trombitas (2011) concluded that students lack the understanding of the significance of financial responsibility. As a result, they commit money to wants and not needs. Students live for now and willing to purchase the available next big thing (Trombitas, 2011). In the survey conducted on 144 first-year students by Simpson et al. (2012) students were finding it hard to manage their money and this resulted in improper financial decision-making (Rydzik, 2016). A survey carried on spending habits of young people in three cities (Guangzhou, Hong Kong and Macau) in the Republic of China found that young people spend more on entertainment, clothes and accessories. They collected borrowed money from friends or engaged in part-time jobs in order to get more money to spend. The study established that an average Hong Kong youth spent the larger proportion of the money they have on enjoyment. Furthermore, about 20% of Hong Kong youth confirmed that they “spend all they have” (Nadome, 2014). In addition, advance in technology had no doubt increase students’ expenses. Male students particularly were fascinated to buy costly gadgets, while the females get attracted to clothes, bags and shoes in order to look nice going to classes (Nadome, 2014). Irresponsible spending habits have negative effects on individuals, families and society (UKEssays, 2015).

2.3.7.1 Factors That Can Affect Students’ Spending Habits

The following factors are capable of influencing students’ spending habits:

Lifestyle. This refers to someone’s mode of living, activities engaged in and opinions about oneself and the environment. It is all about one’s way of life, types of products one buys and its usage. Magie (2008) stated that lifestyle influences customers’ behaviour as regards patronage in the market. Someone under the influence of lifestyle chooses products and services considered satisfactory in terms of needs and interest instead of limiting themselves to traditions (Lamb et al., 2008). Hassan et al. (2010) found out that a significant and positive link exists between lifestyle and spending behaviour.

Brand Loyalty. The brand name has consequential effect on customers' imagined product quality, value and readiness to buy (UKEssays, 2015). Brand loyalty is having trust in the dependability of a brand considering the favourable effect of using the brand. Chaudhuri and Holbrook (2001) concluded that a relationship exists between brand loyalty and brand performance as well as spending behaviour.

Advertisement. This is the medium through which product details regarding price, usage, benefits and availability are communicated to prospective buyers with the intention to convince them to buy. The advertorials are consummated to induce the consumers to buy the products (Group, 2008).

Parental Influence. Parents and family play a significant role in inculcating money management skills in their children. This is often achieved by observation and participation. Also, parent train their children through lessons delivered to them (Shim et al., 2010). Moreover, Bandura (1986) and Clarke et al. (2005) stated that parents teach their children values, confidence and knowledge thereby shaping their attitudes and behaviour. An individual has the tendency of discussing with their parents before making purchases (Group, 2008). From the discussion above, the parent has a significant effect on the spending behaviour of their children.

Peer Group. This refers to a group of a peers who relate to each other regularly. Studies confirmed that peers consumption communication has a significant influence on adolescents as regards product evaluation, materialistic values and inducement for consumption (Mangleburg et al., 2004).

Product Price and Promotion. Studies show that there is a linear relationship between the price of a product and the volume of purchase. When the actual price of a product is higher than expected price, it has a negative effect on the purchase (Lattin and Bucklin, 1989). Likewise, promotional activities have a substantial influence on consumers' purchase behaviour. Consumers are not likely to respond to a product that is not on promotion (Lattin and Bucklin, 1989).

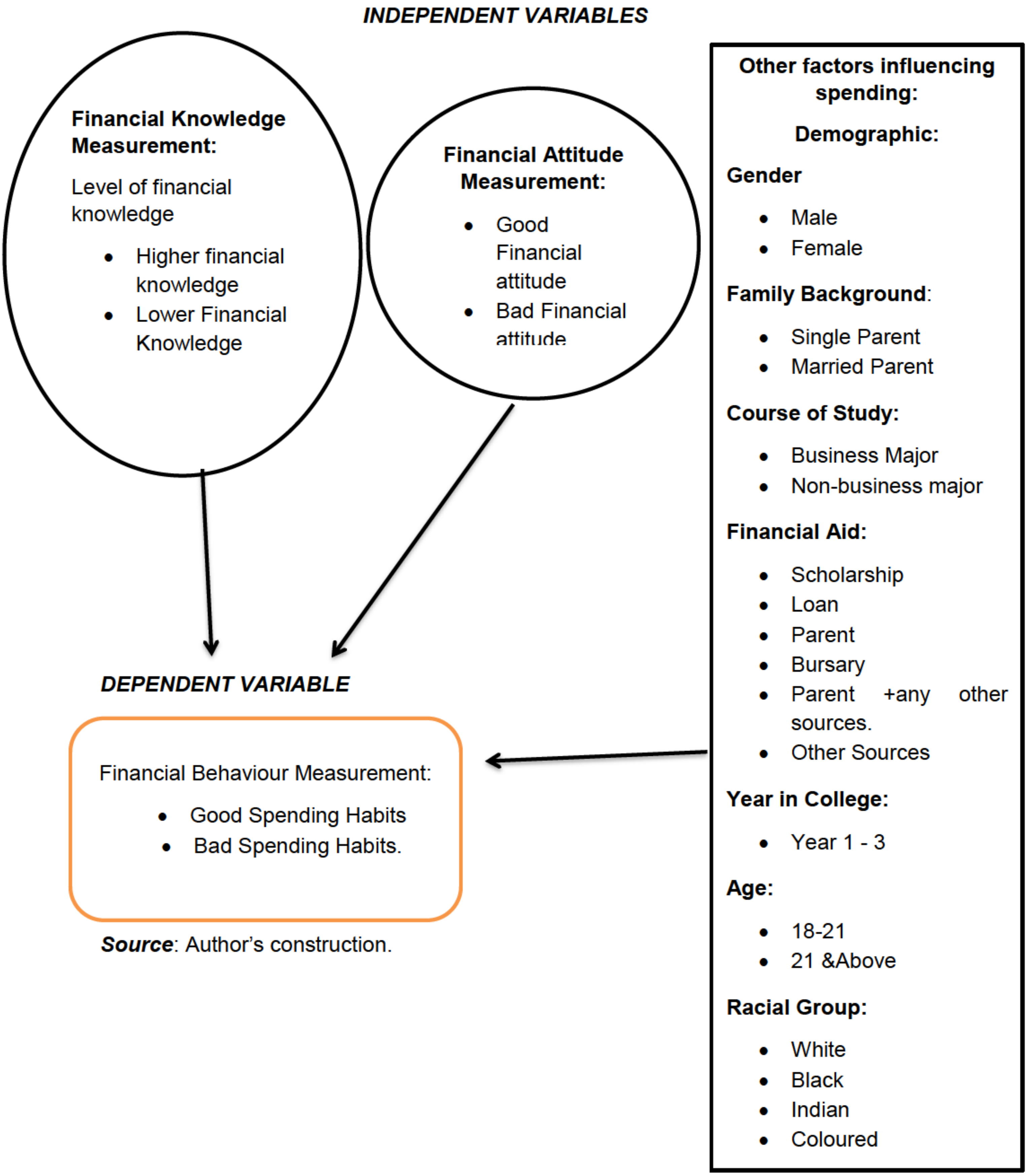
2.4 Summary of Literature Review

Financial literacy studies concerning university students in the developed world, developing world and South Africa have shown that there is a low level of financial literacy among students. This is worrisome because to be financially illiterate is to be a victim of overspending, inability to save and invest for future (retirement, housing and children's education) thereby impairing their future financial well-being. Since students are the future players and drivers of the financial markets, their inadequacies in financial literacy will be harmful to the growth of the financial economy of the nation.

The extant literature also provides evidence of the relationship that exists between the elements of financial literacy as well as social-economic demographic variables connection with each of the elements. However, no studies absolutely relate the student's financial knowledge, financial attitude together with their demographic characteristics to the students' spending habits, yet it is a crucial part of students' financial life during university life. Knowing the student's spending habits helps to estimate their financial literacy level. It is expected that financially literate students should be able to spend wisely and remain financially stable even with small disposable income during the university period and even after. This study will examine this relationship to fill the knowledge gap. The next chapter considers the research methodology that will be employed to estimate the student's spending habits.

2.5 Conceptual Framework

Figure 2. 3: Designed Conceptual Framework



Source: Author's construction.

Figure 2.3 above displayed the designed conceptual framework for the study. This is adapted to suit the objectives of the study. From the Figure 2.3, independent variables include financial knowledge, financial attitude, family background, racial group, age, gender, year in university, the course of study and financial aid. The dependent variable to be examined is spending habits. For this study, the independent variables will be used to examine the university students' habits.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This study aims to determine the factors that influence university students' spending habits. This study intends to confirm whether age, gender, racial group, family background, years in the university, financial aid, the course of study, financial knowledge and financial attitude have a noteworthy influence on spending habits of the University of KwaZulu-Natal students. This chapter outlines the method adopted in collecting data that are relevant to achieving the research objectives. The survey instrument used for the collection of data is justified and explained. Furthermore, the chapter explains the research method employed in analysing the collected data. Finally, the limitations concomitant with this study are accentuated together with adherence to the required research ethics for this study.

3.2 Research Design

This research study adopted the quantitative method, and this was premeditated as a paper survey administered to the student population of the School of Accounting, Economics, and Finance and School of Law in the College of Law and Management and School of Social Sciences in the College of Humanities, at the University of KwaZulu-Natal. The study applied (Potrich et al., 2015) questions on the constructs of financial knowledge, attitude and behaviour and scores were allocated to each respondent accordingly. The study also presents demographic information of the respondents.

Quantitative research is described by Creswell (2009) as a method used to assess purposeful concepts via relationships among variables. Quantitative research seems the best technique when identifying factors that impart an outcome (Rydzik, 2016; Creswell, 2009). Concerning this study's research questions, the researcher considered various independent variables to determine their impact on the dependent variable. Creswell (2009) stated that an independent variable affects an outcome while a dependent variable hinge on the independent variable.

On the one hand, the independent variables of this study were age, gender, racial group, family background, years in school, financial aid and the course of study (demographics), financial knowledge and financial attitude (financial literacy concepts). On the other hand, the dependent variable is spending habits (financial behaviour).

This study was carried out at the University of KwaZulu-Natal – College of Law and Management and College of Humanities. The researcher accessed the students face-to-face during lectures after the necessary permission had been obtained from the Research Ethics office of the University and the relevant faculty authorities.

3.3 Target Population and Sample Size

The target population is defined as the total collections of components whereabout the research study will make some conclusions (Onyango, 2014). The population of the study site consists of the undergraduate students of School of Accounting, Economics, and Finance and School of Law in the College of Law and Management, and School of Social Sciences in the College of Humanities of the University of the KwaZulu-Natal, South Africa. The study was applied to students who major in business-related courses and those who do not. Students in year one to year three were considered for this study. A stratified sampling was used to select the target population while the convenient sampling technique was used to select the respondents. The sample size of the population was calculated using Krejcie and Morgan's (1970) equation:

$$S = \frac{X^2NP(1-P)}{d^2(N-1) + X^2P(1-P)}$$

Where S is the required sample size,

X^2 is the table value of chi-square for 1 degree of freedom at the desired confidence level

N is the population size

P is the population proportion (assumed to be .50 since this would provide the maximum sample size).
D is the degree of accuracy expressed as a proportion (.05).

The total population for this study was ten thousand, three hundred and twenty (10,320) which is the total estimated number of registered students of both schools. The sample size of the population according to Krejcie and Morgan's (1970) is three hundred and seventy (370), but five hundred (500) questionnaires were distributed. Four hundred and seventy-nine (479) questionnaires were received fully completed and usable for the analysis. Nine (9) questionnaires were not fully completed therefore not useable while twelve (12) questionnaires were not returned.

3.4 Data Collection: Instruments

The study used a structured questionnaire to collect empirical evidence regarding both the dependent variable - Spending habits and independent variables - the level of financial knowledge, financial attitude, the course of study, financial aid, family background, years in school, age, gender and racial group. The questionnaire (see Appendix A) is divided into two sections (Section A and B). Section A contains the demographic data while section B contains the scales of spending habits, financial attitude and financial knowledge. The scales of both financial attitude and spending habits were designed using a 4-point Likert-scale (strongly disagree, disagree, agree and strongly agree) and that of financial knowledge contained 10 multiple questions. The scales were adapted from Chen and Volpe (1998); OECD (2013); Potrich et al. (2015); Van Rooij et al. (2011a). The questionnaire was distributed to the respondents directly in lecture theaters.

3.4.1 Spending Habits Scale

This scale was designed to measure the best of the students’ financial decisions as relating to pricing, budgeting, savings and borrowing. It contained nine questions with a four-point Likert-scale (strongly disagree, disagree, agree and strongly agree). The scale was adapted from Potrich et al. (2015) which was proposed by Shockey (2002) and OECD (2013). The scale was measured by computing the mean score (after reverse coding of the negative questions) of respondents’ response to the nine questions. Respondents with a mean score greater than or equal to 3 were grouped as good spending habits while respondents with a mean score less than 3 were grouped as bad spending habits.

3.4.2 Financial Attitude Scale

This scale was intended to measure the influence of financial concepts information on the respondent's emotions which informs favourable reaction to financial decisions (Shockey, 2002). It contained 10 questions with a four-point Likert scale (strongly disagree, disagree, agree and strongly agree). All the 10 questions were negatively worded. The scale was adapted from Potrich et al. (2015) which was proposed by Shockey (2002) and OECD (2013). The scale was measured by computing the mean score of respondents' response to the 10 questions. Respondents with a mean score greater or equal to 3 were grouped as good financial attitude while respondents with a mean score less than 3 were grouped as bad financial attitude.

3.4.3 Financial Knowledge Scale

This scale was aimed at measuring the respondents' ability to manage income, expenditure and savings in a favourable manner (Potrich et al., 2016). The scale contained nine questions that cut across simple interest, inflation, risk and investment. It was adapted from Potrich et al. (2015). The scale was measured by considering a value equal to 1 for correct answer and 0 for the wrong answer. A respondent was classified as having higher financial knowledge if he or she scores 6 and above and otherwise if he or she scores 5 or less. These measurements are consistent with the previous studies of Chen and Volpe (1998); OECD (2013); Potrich et al. (2015); Van Rooij et al. (2011a).

3.5 Reliability and Validity of the Research Instrument

A test instrument is reliable when it is consistent in the absence of any bias (Sekaran and Bougie, 2016). That is, it is stable and dependable. A pilot survey was conducted on 30 students outside the study site to confirm the reliability of the research instrument. The pilot survey contained ten questions on the scale of spending habits, ten questions on the scale of financial attitude and ten questions on the scale of financial knowledge. After the pilot survey, Cronbach Alpha test in SPSS was used to determine the reliability. Cronbach's Alpha measures the internal consistency of the scale. The alpha coefficient is measured to have strong reliability when it lies between 0.8 to 1.0, moderately strong when it lies between 0.6 to 0.8 and considered weak when it is less than 0.6 (Shaari et al., 2013). After adjusting both the spending habits and financial knowledge scales to nine questions as necessary, the Cronbach's Alpha for spending habits, financial attitude and financial knowledge were 0.704, 0.823 and 0.773 respectively.

Validity denotes the extent to which an instrument measures the desired objective(s) (Kothari, 2004). The questionnaires are designed to make sure that it is precise and consistent as part of the study. The research instrument validity was confirmed by sought through opinions of experts in the study area including my supervisors. Furthermore, the pilot survey carried out enhanced the instrument validity.

3.6 Demographic Variables

Section A of the questionnaire contains questions on demographics such as age, gender, family background, the course of study, financial aid, years in university, and racial group. Also, monthly allowances received amount of money spent on various expenditure items and the degree to which factors like an advertisement, parent(s), friends/peer group, current fashion, lifestyle, price/quality, promotions and loyalty influences their spending were included.

Questions on age, gender, family background, the course of study, financial aid, years in university and the racial group were among the independent variables to determine their impact on spending habits. These questions are common in studies relating to financial literacy (Beal and Delpachitra, 2003; Chen and Volpe, 1998; McKenzie, 2009; Murphy, 2005). Questions on monthly allowances received, amount of money spent on various expenditure items, and the degree to which factors like an advertisement, parent(s), friends/peer group, current fashion, lifestyle, price/quality, promotions and loyalty influences their spending were designed to examine the students spending pattern and their responses to the above-listed factors.

3.7 Data Analysis

After collection of data, the questionnaires were reviewed thoroughly to ensure that they were properly completed. Only questionnaires that were fully completed by the respondents were used for the analysis. The data were analyzed using the Statistical Package for Social Science (SPSS 24). Descriptive statistics like frequencies were used to analyse the demographic data. Descriptive statistics define the coefficient that recapitulates a given data set either from an entire population or a sample of it. The data were displayed using tables to make it easier to understand and compare. The study equally engaged the use of logistic regression to determine the relationship between the explanatory variables (financial knowledge, financial attitude, gender, the course of study, family background, age, years in college and financial aid) and the dependent variable (spending habits).

Logistic regression is the model that can be used to determine the relationship between a binary dependent variable and independent variables (explanatory variables) as well as the comparative importance of each independent variable (Kleinbaun and Klein, 2011). It is expressed in the form of linear regression equation, but in logarithmic terms known as logit (Wingfield, 2016). This research study evaluates the spending habit score (as the dependent variable) in reference to the predictor variables (financial knowledge, financial attitude, gender, the course of study, family background, age, years in college and financial aid) which is either categorical or continuous. For logistic regression to be executed, the dependent variable, spending habit was grouped into two categories thereby making it a dichotomous variable. In this study, the grouping of the students' score was done using the mean score. Students that scored below the mean were categorized as having bad spending habits, while those that score equal or above the mean were categorized as having good spending habits. Moreover, the dichotomous variable is applied in the logistic regression as the dependent variable, which is elucidated by the predictor variables.
The Wald statistic was employed to determine the significant effect of the predictor variables on the dependent variable, spending habits. The Wald statistics probability distribution is the same as Chi-squared distribution. Wald test of p-value $<.05$ is measured to be significant statistically (Wingfield, 2016).

The logistic model adapted for the study is borrowed from Chen and Volpe (1998); Oseifuah and Gyekye (2014); Potrich et al. (2015). Chen and Volpe (1998) study examined how knowledgeable college students are in personal finance, and the link between financial literacy and the respondent's features regarding the academic course of study, gender, and experience. They considered financial literacy as a dependent variable and 21 others as independent variables. Oseifuah and Gyekye (2014) considered financial literacy as the dependent variable and other 11 as independent variables. While Potrich et al. (2015) used financial literacy level as a dependent variable, 11 others were used as independent variables.

This study used spending habits as the dependent variable and 20 others as independent variables.

The logistic model is expressed below:

$$\log\left(\frac{p}{1-p}\right) = \beta 0 + \beta 1(FIN\ Knowledge) + \beta 2(FIN\ Attitude)$$
$$+ \beta 3(FAM\ Background) + \beta 4(COU\ of\ Study) + \beta 5(FIN\ Aid1)$$
$$+ \beta 6(FIN\ Aid2) + \beta 7(FIN\ Aid3) + \beta 8(FIN\ Aid4) + \beta 9(FIN\ Aid5)$$
$$+ \beta 10(FIN\ Aid6) + \beta 11(AGE1) + \beta 12(AGE2)$$
$$+ \beta 13(YEARS\ in\ College1) + \beta 14(YEARS\ in\ College2)$$
$$+ \beta 15(YEARS\ in\ College3) + \beta 16(RACIAL\ group\ white)$$
$$+ \beta 17(RACIAL\ group\ black) + \beta 18(RACIAL\ group\ indian)$$
$$+ \beta 19(RACIAL\ group\ coloured)\beta 20(Gender) + \epsilon$$

Where p is the dependable variable, spending habits (1 = good spending habit and 0 = bad spending habits). β_0 represents the constant and $\beta_1, \beta_2 \ldots\ldots \beta 20$ stand for the coefficients, while ϵ represents the error term. The explanatory variables (independent) that have effects on the spending habits comprise social-demographic variables of the respondents. Most of the explanatory variables are categorical and, dummy variables were used where necessary. Details of the explanatory variables were elucidated in Table 3.1 below.

The explanatory variables chosen and included in the model were adopted in reference to the literature reviews carried out in Chapter 2. As demonstrated in the extant literature, gender had a positive relationship with financial literacy. Also, studies revealed that young adults (18 to 24 years) have a low level of financial knowledge thereby engendering reckless spending habits (Chen and Volpe, 1998; Micomonaco, 2003). Regarding course of study, it was concluded from research studies that students who major in the business-related course have a deeper knowledge of personal finance than the non-business major (Beal and Delpachitra, 2003; Peng et al., 2007). Furthermore, family background was concluded to influence spending habits. Hira (1997) stated that absurd buying behaviour is associated with separated/divorced homes. Years spent in the university were equally found to be positively related to financial literacy. Flores (2014) stated that students gained momentum in their financial literacy level as they move from year one to two and three. Also, the racial group has a positive connection with spending habits. Lyons (2004) found that black students are most likely to be involved in risky financial behaviour. In addition, financial aid relates positively to spending habits. Great numbers of students tend toward financial risk due to lack of financial aid (Robb and Pinto, 2010).

Table 3. 1: **Description of the independent variables in the regression model**

Variables	Description	Coding
Gender	Gender	1 = male and 0 = Female
AGE	Age	1 = 18-20 and 0 = 21 and above
FAM Background	Family Background	1 = Single Parent and 0 = Married Parent
COU of Study	Course of study	1 = Business Major and 0 = Non-business Major
YEAR in University	Year in university	2 dummy variables created and codded as 1 = Year 2 and 0 = Otherwise; 1 = Year 3 and 0 = Otherwise, Year 1 = reference group.
FIN Aid	Financial Aid	5 dummy variables created and coded 1 = Loan and 0 = otherwise; 1 = Bursary and 0 = otherwise; 1 = Scholarship and 0 = otherwise; 1 = Parent + other and 0 = otherwise; 1 = other sources and 0 = otherwise and Parent is the reference group.
RACIAL Group	Racial Group	3 dummy variables created and coded 1 = African and 0 = otherwise; 1 = Indian and 0 = otherwise; 1 = Coloured and 0 = otherwise; White is the reference group.
FIN Knowledge	Financial Knowledge	1 = Higher financial knowledge and 0 = Low financial knowledge
FIN Attitude	Financial Attitude	1 = Good financial attitude and 0 = Bad financial attitude.

Source: Author’s construction

Crosstabulation and Chi-squared were also used to establish the relationship between gender and spending habits. Likewise, the relationship between the course of study and spending habits. Crosstabulation and Chi-squared test is used to examine the relationship between two categorical variables. The test compares the empirical frequencies of events that happen in the respective categories, with the expected values in case there is no relationship between the measured variables (Pallant, 2011). The Chi-squared statistic (x^2) determined the statistical significance of the variables' relationship. Additionally, analysis of variance (ANOVA) was employed to further reveal the connections between the explanatory variables and the outcome variable.

3.8 Research Ethics

Approval was sought and obtained from the Research Office (Ethics) before the commencement of this study. The approval included permission to survey University of KwaZulu-Natal students (College of Law and Management and College of Humanity). Responses to the questionnaire are confidential, respondents are anonymous, and no form of incentives were used in the survey.

3.9 Summary of the chapter

As the cost of higher education continues to be on the increase as well as living cost, students' disposable income will continue to be smaller and unable to meet their needs thereby causing financial instability and unrest. Therefore, it is important to understand the awareness level of a student about financial literacy and its implications on their spending habits. Year one to year three students of the School of Accounting, Economics and Finance and School of Law in the College of Law and Management Studies, and School of Social Science in the College of Humanities were surveyed using the questionnaire adapted from Chen and Volpe (1998); OECD (2013); Potrich et al. (2015) and Van Rooij et al. (2011a). The validated instruments were used to collect data directly from the students and then analysed to investigate effects of the variables to address the research questions with hypotheses surrounding spending habits. The analysis was done using suitable descriptive and inferential statistics. Necessary ethics requirements were complied with and approval granted.

This chapter gives the description of the research design, instruments and data analysis methodology. Chapter 4 will follow with detailed descriptive and inferential statistical analysis of the data collected.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis and the empirical findings of the study as highlighted in the research methodology. The results presented are in relation to the objectives of this study – examining the factors that influence University of KwaZulu-Natal students' spending habits, to determine whether spending habits differ with student gender or racial grouping and to examine the spending habits among students who major in business-related courses and those who do not.

Section one deals with frequency analysis of the demographic data. This is followed by the analysis of data to determine factors that influence students' spending habits and the relationships between gender and spending habits, the relationship between racial groups and spending habits as well as the relationship between the course of study and spending habits. Descriptive statistics, the Mann-Whitney U test, logistic regression, crosstabulation and Chi-squared and ANOVA were employed for the analysis.

4.2 Sample Description and Response Rate

Out of the five hundred (500) questionnaires distributed to the target population, four hundred and seventy-nine (479) fully completed and applicable were collected depicting approximately 96% response rate. Twelve (12) questionnaires were not returned representing 2% while nine (9) questionnaires were returned without complete information that could be useful for analysis representing approximately 2%. The target population was considered reasonably represented despite the small percentage (4%) shortage in response. The results are displayed in Table 4.1 below.

Table 4. 1: The Response Rate.

Questionnaires	Frequency	Percentage
Completed questionnaire returned	479	96%
Questionnaire returned not fully completed	9	2%
Questionnaire not returned	12	2%
Total	**500**	**100%**

Source: Author's construction based on primary data collected

4.3 Scale Reliability

Reliability assessment was performed on the dependent variable (spending habits) scale as well as the financial attitude scale and financial knowledge scale both of which are part of the independent variables. As displayed in Table 4.2 below, the Cronbach's Alpha values for spending habits scale, financial attitude scale and financial knowledge scale were 0.704, 0.823 and 0.773 respectively. According to the minimum acceptable level of 0.6 (Shaari et al., 2013), both spending habits scale and financial knowledge scale lies at moderate good level while financial attitude scale had strong reliability.

Table 4. 2: Scale Reliability Statistics

Spending Habits Scale		
Cronbach's Alpha	Cronbach's Alpha based on standardised Items	Number of Items
0.684	0.704	9
Financial Attitude Scale		
Cronbach's Alpha	Cronbach's Alpha based on standardised Items	Number of Items
0.827	0.823	10
Financial Knowledge Scale		
Cronbach's Alpha	Cronbach's Alpha based on standardised Items	Number of Items

0.759	0.773	9

Source: Author's construction based on primary data collected and analysed using the SPSS statistical package.

4.4 Descriptive statistics of demographic data

4.4.1 Gender

From the analysis displayed in Table 4.3, 158 (33%) of the respondents were male while 321 (67%) of the respondents were female. The total number of respondents is 479.

Table 4. 3: Respondents' Gender

Gender	Frequency	Percent
Male	158	33.0
Female	321	67.0
Total	479	100.0

Source: Author's construction based on primary data collected

4.4.2 Age

As presented in Table 4.4 below, most of the respondents (51.4%) were between the age of 18 to 20 years and 48.6% of the respondents were 21 years of age and above.

Table 4. 4 Respondents' Age

Age	Frequency	Percent
18-20 years	246	51.4
21 and above	233	48.6
Total	479	100.0

Source: Author's construction based on primary data collected

4.4.3 Family Background

The findings from the analysis revealed that the majority (61.0%) of the respondents are from a married parent while 38.8% of the respondents come from the single parent family. Table 4.5 below shows the analysis.

Table 4. 5: Respondents' Family Background

Family Background	Frequency	Percent
Single Parent	186	39.0
Married Parent	293	61.0
Total	479	100.0

Source Author's construction based on primary data collected

4.4.4 Course of Study

Out of the 479 students that participated in the study, 245 (50.9%) students majored in the business-related courses while 234 (49.1%) students studied courses that do not have a business background. This analysis is presented in Table 4.6 below. Furthermore, the detailed analysis of the courses that are considered as a business major revealed that 100 respondents are in the Accounting class, 45 respondents are in the Economics class and 100 respondents are in the Finance class. On the other hand, non-business major shows that 121 respondents are in the Law class and 113 respondents are in the Social Science class. Table 4.6 and 4.7 below presents this analysis.

Table 4. 6: Respondents' Course of study

Course of Study	Frequency	Percent
Business Major	245	50.9
Non-Business Major	234	49.1
Total	479	100.0

Source: Author's construction based on primary data collected

Table 4. 7: Course Title

Course of study	Course Title	Frequency	Percent
Business Major	Accounting	100	20.9
	Economics	45	9.4
	Finance	100	20.9
Non-Business Major	Law	121	25.3
	Social Science	113	23.6
	Total	479	100.0

Source: Author's construction based on primary data collected

4.4.5 Year(s) in University

The independent variable 'Year(s) in School referred to the class rank of the students. Students that are years one to three were considered for the study. From the analysis, students in year one who participated in the study were 100 (20.9%), those who are in year two were 161 (33.6%) and those in year three were 218 (45.5%). Table 4.8 below displays the analysis.

Table 4. 8: Respondents' number of Year(s) in School

Year in School	Frequency	Percent
Year 1	100	20.9
Year 2	161	33.6
Year 3	218	45.5
Total	479	100.0

Source: Author's construction based on primary data collected

4.4.6 Racial Group

The major racial groups in South Africa are categorised into four: namely white, African (black), Indian and Coloured. For this study, the analysis revealed that 14 (2.9%) of the respondents were white, 322 (67.2%) respondents were African, 134 (28%)

respondents were Indian and 9 (1.9%) respondents were coloured. The analysis is shown in the Table 4.9 below.

Table 4. 9: Respondents' Racial group

Racial Group	Frequency	Percent
White	14	2.9
African	322	67.2
Indian	134	28.0
Coloured	9	1.9
Total	479	100.0

Source: Author's construction based on primary data collected

4.4.7 Financial Aid

Respondents were asked the source of their finance for their study. From the findings, out of 479 respondents, 193 (40.3%) respondents were sponsored mainly by their parents. A total of 155 (32.4%) respondents obtained loan, 63 (13.2%) respondents were enjoying bursaries, 11 (2.3%) were on scholarship, 49 (10.2%) respondents were being sponsored by their parents as well as enjoying sponsorship from either a loan, bursary or scholarship, and 8 (1.7%) respondents got their sponsorship from other sources mainly engaging in part-time work. The financial aid analysis is presented in Table 4.10 below.

Table 4. 10: Respondents' Financial Aid

Financial Aid	Frequency	Percent
Parent	193	40.3
Loan	155	32.4
Bursary	63	13.2
Scholarship	11	2.3
Parent + Any other	49	10.2
Other sources	8	1.7
Total	479	100.0

Source Author's construction based on primary data collected

4.4.8 Monthly Allowance

The question on monthly allowance(s) from all sources excluding book allowance was asked the respondents to determine what amount of cash was available for them to spend a month. As shown in the analysis displayed in Table 4.11, out of 479 respondents, 280 (58.5%) respondents received less or equal to R1,000 in a month, 142 (29.6%) respondents indicated that their monthly allowance range from above R1,000 to R2,000, 32 (6.7%) respondents indicated that they received an amount ranges from R2,001 to R3,000 as monthly allowance, 15 (3.1%) respondents declared receiving an amount ranges from R3,001 to R4,000, 4 (0.8%) claimed to be receiving monthly allowance ranging from R4,001 to R5,000 while 6 (1.3%) claimed to have above R,5000 as monthly allowance. This analysis revealed that majority of the students have limited amount of disposable income. Table 4.11 presented the detailed analysis below.

Table 4. 11: Respondents Monthly Allowance received (excluding book allowance)

Monthly Allowance (Excluding Book Allowance)		Frequency	Percent
Valid	Less or equal to R1,000	280	58.5
	R1,001 to R2,000	142	29.6
	R2,001 to R3,000	32	6.7
	R3,001 to R4,000	15	3.1
	R4,001 to R5,000	4	.8
	R5,000 and above	6	1.3
	Total	479	100.0

Source Author's construction based on primary data collected

4.4.9 Expenditure Items

Questions on expenditure items were asked in order to determine the actual cash spent on various categories of expenditure such as food, groceries and eating out, laptops, cellular phones, and iPods/iPads, clothing and footwear, entertainment (movies, DVDs, music, video games, alcohol, gym & cigarettes), toiletries & cosmetics, and airtime/internet data.

4.4.9.1 Expenditure on Food, Groceries and Eating out

From the analysis shown in Figure 4.1 below, most of the respondents spend between R100 and R500 on food, groceries and eating out. Further analysis was done to determine if there is the statistically significant difference in gender regarding expenditure on food, groceries and eating out. It was found as presented in Table 4.12 that the Z value is -0.562 with a significance p-value level of 0.574. The p-value is greater than 0.05, therefore there was no statistically significant difference in the expenditure on food, groceries and eating scores of males and females.

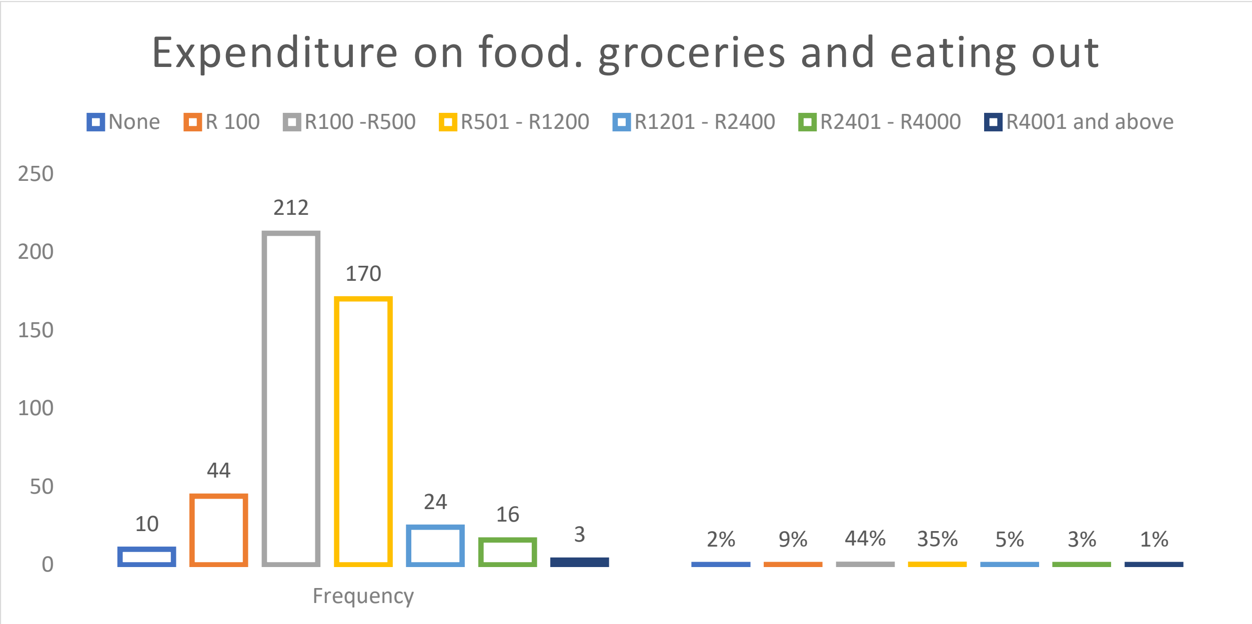


Figure 4. 1: Expenditure on food, groceries, and eating out

Source: Author's construction based on primary data collected

Table 4. 12: Mann-Whitney U test mean rank score for gender and expenditure on food, groceries and eating out.

Gender	**N**	**Mean Rank**	**Sum of Ranks**
Male	158	235.28	37174.00
Female	321	242.32	77786.00
Total	479		
Test Statistic for variable gender		**Expenditure on food, groceries and eating out**	

Mann-Whitney U	26613.000
Z	-.562
Asymp.Sig (2-tailed)	.574

Source: Author's construction based on primary data collected and analysed using SPSS

4.4.9.2 Expenditure *on Laptop, Cellular Phones, iPod/iPads*

The majority (37.4%) of the respondents spend R100 on this category of expenditure. This amount will be too small to buy the expenditure items but it could be to maintain the gargets since most of the respondents would have bought a laptop, cell phone or iPads. The detailed analysis of the expenditure items is presented in Figure 4.2 below.

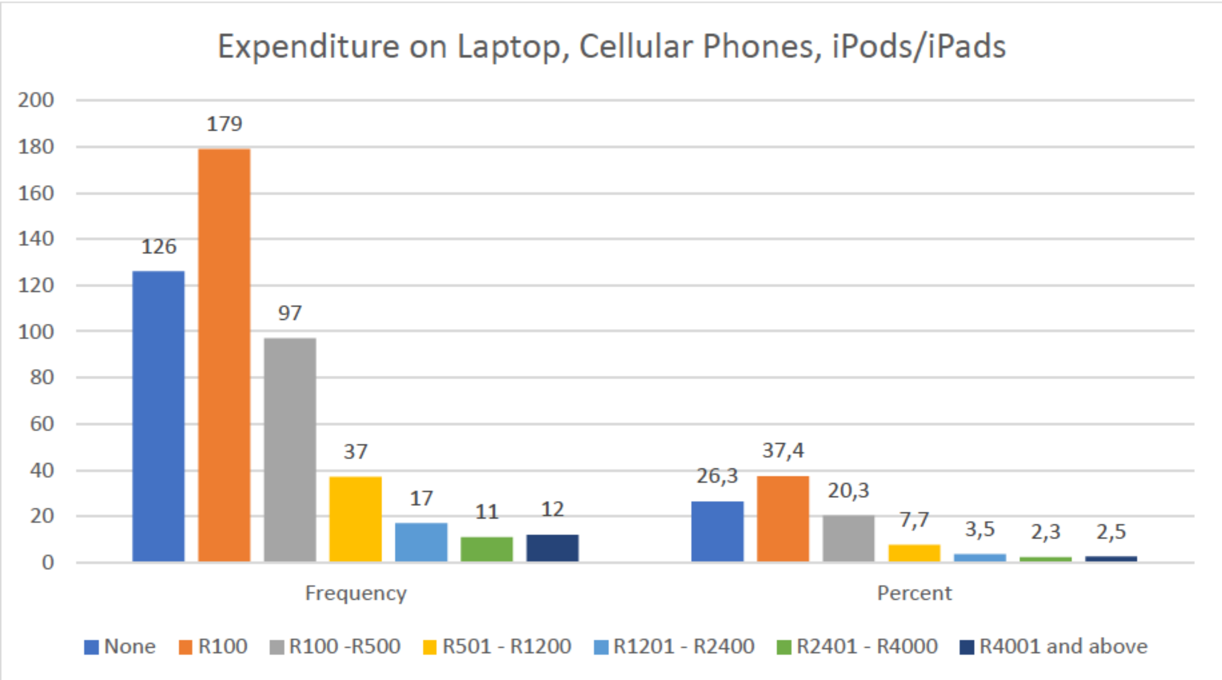


Figure 4. 2: Expenditure on Laptop, Cellular Phones and iPods/iPads

Source: Author's construction based on primary data collected

4.4.9.3 Expenditure on Clothing and Footwear

From Figure 4.3, most respondents (41.1%) spend between R100 and R500 on clothing and footwear on a monthly basis. From the previous study, Wang and Xiao (2009) stated that females spend more on cloth than men. Therefore, in this study, we test for statistically significant difference between the male and female scores in expenditure on clothing and footwear. The result which culminated from using Mann-Whitney test revealed that there is no statistically significant difference in the expenditure on clothing and footwear scores of males and females with z score of -0.386 and p-value of 0.700 which is greater than 0.05. The analysis is displayed in Table 4.13 below.

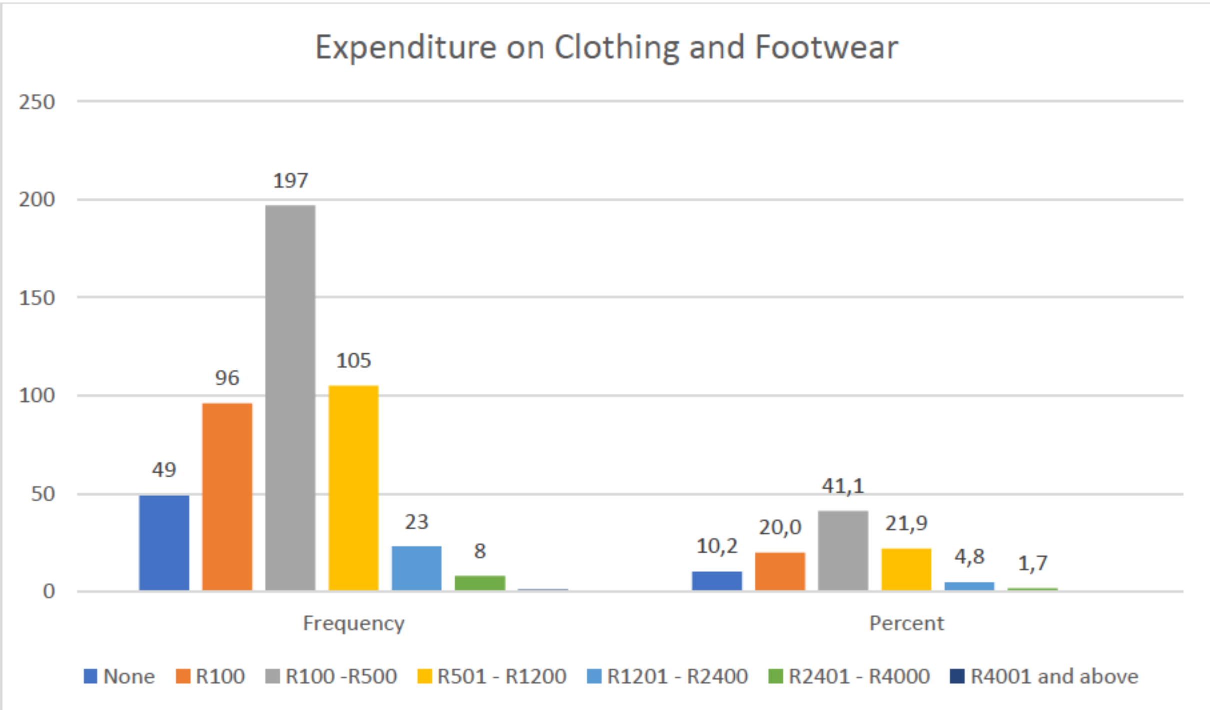


Figure 4. 3: Expenditure on Clothing and Footwear.

Source: Author's construction based on primary data collected

Table 4. 13: Mann-Whitney U test mean rank score for gender and expenditure on clothing and footwear.

Gender	N	Mean Rank	Sum of Ranks
Male	158	243.32	38444.00
Female	321	238.37	76516
Total	479		

Test Statistic for Variable Gender	Expenditure on Clothing and footwear.
Mann-Whitney U	24835.000
Z	-.386
Asymp.Sig (2-tailed)	.700

Source: Author's construction based on primary data collected and analysed using SPSS

4.4.9.4 Expenditure on Entertainment (Movies, DVDs, Music &Video games, Alcohol, Gym and Cigarette

On the respondent's monthly cash spent on entertainment, most of the respondents (39.2%) spend R100 while 31.1% of the respondents spend between R100 and R500. This analysis is presented in Figure 4.4 below. Furthermore, this study compared the scores of males to those of the females as regard expenses on entertainment in order to match it with the study of Wang and Xiao (2009) that affirmed that males spend more on entertainment than their female counterparts. The result of Mann-Whitney U test as displayed in Table 4.14 revealed that there is a statistically significant difference in their scores with a z score of -2.735 and p-value of 0.006 which is less than 0.05. This result is in tandem with that of Wang and Xiao (2009).

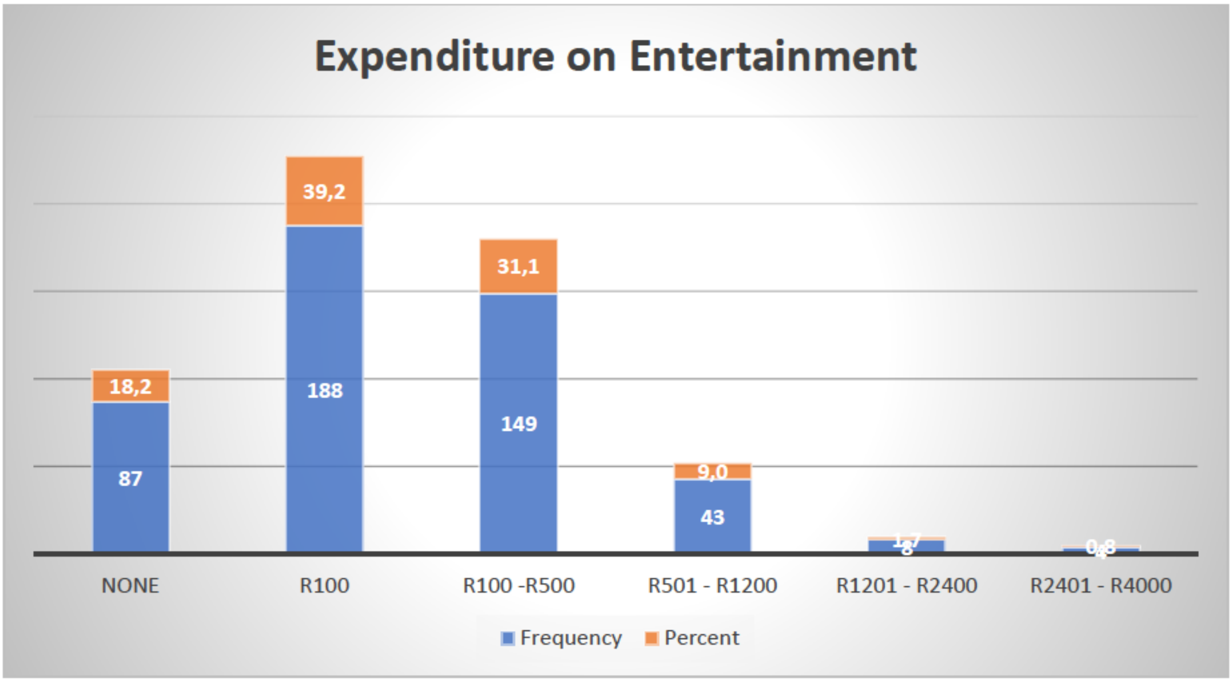


Figure 4. 4: Expenditure on Entertainment

Table 4. 14: Mann-Whitney U test mean rank score for gender and expenditure on entertainment.

Gender	**N**	**Mean Rank**	**Sum of Ranks**
Male	158	263.42	41621.00
Female	321	228.47	73339.00
Total	479		

Test Staistic for Variable Gender	**Expenditure on Entertainment**
Mann-Whitney U	21658.000
Z	-2.735
Asymp.Sig (2-tailed)	.006

Source: Author's construction based on primary data collected and analysed using SPSS

4.4.9.5 Expenditure on Toiletries and Cosmetics

Most of the respondents (49.3%) spend amounts that ranges from R100-R500 on toiletries and cosmetics. This analysis is displayed in Figure 4.5 below. Females' scores were also found to be higher than those of males regarding expenses on toiletries and cosmetics. From the Mann-Whitney U test, there was a statistically significant difference in females' score compared to their male counterparts. The p-value was 0.000. The result is shown in Table 4.15.

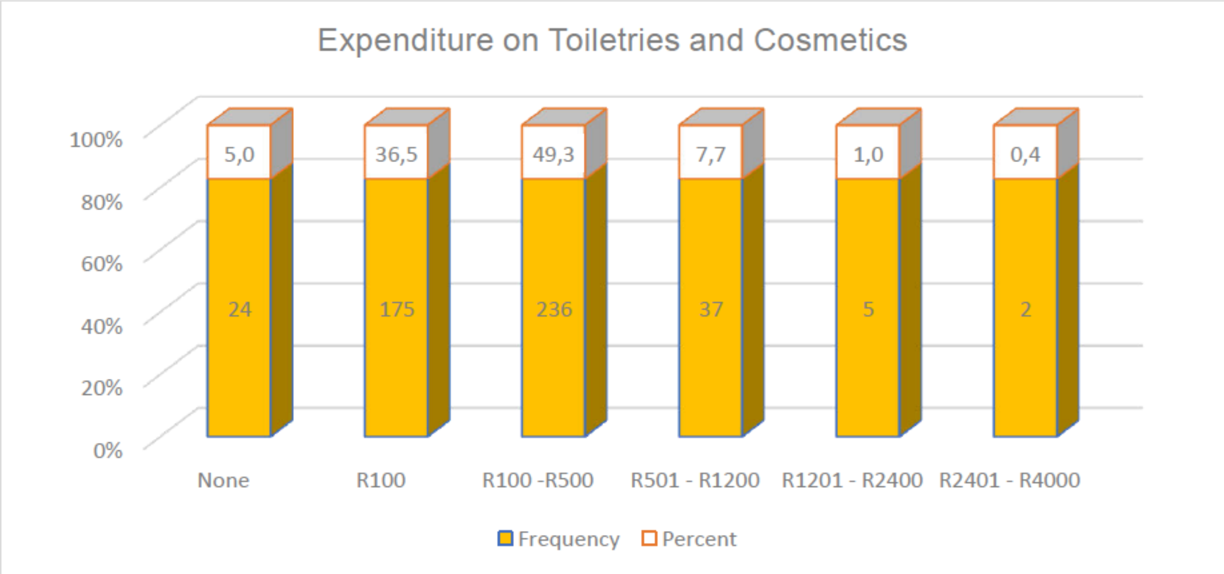


Figure 4. 5: Expenditure on Toiletries and Cosmetics

Source: Author's construction based on primary data collected

Table 4. 15: Mann-Whitney U test mean rank score for gender and expenditure on toiletries and cosmetics.

Gender	**N**	**Mean Rank**	**Sum of Ranks**
Male	158	191.30	30226.00
Female	321	263.97	84734.00
Total	479		

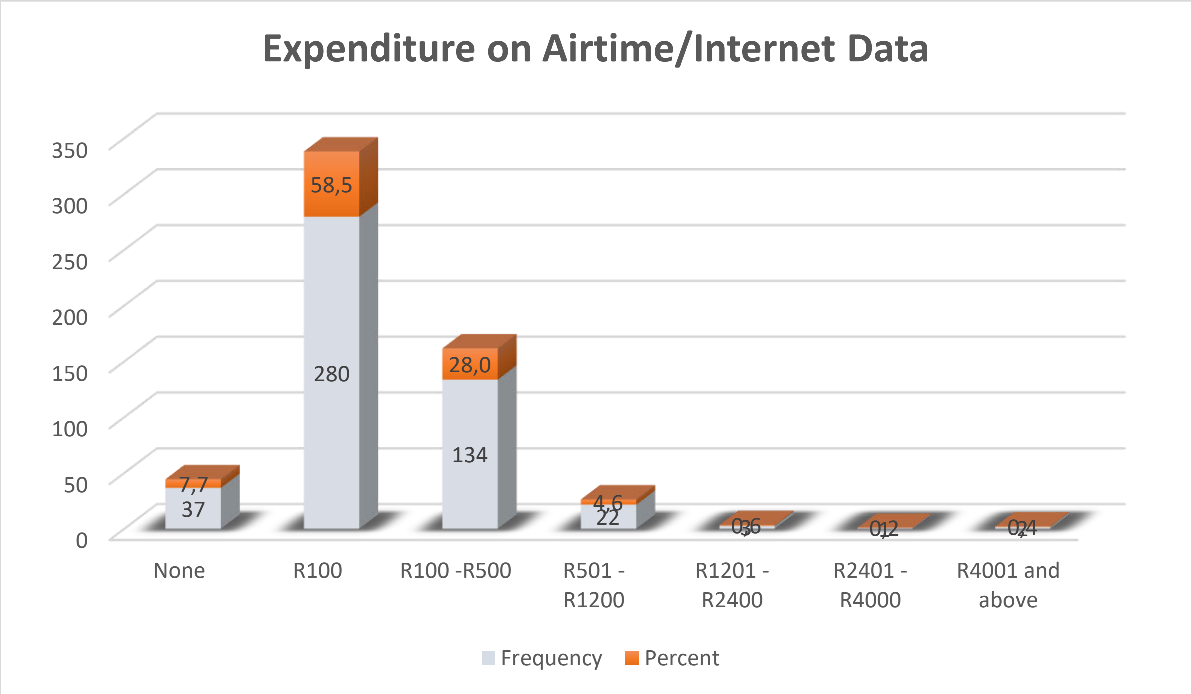
Test Statistic for Variable Gender	**Expenditure on Toiletries & Cosmetics.**
Mann-Whitney U	17665.000
Z	-5.926
Asymp.Sig (2-tailed)	.000

Source: Author's construction based on primary data collected and analysed using SPSS

4.4.9.6 Expenditure on Airtime/Internet Data

From the analysis displayed in Figure 4.6 below, the majority of the respondents (58.5%) spend R100 monthly on airtime/internet data. The fact that internet facility is quite available on campus may account for the fraction spent. The analysis is presented in Figure 4.6 below.

Figure 4. 6: Expenditure on Airtime/Internet Data.



Source: Author’s construction based on primary data collected

4.4.10 Factors Influencing Spending

The question on factors influencing spending was asked to determine the degree of influence some social, economic factors have on the students’ spending. The following factors were considered: Product Advertisement, Parent/Guardian, Friends/Peer Group, Current Fashion, Lifestyle, Product Price and Quality, Discount Sales/Promotion and Brand Loyalty.

Table 4. 16: Degree of Influence

	Frequency			
Factor Influencing Spending	**Major**	**Moderate**	**Minor**	**No**
Product Advertisement	11%	23%	29%	37%
Parent/Guardian	21%	27%	23%	29%
Friends/Peer group	9,6%	26,70%	26,70%	37%
Current Fashion	16%	29%	25%	30%
Lifestyle	40%	33%	15%	12%
Product Price and Quality	56%	32%	8%	4%
Discount Sales/Promotion	52%	32%	12%	4%
Brand Loyalty	17%	27%	23%	33%

From Table 4.16 above, product price and quality, discount sales/promotion and lifestyle were the major influencers of the respondents spending. Considering the small amount of monthly allowance (less or equal to R1000) that the student does receive, the consideration for product price and promotion before spending is applaudable because it will enhance the prudent management of the small disposable allowance thereby stabilises the students financially. Also, the prudent nature of handling their finance would have modified their lifestyle that is likewise a major influencer of their spending. This disposition could be attributed their higher level of financial literacy among the respondents which is a critical factor in prudent financial behaviour. Moreover, it was noted that advertisement through various means including social media did not influence the respondents spending. Also, friends/peer group has little or no influence on their spending. These findings suggest that the respondents have sound knowledge of personal finance management because advertisement and peer group absolute intention is to induce the customers to make a purchase. However, the respondents would have carefully analysed various options that were available through advertisement and peer group before taking a financial decisions.

4.5 Inferential Statistics

This study employed inferential statistics in an attempt to draw inferences beyond the sample data. Inferential statistics were applied to deduce from the sample data the opinion of the entire population or to conclude on the probability that the empirical difference between variables is a reliable one or that it happened incidentally in this study.

In this study, logistic regression, cross tabulation and analysis of variance (ANOVA) were used for the analysis of the hypotheses. Logistic regression enables you to examine models to predict the outcome of a categorical variable which is dependent given two or more independent variables which can either be categorical or continuous.

Crosstabulation is a statistical tool that can be used for analysing and comparing variables that are categorical in nature. It compares the results for one or more variables with another variable result, while ANOVA is a statistical tool to determine the difference between a mean score of variables.

4.5.1 Analysis of Hypothesis

Hypothesis 1. This hypothesis determines the relationship between financial knowledge, financial attitude, demographic characteristics and spending habits. It stated:

H1: There is a substantial positive relationship between factors such as financial knowledge, the course of study, gender, age, financial attitude, family background, year in college, racial groups and spending habits.

$H1_0$: There is no substantial positive relationship between factors such as financial knowledge, the course of study, gender, age. financial attitude, family background, year in college, racial groups and spending habits.

Logistic Regression. To determine which of the independent variables (financial knowledge, financial attitude, the course of study, gender, age, family background, years in school and racial group) have a significant effect on the dependent variable (spending habits), binary logistic regression was used for the analysis.

Table 4. 17: Logistic Regression analysis of the effect of the respondents' financial knowledge, financial attitude, financial aid and demographic data on their spending habits.

	B	**S.E.**	**Wald**	**df**	**Sig.**	**Odds Ratio**	**95% C.I.for EXP(B) Odds Ratio**	
							Lower	**Upper**
Financial Attitude (1)	-1.689	.283	35.551	1	.000	.185	.106	.322
Financial Knowledge (1)	-.057	.227	.062	1	.803	.945	.605	1.475
Gender (1)	.121	.218	.311	1	.577	1.129	.737	1.731
Age (1)	-.112	.250	.200	1	.655	.894	.548	1.460
Family Background			.334	2	.846			
Family Background (1)	-.131	.227	.334	1	.563	.877	.562	1.369
Family Background (2)	20.754	4019.9	.000	1	1.000	10308	.000	.000 .
Course of Study (1)	-.319	.237	1.821	1	.177	.727	.457	1.155
Financial Aid			4.705	5	.453			
Financial Aid (1)	-.006	.254	.001	1	.982	.994	.604	1.635
Financial Aid (2)	.003	.326	.000	1	.992	1.003	.529	1.902
Financial Aid (3)	-1.233	.706	3.048	1	.081	.291	.073	1.163
Financial Aid (4)	-.056	.370	.023	1	.880	.946	.458	1.953
Financial Aid (5)	-1.100	.842	1.708	1	.191	.333	.064	1.733
Year in School			.925	2	.630			
Year in School (1)	.168	.307	.300	1	.584	1.183	.648	2.162
Year in School (2)	-.063	.332	.036	1	.850	.939	.490	1.800
Racial Group			2.567	4	.633			
Racial Group (1)	-1.091	.709	2.371	1	.124	.336	.084	1.347
Racial Group (2)	-.952	.728	1.709	1	.191	.386	.093	1.609
Racial Group (3)	-.764	1.035	.545	1	.460	.466	.061	3.542
Racial Group (4)	-22.596	4019.9	.000	1	1.000	.000	.000	.
Constant	3.118	.844	13.64	1	.000	22.599		

Note: Predicted Probability is of Membership for Good Spending Habits

-2log likelihood = 570.584, Cox & Snell R^2 = .122, Nagelkerke R^2 = .167, Model fit = X^2 (18, N=479) = 62.55 (chi-square), p<.05*
Correct classification = 64.3
Chance classification = 62.6.

Source: Author's construction based on primary data collected and analysed using SPSS

According to Table 4.16 above, the Chi-square reported high values of 62.55 indicating that the explanatory power of the model was high. To further determine the overall fit of the model, its capacity to categorize observations was examined. For the whole sample, 64.3 of the observations are categorised correctly relatively to 62.6 chance categorisation. The whole model explained between 12.2% (Cox and Snell R square) and 16.7% (Nagelkerke R square) of the variation in spending habits thereby correctly categorising 64.3%.

From the results, only one of the independent variables was statistically significant in contributing to the model (financial attitude). It recorded an odd ratio of 0.185 indicating that respondents in good financial attitude category are 0.185 less likely to have good spending habits than respondents in bad financial attitude category. The p-value of the variable (financial attitude) is 0.000 which is less than 0.05 indicating that it influences the respondents' spending habits. Therefore, H1 was accepted despite the fact that financial attitude is the only factor among other independent variables that are significant. Other variables (financial knowledge, age, gender, family background, year in school, racial group, the course of study, and financial aid are severally not statistically significant at the level of 0.05. This denotes that these variables do not influence the spending habits of the students that in the study.

4.5.2 One Way ANOVA Analysis

Table 4. 18: Result of ANOVA showing the significant difference in the mean score on the dependent variable.

Independent Variables	Spending Habit	Sum of square	Df	Mean square	F	Sig
Gender	Between groups	.335	1	.335	1.430	.232
	Within groups	111.77	477	.234		
Age	Between groups	.072	1	.072	.305	.581
	Within groups	112.04	477	.235		
Family background	Between groups	.141	2	.071	.300	.741
	Within groups	111.97	476	.235		
Course of study	Between groups	.704	1	.704	3.015	.083
	Within groups	111.40	477	.234		
Financial aid	Between groups	.617	5	.123	.524	.759
	Within groups	111.49	473	.236		
Year in school	Between groups	.381	2	.190	.811	.445
	Within groups	111.73	476	.235		
Racial group	Between groups	1.525	4	.381	1.634	.164
	Within groups	110.58	474	.233		
Financial knowledge	Between groups	.224	1	.224	.955	.329
	Within groups	111.89	477	.235		
Financial Attitude	Between groups	10.399	1	10.399	48.767	.000*
	Within groups	101.71	477	.213		

Note: * significant at the 0.05 level
Source:: Author’s construction based on primary data collected and analysed using SPSS

Based on the result of ANOVA presented in Table 4.17 above, it shows that there is a statistical difference between financial attitude mean score and that of spending habit. This implies that financial attitude can impact the respondents spending habits. This result is consistent with the logistic regression results.

Hypothesis 2. This hypothesis wants to establish if the difference in spending habits of respondents who major in business-related courses and those who do not is statistically significant. It stated:

H2. There is a significant statistical difference in spending habits between students who major in business-related courses and those who major in non-business-related courses.

$H2_{0.}$ There is no significant statistical difference in spending habits between students who major in business-related courses and those who major in non-business-related courses.

4.5.3 Crosstabulation and Chi-Square Test Analysis

Table 4. 19: Spending Habits * Course of Study Crosstabulation

			Course of Study		Total
			Business Major	Non-Business Major	
Spending Habit Categories	Bad Spending Habits	Count	82	97	179
		% within Spending Habits	45,80%	54,2%	100%
		% within Course of Study	33,60%	41,3%	37,4%
		% of Total	17,1%	20,3%	37,4%
	Good Spending Habits	Count	162	138	300
		% within Spending Habits	54%	46%	100%
		% within Course of Study	66,4%	58,7%	62,6%
		% of Total	33,8%	28,8%	62,6%
Total		Count	244	235	479
		% within Spending Habits	55,9%	49,1%	100%
		% within Course of Study	100%	100%	100%
		% of Total	50,9%	49,1%	100%

Table 4. 20: Chi-Square Test

	Value	df	Asymp. Sig (2-sided)
Pearson Chi-Square	3.009[a]	1	.083
Continuity Correction	2.690	1	.101
N of Valid Cases	479		

0 cells (,0%) have expected count less than 5. The minimum expected count is 87,82.a

Computed only for a 2x2 tables

Table 4. 21: Symmetric Measures

		Value	Approx. Sig
Nominal by Nominal	Phi	-.079	.083
	Cramer's V	.079	.083
N of Valid Cases		479	

Source: Author's construction based on primary data collected and analysed using SPSS

From Table 4.18 and 4.20 above, 54% of the respondents who major in business-related courses are in good spending habits category against 46% of respondents who are non-business-related courses major. Likewise, 45.8% of the respondents who major in business-related courses are in bad spending habits category compared to 54.2% of respondents who are non-business major. Despite having more respondents that are business major in good spending habits category and less in bad spending habit category, the effect size based on phi coefficient value in Table 4.20 (-.079) is considered a minute effect using Cohen (1988); Pallant (2011) criteria of 0.10 for a small effect, 0.30 for medium effect and 0.50 for a large effect. Therefore, there is no strong connection between the course of study and spending habits of the respondents judging by their percentage scores in both spending habits categories.

Furthermore, the Chi-square test for independence (Continuity Correction) suggested that no significant difference in the spending habits of respondents major in business-related courses and those who do not, $X^2 = 2.69$, df = 1 and p = .101. The p-value of 0.101 is greater than 0.05 and therefore not significant, hence the null hypothesis is accepted. Continuity Correction value and the significant level are considered with 2 by 2 table and when each variable has only two categories which are the case in this study.

Hypothesis 3. This hypothesis is seeking to find out if there is the statistically significant difference between the spending habits of male students and their female counterpart. It stated:

H3. There is a significant statistical difference in spending habits between male and female students.

$H3_0$. There is no significant statistical difference in spending habits between male and female students

Crosstabulation and Chi-Square Test Analysis

Table 4. 22: Spending habit * Gender Crosstabulation

			Gender		Total
			Male	**Female**	
Spending Habit Categories	**Bad Spending Habits**	**Count**	65	114	179
		% within Spending Habits	36,30%	67,7%	100%
		% within Gender	41,10%	35,5%	37,4%
		% of Total	13,6%	23,8%	37,4%
	Good Spending Habits	**Count**	93	207	300
		% within Spending Habits	31%	69%	100%
		% within Gender	58,9%	64,5%	62,6%
		% of Total	19,4%	43,2%	62,6%
Total		Count	158	321	479
		% within Spending Habits	33,0%	67,0%	100%
		% within Gender	100%	100%	100%
		% of Total	33,0%	67,0%	100%

Table 4. 23: Chi-Square Test

	Value	Df	Asymp. Sig (2-sided)
Pearson Chi-Square	1.432[a]	1	.232
Continuity Correction	1.201	1	.273
N of Valid Cases	479		

0 cells (,0%) have expected count less than 5. The minimum expected count is 59.04[a]

Computed only for a 2x2 table[s]

Table 4. 24: Symmetric Measures

		Value	Approx. Sig
Nominal by Nominal	Phi	.055	.232
	Cramer's V	.055	.232
N of Valid Cases		479	

Source: Author's construction based on primary data collected and analysed using SPSS

As regards the result displayed in Table 4.21 above, 69% of the female respondents are in good spending habits category as against 31% for male respondents. Moreover, in the bad spending habits category, 67.7% were female while 36.3% were males respondents. Nonetheless, the effect size based on phi coefficient value of 0.055 in Table 4.23 is quite insignificant. According to the criteria for judging effect size (0.10 for a small effect, 0.30 for medium effect and 0.50 for a large effect) by Cohen (1988); Pallant (2011), there is no stronger relationship between gender and spending habits.

Considering the Chi-square test for independence using the Continuity Correction value and Asymp. Sig (2-sided) as presented in Table 4.22, (X^2 = 1.201, df = 1 and p = .273), the difference in spending habits of males and female respondents is not statistically significant as the p-value of 0.273 is greater than 0.05. Therefore, the null hypothesis $H3_0$ is accepted. Continuity Correction value and the significant level are considered with 2 by 2 table and when each variable has only two categories as in the case of this study.

Hypothesis 4. This hypothesis wants to examine how statistically difference is the spending habits of students of racial groups. It stated:

H4. There is a significant statistical difference in spending habits among racial groups.

$H4_0$. There is no significant statistical difference in spending habits among racial groups.

Crosstabulation and Chi-Square Test Analysis

Table 4. 25: Spending habit * Racial Group Crosstabulation

			Racial Group				Total
			White	African	Indian	Coloured	
Spending Habit Categories	**Bad Spending Habits**	**Count**	3	130	42	4	179
		% within Spending Habits	1,7%	72,6%	23,5%	2,3%	100%
		% within Racial group	21,4%	40,4%	31,3%	37,5%	37,4%
		% of Total	0,6%	27,1%	8,8%	0,8%	37,4%
	Good Spending Habits	**Count**	11	192	92	5	300
		% within Spending Habits	3,7%	64,0%	30,7%	1,7%	100%
		% within Racial group	78,6%	59,6%	68,7%	62,5%	62,6%
		% of Total	2,3%	40,1%	19,2%	1,0%	62,6%
Total		Count	14	322	134	9	479
		% within Spending Habits	2,9%	67,2%	28,0%	1,9%	100%
		% within Racial group	100%	100%	100%	100%	100%
		% of Total	2,9%	67,2%	28,0%	1,9%	100%

Source: Author's construction based on primary data collected and analysed using SPSS

Table 4. 26: Chi-Square Test

	Value	Df	Asymp. Sig (2-sided)
Pearson Chi-Square	6.516[a]	4	.164
Likelihood Ratio	6.981	4	.137
N of Valid Cases	479		

3 cells (30.0%) have expected count less than 5. The minimum expected count is .37.

Table 4. 27: Symmetric Measures

		Value	Approx. Sig
Nominal by Nominal	Phi	.117	.164
	Cramer's V	.117	.164
N of Valid Cases		479	

Source: Author's construction based on primary data collected and analysed using SPSS

From Table 4.24, the result showed that in the good spending habits category,3.7% of respondents are white, 64% are African, 30.7% are Indian and 1.7% are coloured. Whereas, in the bad spending habits category, 1.7% of the respondents are white, 72.6% are African, 23.5% are Indian while 2.3% are coloured. However, the effect size based on Cramer's V coefficient value of 0.117 in Table 4.26 is small. According to the criteria for judging effect size for a 4X2 table (0.06 for a small effect, 0.17 for medium effect and 0.29 for a large effect) by Cohen (1988); Pallant (2011), there is weak relationship between race and spending habits. Furthermore, Pearson Chi-square test for independence Asymp. Sig (2-sided) as presented in Table 4.25, (X^2 = 6.516, df = 4 and p =0 .164), the difference in spending habits among the racial groups is not statistically significant at a p-value of 0.164 which is greater than 0.05. Therefore, the null hypothesis $H4_0$ is accepted. Pearson Chi-Square value and the significant level as well Cramer's V coefficient value are considered with 4 by 2 table and when one of the variables has more than two categories as in the case of racial groups variable.

4.5.4 Further Crosstabulation Analysis of the Variables

Table 4. 28: Gender * Students' Monthly Allowance

Gender * Students' Monthly Allowance excluding book allowance Crosstabulation										
			Students' Monthly Allowance excluding book allowance							
			Less or equal to R1,000	R1,001 to R2,000	R2,001 to R3,000	R3,001 to R4,000	R4,001 to R5,000	R5,000 and above	Total
Gender	Male	Count	97	47	8	2	2	2	158
		% within Gender	61,4%	29,7%	5,1%	1,3%	1,3%	1,3%	100,0%
	Female	Count	183	95	24	13	2	4	321
		% within Gender	57,0%	29,6%	7,5%	4,0%	0,6%	1,2%	100,0%

Table 4. 29: Gender * Product Price and Quality

Gender * Influence of Price & Quality on spending Crosstabulation							
			Influence of Price & Quality on spending				
			Major	Moderate	Minor	No	Total
Gender	Male	Count	87	52	16	3	158
		% within Gender	55,1%	32,9%	10,1%	1,9%	100,0%
	Female	Count	183	100	23	15	321
		% within Gender	57,0%	31,2%	7,2%	4,7%	100,0%

Table 4. 30: Gender * Sales Promotion/Discount

Gender * Influence of Sales Promotions on spending Crosstabulation							
			Influence of Sales Promotions on spending				
			Major	Moderate	Minor	No	Total
Gender	Male	Count	73	53	24	8	158
		% within Gender	46,2%	33,5%	15,2%	5,1%	100,0%
	Female	Count	173	101	35	12	321
		% within Gender	53,9%	31,5%	10,9%	3,7%	100,0%

*Table 4. 31: Gender * Lifestyle*

Gender * Influence of Lifestyle on spending Crosstabulation							
			Influence of Lifestyle on spending				Total
			Major	Moderate	Minor	No	
Gender	Male	Count	64	49	28	17	158
		% within Gender	40,5%	31,0%	17,7%	10,8%	100,0%
	Female	Count	129	110	44	38	321
		% within Gender	40,2%	34,3%	13,7%	11,8%	100,0%

Table 4. 32: Gender Financial Knowledge*

Gender * Financial Knowledge categories Crosstabulation					
			Financial Knowledge categories		Total
			Low Financial Knowledge	Higher Financial Knowledge	
Gender	Male	Count	69	89	158
		% within Gender	43,7%	56,3%	100,0%
	Female	Count	158	163	321
		% within Gender	49,2%	50,8%	100,0%

Table 4. 33: Gender Financial Attitude*

Gender * Financial Attitude categories Crosstabulation					
			Financial Attitude categories		Total
			Bad Financial Attitude	Good Financial Attitude	
Gender	Male	Count	131	27	158
		% within Gender	82,9%	17,1%	100,0%
	Female	Count	212	109	321
		% within Gender	66,0%	34,0%	100,0%

Table 4. 34: Family Background Monthly Allowance*

Family Background * Students' Monthly Allowance excluding book allowance Crosstabulation										
			Students' Monthly Allowance excluding book allowance						Total
			Less or equal to R1,000	R1,001 to R2,000	R2,001 to R3,000	R3,001 to R4,000	R4,001 to R5,000	R5,000 and above	
Family Background	Single Parent	Count	106	63	9	7	0	1	186
		% within Family Background	57,0%	33,9%	4,8%	3,8%	0,0%	0,5%	100,0%
	Married Parent	Count	174	78	23	8	4	5	292
		% within Family Background	59,6%	26,7%	7,9%	2,7%	1,4%	1,7%	100,0%

*Table 4. 35: Age * Spending Habits*

Age * Spending habit categories Crosstabulation					
			Spending habit		Total
			Bad Spending Habits	Good Spending Habits	
Age	18-20 years	Count	89	157	246
		% within Age	36,2%	63,8%	100,0%
	21 and above	Count	90	143	233
		% within Age	38,6%	61,4%	100,0%

4.6 Discussion of the Research Findings

This section discusses the results of the hypothesis that emanated from this study. It discusses the four-research hypotheses and the corresponding null hypotheses:

4.6.1 Hypothesis 1 and its null hypothesis examined the relationship between the demographic characteristics, financial attitude, financial knowledge and spending habits.

H1: There is a substantial positive relationship between factors such as financial knowledge, the course of study, gender, age, financial attitude, family background, year in college, racial groups and spending habits.

$H1_0$: There is no substantial positive relationship between factors such as financial knowledge, the course of study, gender, age, financial attitude, family background, year in college, racial groups and spending habits.

The results of the independent variables are discussed as follows.

4.6.1.1 Gender

The research findings showed that gender is not significantly connected to students' spending habits. From the logistic regression analysis, where it was considered with other variables, produced a p-value of 0.577 which is not significant. Though from the cross-tabulation analysis employed, female score places them as having good spending habits, but the effect size was too infinitesimal and off the range of the criteria that could be classified significant. The Chi-Square test confirmed that the relationship between gender and spending habits is not significant with a p-value of 0.273.

There are mixed conclusions from the previous research on the relationship between gender and financial behaviours. Hira and Mugenda (2000) stated that women tend towards compulsive purchase behaviour while Tang et al. (2015) conclude that women save less than men for retirement. On the contrary, Hayhoe et al. (2000) agree that female students prepare a budget and also control their expenses. However, this study did not find a significant difference in the spending habits of male and female students.

Considering further cross-tabulation analysis, the result displayed the same behavioural characteristics for both male and female regarding variables like monthly allowance, factors that influence spending, financial knowledge and financial attitude. From the further cross-tabulation analyses conducted, Table 4.28 to 4.33 revealed that both male and female respondents receive a less monthly allowance (less or equal to R1000), were majorly being influenced by product price and quality, sales promotion/discount and lifestyle. Also, in higher financial knowledge category, both male and female have large numbers of respondents (56.3% and 50.8% respectively) against 43.7% and 49.2% respondents in the low financial knowledge category. Furthermore, both male and female displayed lack of financial attitude as shown in Table 4.33. 82.9% male respondents were in bad financial attitude category against 17.1% in good financial attitude category while 66% of female respondents were in the bad financial attitude category against 34% in good financial attitude category. The reasons for this finding could be due to the income level and home training on personal finance management. According to the theory of Absolute Income Hypotheses, income budgeted for consumption is based on the absolute level of that income. Since both male and female respondents are in the same income bracket, thus their spendings were controlled by the income. Also, the theory of consumer socialisation emphasised the role of parent as the primary socialization agent in training individuals from childhood to adulthood on personal finance management (Moschis, 1987; Serido et al., 2015). Thus, there is a possibility that the respondents have acquired home training on financial management.

4.6.1.2 Age

The results of this study indicated that age has no significant impact on the spending habits of respondents. Both the logistic regression and ANOVA analysis confirmed this with p-values of 0.655 and 0.305 respectively greater than 0.05. Previous studies (Chen and Volpe (1998); Micomonaco (2003) on financial literacy have found age especially the age bracket of 18 to 24 years to be lacking in financial literacy. This study considered the age bracket 18 to 20 and 21 and above, but focused on students' spending habits (demonstration of their financial literacy in making a financial decision) and it found that age did not play a significant role. Further cross-tabulation analysis done and shown in Table 4.35 showed similarity in their responses to good spending habits and bad spending habits. 63.8% of male respondents were in good spending habits category against 36.2% in bad spending habits while 61.4% of female respondents were in good spending habits category against 38.6% in bad spending habits category. This analysis further confirms that there is no statistical difference in the spending habits of the age group used in this study.

4.6.1.3 The course of Study

This study revealed that the course of study (business major or non-business major) has no significant effect on the students' spending habits. In the logistic regression analysis where it was considered with other variables, the result showed a p-value of 0.177 which is greater than 0.05. Likewise, when the variable (course of study) was considered in isolation in ANOVA analysis, the p-value was 0.083 which is not significant.

Most previous research studies (Beal and Delpachitra (2003); Chen and Volpe (1998); Peng et al. (2007); Robb and Sharpe (2009)) concluded that students who major in business-related courses do better in financial knowledge questions; they are more financially literate than students who are non-business-related major. This assertion agreed with the financial knowledge score of business major respondents whose percentage score of 73% categorised them as having higher financial knowledge. However, this study which centred on the students spending habits did not show any significant difference between students who major in the business-related course and those who do not regarding their spending habits.

This result assumes the possibility of respondents having knowledge of positive financial decisions from home based on consumers socialization theory which places parents as the primary agent responsible to child training on financial management.

4.6.1.4 Family Background

According to the results of this study, family background of the respondents, that is, coming from either married parent or single parent did not have a significant impact on the respondents' spending habits. This outcome is contrary to the conclusion of Borden et al. (2008); Friese and Koenig (1993); Hira (1997) that students who came from separate homes tend towards reckless and irrational spending habits. From the further cross-tabulation analysis in Table 4.34, most of the respondents (57%) from single parents are within the monthly income bracket of less or equal to R1000. Likewise, 59.6% of the respondents from married parents receive at most R1000 monthly. Therefore, based on the theory of absolute income hypotheses, it is believed that the expenditure is controlled in relation to the smaller income thereby enhances their good spending habits.

4.6.1.5 Years in University

The study showed that the respondents' class level did not play a significant role in their spending habits. From literature, it is believed that students that are just coming into the university (year one) have a low level of financial literacy hence spend recklessly. While those in year two and year three have the propensity to spend responsibly (Flores, 2014; Shim et al., 2010; Stollak et al., 2011). This study sample population covered year one to year three and based on the logistic regression analysis results, years in university were not significant regarding the impact on respondents' spending habits. The result assumes that the level of awareness regarding responsible financial decisions was the same since they are expected to have received personal financial management training from home according to consumers socialization theory.

4.6.1.6 Financial Aid

The findings presented in this study disclosed that the sources of funding for the respondents did not affect their spending habits. Previous studies revealed that access to many financial resources aids unhealthy financial decisions (Robb and Woodyard, 2011). This study considers six sources of finance (parent, loan, bursary, scholarship, parent and other sources and other specified sources such as a part-time job) which are part of the independent variables used in logistic regression analysis. The result from the logistic regression indicated that financial aid did not have a significant effect on respondents' spending habits. This result could be due to the smaller disposable allowance available to the respondents. Most of the respondent's income comes from their parents and are in the income bracket less or equal to R1000 which may not be enough to spend anyhow as emphasised by absolute income hypotheses theory. The theory states that the level of income is what determines the level of spending (Moschis, 1987; Serido et al., 2015).

4.6.1.7 Racial group

The racial group used in this study are the four major grouping in South Africa (white, African, Indian and coloured). From the logistic regression analysis results (P-value =0.633), it shows that racial group was not significant in a relationship with respondents spending habits. This outcome is contrary to the conclusions from the studies by Borden et al. (2008); Rootman and Antoni (2015); Struwig et al. (2012) that university students' opinions regarding financial decisions differ racially.

4.6.1.8 Financial Attitude

The result from this study revealed that financial attitude has a significant impact on the respondents' spending habits. From both the logistic regression and ANOVA analysis, the p-value of financial attitude is 0.000 which is less than .05. This result is in tandem with the study by Rydzik (2016) which finds a positive correlation and significant relationship between financial attitude and financial behaviour. Also, the result agrees with previous researchers (Atkinson and Messy (2012); Chaulagain (2017); Jorgensen et al. (2017) assertion that financial attitude influences financial behaviour. Furthermore, the result concurs with the theory of planned behaviour which states that individual's attitude precedes the performance of a behaviour.

4.6.1.9 Financial Knowledge

The research study discovered that the relationship between financial knowledge and spending habits is not significant. The logistic regression analysis result showed a p-value of 0.803 which is greater than 0.05 thereby not significant. Moreover, ANOVA analysis was equally employed to determine the relationship. The p-value result was 0.329 which confirmed the insignificant relationship between financial knowledge and spending habit. This result is in agreement with the study by Borden et al. (2008) which did not notice any significant relationship between financial knowledge and financial behaviour. Also, Tang et al. (2015) stated that financial knowledge is not sufficient enough to guarantee responsible financial behaviour. However, the result is contrary to various authors Hilgert et al. (2003); Mandell and Klein (2009); Sohn et al. (2012) which confirmed a connection between financial knowledge and financial behaviour. This result assumed that the respondents have acquired financial management training which would have incorporated financial knowledge skills from home through their parent. According to the theory of consumer socialization, parents are the primary socialization agent in training their wards how to make rightful financial decisions from childhood to adulthood.

14.6.2 Hypothesis 2 determines if there is a statistically significant difference in the spending habits of university students who major in business-related courses and those who do not.

H2: *There is a significant statistical difference in spending habits between students who major in business-related courses and those who major in non-business-related courses*.

$H2_0$: *There is no significant statistical difference in spending habits between students who major in business-related courses and those who major in non-business-related courses.*

The result from the cross-tabulation analysis as well as from Chi-square test (X^2 =2.69, df =1 and p =0101) revealed that there is no statistically significant difference in the spending habit of respondents who major in business-related courses and those who do not. Therefore, the null hypothesis is accepted. Previous studies Beal and Delpachitra (2003); Chen and Volpe (1998); Peng et al. (2007); Robb and Sharpe (2009) emphasised the possibility of students with a business major score higher in financial knowledge more than students who are non-business major. This study focused on students spending habits and found no significant difference.

From this finding, it shows that having financial knowledge does not automatically translate to making rightly financial decisions in the financial market. According to Tang et al. (2015), financial knowledge is an important component in making financial decisions but it does not guarantee responsible financial behaviour. Huston (2010) concluded that apart from acquiring financial skill through knowledge of financial concepts, there are other influencers of financial behaviour. Therefore, this study corroborated the assertion of the above authors that offering courses that include finance subjects would not guarantee responsible spending habits in the financial marketplace. But adequate financial knowledge together with positive financial attitude will enhance financial behaviour.

***4.6.3 Hypothesis 3*.** This hypothesis wants to establish whether there is a significant difference in spending habits of a male and female university students.

H3: *There is a significant statistical difference in spending habits between male and female students.*

$H3_0$: *There is no significant statistical difference in spending habits between male and female students.*

From the result of the crosstabulation and Chi-Square test (X^2 =1.20, df =1 and p =.273), there is no statistically significant difference in the spending habits of a male student compared to female counterpart. This result agrees with the logistic regression analysis result as well as that of ANOVA (p=.577 and p=.232 respectively). P-value is significant at <0.05.

From literature, researchers Hayhoe et al. (2000); Hira and Mugenda (2000); Levine et al. (1999); Tang et al. (2015) expressed mixed conclusions as regards gender effect on financial behaviour. Hira and Mugenda (2000) emphasized that women are risk-averse and therefore will not invest compared to men. Levine et al. (1999) agreed that women save less for retirement thereby not as wealthy as men in old age. The emphasis of Chen and Volpe (1998) was on the higher financial knowledgeability of men compared to women who score low in financial knowledge questions. However, Hayhoe et al. (2000) found women to be better in preparing a budget, keeping a record of expenses and saves. While Davies and Lea (1995) found that males students are prone to debt compared to female students. These conclusions were based on different parameters considered. This study relates financial knowledge and financial attitude to spending habits which is measured using an adapted scale from previous related studies (Chen and Volpe, 1998; OECD, 2013; Potrich et al., 2015; Van Rooij et al., 2011a) and found that male and female spending habits did not significantly differ.

In the cross-tabulation analyses shown in Table 4.28 to 4.33, the following details were revealed: both male and female respondents receive a less monthly allowance of less or equal to R1000), the spending of both was majorly influenced by product price and quality, sales promotion/discount and lifestyle. Also, in higher financial knowledge category, both male and female have large numbers of respondents (56.3% and 50.8% respectively) against 43.7% and 49.2% respondents in the low financial knowledge category. Furthermore, both male and female have shown deficiency in financial attitude as shown in Table 4.33. 82.9% male respondents were in bad financial attitude category against 17.1% in good financial attitude category while 66% of female respondents were in the bad financial attitude category against 34% in good financial attitude category.

The reasons for this finding could be due to the income level and home training on personal finance management. In accordance with the theory of Absolute Income Hypotheses, income budgeted for consumption is based on the absolute level of that income. Since both male and female respondents are in the same income bracket, thus their spendings were controlled by the income. Also, the theory of consumer socialisation emphasised the role of parent as the primary socialization agent in training individuals from childhood to adulthood on personal finance management (Moschis, 1987; Serido et al., 2015). Thus, there is a possibility that the respondents have acquired home training on financial management.

4.6.4 Hypothesis 4. This hypothesis wants to examine whether there is a significant difference in spending habits of students that are of different racial groups.
H3: *There is a significant statistical difference in spending habits among racial groups.*
$H3_0$: *There is no significant statistical difference in spending habits among racial groups.*

From the result of the crosstabulation and Chi-Square test ($X^2 = 6.516$, df = 4 and p =0 .164), there is no statistically significant difference in the spending habits among the racial groups. This result agrees with the logistic regression analysis result as well as that of ANOVA (p=0.633 and p=0.164 respectively). P-value is significant at <0.05.
From previous studies, the relationship between racial groups and financial literacy was not sure. Grable and Joo (2006) and Joo et al. (2003) conclude that white students have the tendencies of displaying positive financial behaviour toward full payment of balances on their credit card monthly than other races. However, Chien and Devaney (2001) in their study, discovered that households who are not white displayed a reasonable behaviour in the usage of the credit card. Furthermore, Leclerc (2012)

stated that black students have the chance to be at risk due to lack of financial knowledge. Whereas, Lusardi et al. (2010) concluded that there is no significant difference in the financial literacy level across racial groups. In this study, we have considered respondents who are white, African Indian and coloured and the result shown confirmed that the spending habits among the racial groups are not statistically different. The assumption as regards this finding is that all the races are aware of positive financial decisions from home which is thought by their parents as the primary agent of socialization.

4.7 Summary of the Chapter

This chapter thoroughly discussed the major findings of this study, in relation to the research objectives, questions and developed hypotheses. The descriptive statistics of the demographic variables and the inferential statistics were exhaustively discussed with results presented in tables and figures. The results showed that there is a statistically significant connection between financial attitude and spending habits. Also, this study established that other independents variables such as gender, age, family background, financial aid, the course of study, racial group, years in the university and financial knowledge did not have an influence on students' spending habits. Furthermore, this study confirmed that there is no statistically significant difference in gender's spending habits, the course of study and spending habits as well as racial group and spending habits.

The outcomes of this findings have contributed to the increase in knowledge in the field of behavioural finance. This was accomplished by the empirical evidence of how deficiency in financial attitude of individual can hamper responsible financial behaviour.

The next chapter presents summary of findings, conclusion, recommendations, limitations to the study and suggestion for further studies.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, summary, overall conclusions and recommendations founded on the empirical evidence generated by this study on the relationship between financial knowledge, financial attitude, demographic characteristics and university students' spending habits are presented. The main objective of this study was to fill a gap in the literature by investigating the determinants of spending habits of university students. The study aimed at answering the following research questions:

1. What factors influence the spending habits of university students?
2. Are there statistically significant differences in spending habits between students who major in business-related courses and those who major in non-business-related courses?
3. Are the differences in spending habits of female and male students statistically significant?
4. Are there statistically different in spending habits among the students' racial groups?

Four hypotheses were created for the research questions.

H1: *There is a substantial positive relationship between factors such as financial knowledge, the course of study, gender, age, financial attitude, family background, year in college, racial groups and spending habits.*

H2: *There is a significant statistical difference in spending habits between students who major in business-related courses and those who major in non-business-related courses.*

H3: *There is a significant statistical difference in spending habits between male and female students.*

H4: *There is a significant statistical difference in spending habits among the racial groups.*

The objective was assessed using financial knowledge, financial attitude and demographic characteristics as independent variables and spending habits as a dependent variable. This was formulated into logistic regression model adapted from Chen and Volpe (1998); Oseifuah and Gyekye (2014); Potrich et al. (2015). The model was analysed using logistic regression analysis, one-way analysis of variance

(ANOVA) and cross-tabulation and chi-square analysis. Summary of findings from the literature review, descriptive statistics and inferential statistical analyses are presented in this chapter. Furthermore, conclusions based on the research objectives, recommendations, limitations of this study and suggestions for further studies are equally discussed in this chapter.

5.2 Summary of Findings

The purposes of this study were to determine the factors that influence university students' spending habits, investigating whether spending habits of students who major in business-related courses and those who major in non-business related courses differ, examining the statistical difference in the spending habits of male students and that of female students as well as considering if a significant difference exists in the spending habits among students racial groups. The target population for the study were students in year one to three of School of Accounting, Economics and Finance, School of Law in the College of Law and Management Studies and School of Social Science in the College of Humanities at the University of KwaZulu-Natal. This study used primary data collected through structured questionnaires. Four hundred and seventy-nine respondents (479) were analysed. Analysis was done using descriptive statistics for the demographics data, logistic regression, ANOVA, crosstabulation and Chi-square were employed to determine the relationship between demographic characteristics, financial knowledge, financial attitude and spending habits, difference in spending habits of male and female students including difference in spending habits of students who major in business-related courses and those who do not as well as difference in spending habits among racial groups.

5.2.1 Summary of Findings from Review of Literature

Under the theoretical review, the following theories were considered: Family resources management theory, Economic theory of spending behaviour, Theory of planned behaviour, Theory of consumer socialisation and developmental theory. The family resources management theory emphasised the effects of knowledge, attitude and personal characteristics on the decision-making process. The economic theory of spending behaviour stressed the impact of income on consumption, while the theory of planned behaviour underlined the role of attitude regarding behaviour. Moreover, the theory of consumer socialisation revealed the effects of the family as an agent of socialisation on children behaviour. While developmental theory stated that change to individual behaviour is achievable over time. These theories provided a framework for some of the variables (financial knowledge, financial attitude, family background, age and sources of funding for the students' education) used in this study.

The empirical review showed that a lot of research had been carried out on university students' financial literacy across the world. However, there are limited studies relating to financial knowledge, financial attitude and demographic characteristics of university students' spending habits in South Africa. The findings of this study, therefore, expand the borders of knowledge, specifically on determinants of spending habits of university students.

Research studies carried out in America, Europe and Asia have shown that university students' financial literacy level was low. This was adjudged based on their poor management of credit card, impulsive spending, lack of savings and poor debt management. In addition, the findings showed that financial knowledge and financial attitude influenced financial behaviour. Moreover, demographic characteristics such as gender, the course of study, age, family background etc influence financial behaviour. Regarding studies on university students' financial literacy conducted in South Africa, the findings equally revealed that their financial literacy level was low. In contrast, this study determined the relationships between financial knowledge, financial attitude and demographic characteristics such as (age, gender, family background, financial aid, the course of study, racial group, years in university) and spending habits considering students population in year one to three. The findings showed that the respondents are financially literate based on mean score of above 3 in 4-point Likert scale of nine items but require improvement on the students' financial attitude to further enhance their financial literacy level.

5.2.2 Summary of Finding from Demographic Characteristics

The findings from the demographic characteristics of the participants in the study show that there were more female respondents than the male respondents. Most of the respondents were in the age bracket of 18 to 20 years. Regarding family background, most respondents are from married parents. Respondents that were business major are slightly higher than those who are non-business major. Respondents’ source of finance was mainly from a parent, closely followed by loan, bursary and scholarship in that order. Students in year three formed the majority of the respondents in this study. Notably. respondents that are black were in the majority.

Regarding respondent’s monthly allowance, most of the respondents receive less or equal to R1000 in a month. This confirmed that the students have small disposable income, thereby require necessary financial skill and good financial attitude to manage to enhance their financial stability. Concerning the respondent's expenditure items on a monthly basis, most respondents spend more (R100-R500) on food and grocery, clothing and footwear and toiletries. Relating to factors that influence the respondents’ spending, most of the respondents are under the influence of their lifestyle, price and quality of products as well as sales promotions.

Considering the small allowance students collect monthly coupled with their financial literacy level, they spend relatively more on important items such as food and grocery, clothing and footwear and toiletries. Also, their consciousness regarding products price and sales promotions in determining their purchases testified to their reasonable financial literacy level.

5.2.3 Summary of Findings from Inferential Statistics

The findings from the inferential statistics showed that among the independent variables that were examined in relation to the dependent variable (spending habits), only financial attitude provide a significant result. Also, it was discovered that there are no significant differences in the spending habits of business-major students and non-business major. Moreover, the findings revealed that spending habits of male respondents do not significantly differ from their female counterparts whilet there is no statistically significant differ in their spending habits among racial groups. Overall, the findings revealed that respondents are financially literate by scoring above the mean in both financial knowledge and spending habits questions. However, they scored below the mean in the financial attitude questions. Good financial attitude enhances financial behaviour, therefore, an improvement on the respondent's financial attitude will upgrade their financial literacy level. Moreover, the current level of financial literacy could be attributed to the level of income available to the respondents as monthly allowance and their financial management training from by their parents. These assumptions are supported by both theories of absolute income hypothesis and consumers socialization agent. Appertaining to this findings, one research hypothesis (H1) and three null hypotheses ($H2_0$ $H3_0$ and $H4_0$) were accepted.

5.2.4 Summary of each Chapter

Chapter one of this study presented an introduction based on the main objective of this study to determine factors that influences students' spending habits in the faculty of law and management and faculty of humanities of Univesity of KwaZulu-Natal. The background of the study, the problem statement, research objectives, research questions and hypotheses, as well as the significance of the study, were presented in this chapter. Four essential research questions and hypotheses were created for the purpose of fulfilling the main objective.

Chapter two presented both the theoretical and empirical review of the literature. The concept of financial literacy and its components were examined. This was followed by the relationship between the components of financial literacy as well as the financial literacy elements and demographic variables. The chapter also presented international studies on university students financial literacy. Studies on the financial literacy of students in South Africa and overview of students spending habits across the globe, factors influencing spending habits together with the organisation of the study were stated in this chapter.

Chapter three explained the research methodology and design employed for this study along with the justification for their selection. A quantitative method was adopted, a paper survey questionnaire was used to collect data from the target population, utilising both descriptives and inferential statistics to analyse the data. The reliability and validity of the research instrument, data analysis model, research ethics and summary of the chapter were also presented in this chapter.

Chapter four presented the data analysis, the results and the discussions based on the data collected from respondents through a questionnaire. The data collected were analysed using statistical package for the social science (SPSS) version 24. Descriptive and inferential statistics such as frequency table, logistic regression, one-way analysis of variance, Mann-Whitney U test and cross-tabulation and Chi-square test were employed. The Cronbach's alpha was also employed to determine the reliability of the scales. The results were presented in tables and pie charts. Moreover, this chapter presented the detailed discussion of the findings based on the empirical evidence.

Chapter five, which is the current chapter provides an outline of all the chapters along with the summary of findings, conclusion and recommendations. Also, limitations of the study and suggestion for further research were addressed.

5.3 Conclusions

The main objective of this study was to determine the factors that influence university students' spending habits. The findings reveal that there is a significant relationship between financial attitude and spending habits, filling a gap in the literature, especially in the university education system. Most previous studies in South Africa centred on student financial knowledge as an aspect of financial literacy, but there was no empirical evidence supporting the relationship between financial attitude and spending habits.

The study also sought to determine whether there is a significant difference in the spending habits of a male student as compared to a female student counterpart. The findings show that there is no significant difference in spending habit with regards to gender. Moreover, the study sought to investigate the significant difference in the spending habits of students who major in business-related courses and those who are non-business-related major. The findings reveal that no significant differences between the spending habits of business-related major and non-business-related major. In addition, the study examined the statistical difference in spending habits among racial groups. The findings show that there is no statistically significant difference in the spending habits among racial groups.

The overall findings of the study suggest that the respondents current financially literate level which were arrived at with a mean score of 3 in the spending habits questions (4 points Likert scale), was assumed to have been propelled by the small monthly allowance available to the respondents and financial management training they have received from home. The assumptions were anchored on the theory of absolute income hypotheses and theory of consumers socialization. However, the respondents require improvement in their financial attitude to further enhance responsible financial behaviours. Though previous research studies have affirmed that university students have a low level of financial literacy based on their score in financial knowledge questions (Jorgensen and Savla, 2010; Murphy, 2005; Oseifuah and Gyekye, 2014). This study focused on the spending habits of students, which constitute an integral element of financial behaviour.

5.4 Recommendations

This research study has proven that the higher education authority can use quantitative data to understand better the financial literacy levels of the university students. Since this study had provided empirical evidence regarding he students' spending habits to the higher education authority, the current level of the students' financial literacy can be determined, and relevant programs can be put in place to enhance it.

The recommendations are categorised as follows:

To students – The findings showed that students spent a reasonable part of their allowance on food and grocery, clothing and footwear and toiletries. Also, they considered product price and quality, sales discount/promotion before spending their money. It is therefore recommended that students should sustain their current financial management strategy and as well pay attention to programmes, seminar/workshops that will enhance their financial attitude.

To Parents/Guardians – Parents /guardians should involve their children in financial management at home. Moschis (1985) stated that communication helps individual to understand the content, logic and operations of financial systems. Besides, Mugenda et al. (1990) concluded that family influences the communication patterns regarding finances which leads to enhanced financial behaviour. Therefore, parents /guardian should endeavour to interact with their children often on financial matters before entering into university.

To the University - This study revealed that financial attitude influences spending habits. Therefore, financial education that will focus on positive financial attitude should be initiated to enhance the students' good spending habits. Borden et al. (2008) stated that changing student's attitude requires that a program ought to provide specific information relevant to the students and taught in short extensions. The financial education can be achieved by developing a financial literacy course with emphasis on financial attitude as part of the first-semester course as well as a presentation on financial attitude at students' orientation.

To Sponsors – This study had shown that students' major source of income is through their parents. Other sources of income such as bursary, scholarship and loan contributed lower percentage. It is therefore recommended that sponsors activities regarding bursary, scholarship and loan should be increased towards the students. Also, sponsors should help in promoting financial literacy among students. This will go a long way ensuring that the goals of supporting students are realised. Students will posses good skills to manage financial reseources availed to them by sponsors.

To Government – Government should increase university education funding to help reducing the rising cost of education and support university's initiative at improving the students' financial literacy level. This will enhance the financial stability of the students as well as the financial economy of the nation.

5.5 Limitation of the Study

The study site for this study was College of Law and Management and College of Humanities. The sample size was taken from the School of Accounting, Economics and Finance, School of Law in the College of Law and Management as well as School of Social Science in the College of Humanities. The findings and recommendations were based on the survey results that include the trend and patterns shown in the results which are limited to the study site thereby limiting the generalisation of the results.

In addition, the survey was self-reporting in nature. It is expected of respondents to answer questions sincerely and in an objective manner. Since the respondents are not monitored by the researcher, it may be hard to know if the respondents took the questions seriously.

5.6 Further Research

Considering the limitation of this study, a similar study based on a wider scope is recommended. This will aid generalization of the results. Also, Further research is proposed to examine the relationship between good spending habits and financial stability.

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APPENDIX A

QUESTIONNAIRE

SECTION A – Demographic Data: Please tick as appropriate.

1. **Gender**

Male	Female

2. **Age Group**

18-20 Years	21 & above Years

3. **What family background did you come from? Please tick.**

Single Parent	Married Parent

4. **Course of Study**

Business/Commerce Major (e.g. Accounting, Economics & Finance)	Non-Business Major (Specify)
1 2…..	1……. 2…………..

5. **How do you finance your study? Please tick one.**

Parent	Loan	Bursary	Scholarship	Parent + Any other(s)	Other sources (Please Specify)

6. **What year(s) are you in the University? Please tick.**

Year 1	Year 2	Year 3

7. **What is your Racial Group? Please tick.**

White	African	Indian	Coloured

8. **Monthly Allowances from all sources (Excluding book allowance)**

Less or Equal R1,000	R1001 to R2000	R2001 to R3000	R3001 to R4000	R4001-R5000	R5000 and above

9. Expenditure Items. Please tick as appropriate.

Items of Expenditure	**Actual Cash Spent (R) per Month.**					
	100	101-500	501-1200	1201-2400	2401-4000	4001 and above
Food, Groceries & Eating out						
Rent						
Clothing & Footwear						
Entertainment (Movies, DVDs, Music &Video games, Alcohol, Gym, etc.)						
Toiletries & Cosmetics						
Airtime						

10. What degree of influence do the following factors have on your spending?

Factors Influencing Spending	**Influence**			
	Major	Moderate	Minor	No
I spend on products advertised on TV, the Internet, Social Media, Magazine etc)				
My Parent (s)/Guardian) influences my spending.				
My Friends/Peer group influences my spending.				
I spend on Current Fashioned materials e.g clothes and shoes)				
My Lifestyle (Elaborate or Low kid) influences my spending				
I spend when Price of Item(s) is reasonable as well as excellent quality stuffs.				
I spend when there is Discount Sales /Promotions				

SECTION B:

1. SCALE ON SPENDING HABITS

Indicate your agreement that the following items match your spending habits:

S/N	ITEMS	Strongly Disagree	Disagree	Agree	Strongly Agree
1.1	I compare prices when making a purchase				
1.2	I tend to buy things when I cannot really afford them.				
1.3	I spend less than my income.				
1.4	I have the urge to buy things even when there is no immediate need for it.				
1.5	I usually borrow money to spend in anticipation of my monthly allowance.				
1.6	I normally spent all my monthly allowance before month end.				
1.7	I spend more than I get.				
1.8	Before buying anything, I carefully check whether I can pay for it.				
1.9	I used to buy things on credit when I run out of money(cash).				

SECTION B:

2. SCALE ON FINANCIAL ATTITUDE

Indicate your agreement that the following items match your financial attitude:

S/N	ITEMS	Strongly Disagree	Disagree	Agree	Strongly Agree
2.1	It is not important to set financial goals for the future				
2.2	I tend to live for today and let tomorrow take care of itself				
2.3	I do not consider the long-term impact of the cost of things I bought on my monthly allowance as long as I love to buy it.				
2.4	I like to buy things because it makes me feel good.				
2.5	I am willing to spend money on things that are important to me no matter what.				
2.6	I believe the way I manage my money will affect my future financial well-being.				
2.7	I find it more satisfying to spend money than to save it for the future.				
2.8	Money is made to be spent				
2.9	It is quite hard for me to make a spending plan.				
2.10	I think it is normal to borrow to balance the personal budget.				

SECTION B:

3. SCALE ON FINANCIAL KNOWLEDGE

MULTIPLES CHOICE QUESTIONS.

Indicate the correct answer from the choices a to c by cycle it.

3.1. Suppose you deposit R100.00 in a savings account at an interest rate of 10% per year. After five years, what is the total value you have in savings? Assuming no money had been deposited or withdrawn.

a) More than R150.00
b) Less than R150.00
c) Exactly R150.00

3.2. Assume Nomfundo inherits R10,000.00 today and Pillay inherits R10,000.00 in about 3 years. Considering the inheritance, who will get richer?

a) They are equally rich
b) Nomfundo
c) Pillay

3.3. Suppose that the interest rate on your savings account is 6% per year and the inflation rate is 10% per year. After one year, how much you will be able to buy with money from that account: Assuming no money has been deposited or withdrawn.

a) More than today
b) Less than today
c) Exactly the same

3.4. Assume that in 2018 your income will double and the prices of all goods also will double. In 2018. How much will you be able to buy with your income?

a) More than today
b) Less than today
c) Exactly the same

3.5. Considering a long period of time (e.g. 10 years), which asset does usually offer higher return?

a) Savings account
b) Government securities
c) Stocks

3.6. Usually, which asset has the highest fluctuations over time?

a) Savings account
b) Government securities
c) Stocks

3.7. When an investor distributes his investments among different assets, the risk of losing money:

a) Increases
b) Remain unchanged
c) Decreases

3.8 Assume you saw the same television at two different stores for the initial price of R1,000.00. The shop A offers a discount of R150.00, while shop B offers a discount of 10%. What is the best alternative?

a) Buying in shop A (discount of R150.00).
b) Buying in shop B (discount of 10%)
c) Buying from either shop A or shop B (because the offers are the same)

3.9 An investment with high return rate will have a high-risk rate. This statement is:
a) True
b) False
c) Not in all cases.