

## **The Effect Of Financial Literacy On Household Financial Decision Making In Zimbabwe**

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### **Abstract**

The research paper explored the effect of financial literacy on household financial decision making in Zimbabwe. The main objectives were to determine the effect of financial literacy on financial decision making and to explore factors that influence household financial decision making. The study used a mixed methods research design, and the sample was drawn using convenience sampling. The study used a logistic regression analysis to model the results of the study, as well as thematic analysis to analyse the qualitative data. The Statistical package Stata 11 was used to run the logistic regression analysis, on a sample of 140 participants. The regression results established that financial literacy, the level of education and the level of income were the major determinants of household financial decision making as the variables were statistically significant at 95% level of confidence. Qualitative interviews established macroeconomic fundamentals, previous experiences and advice from family and friends as other factors that influence household decision making. That is the level of inflation, exchange rates, bank charges, previous experiences with financial institutions and financial advice from children and friends largely influence household financial decision making. The study recommends government to introduce basic concepts of financial literacy in courses and subjects at schools, technical colleges and university as part of curricula and make them compulsory. Household heads should improve their financial literacy capabilities and consider formal financial advice when making financial decisions.