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The Impact of Financial Literacy on Selected Nigerian Public Sector Employees Savings Culture and Investment

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Abstract **Original Research Article**

Financial literacy ensures that an individual is able to match his income with his expenditure, lives within his means and forestall going broke or bankrupt. Like general or health literacy, financial literacy could be conceptualized as having two dimensions: understanding (personal finance knowledge) and use (personal finance application). In this study, we reviewed how financial literacy is measured in the current literature and examine how well the existing studies addresses whether financial literacy improves employees savings culture and investment. We review the literature on alternative policies to improve financial outcomes and compare the evidence on whether financial literacy improves employees spending habits, savings, investments and standard of living. The sample size of this survey based study consists of 110 working men and women from non-financial public sector in Nigeria. Data was analyzed using simple percentage and frequency distribution. The Statistical Package for Social Sciences (SPSS) was used in the analysis of the data. The major challenge in financial education has been how to measure the impact of financial education on the recipient savings culture. Investment and standard of living. On the other hand what is the influence of financial literacy on employees' savings and investment outcome. It can be observed that in some instances those who did not have formal financial education and those who are primary or secondary school dropout have risen to own successful business empire. However, some who have tertiary financial education are struggling to survive. A large proportion of the sampled employees are deficient in financial literacy notwithstanding their exposure to financial education. Contrary to popular perception this research shows that there is no significant relationship between financial literacy and education level, savings culture and investments, of Nigerian public sector employees. Finally, we discuss directions for future research.

Keywords: Financial behavior, financial literacy, investments, retirement planning, savings.

INTRODUCTION

Financial literacy and financial knowledge are both human capital but different constructs. Financial knowledge is an integral dimension of, but not equivalent to, financial literacy. Financial literacy has an additional dimension which is that an individual must have the ability and confidence to use his/her financial knowledge to make financial decisions that will bring financial success. When developing an instrument to measure financial literacy, it would be important to determine not only if a person knows the information but also if he/she can apply it appropriately. In addition it seeks to determine whether the knowledge of financial literacy can lead to better and informed decisions which will improve one's wellbeing. (Huston, 2010). Consequently we have focused in this study the financial outcome of financial literacy. Financial literacy consists of both knowledge and application of human capital specific to personal finance. The level of endowed and attained human capital influences a person's financial literacy. For example, if an individual struggles with arithmetic skills, this will certainly impact his/her financial literacy. However, available tools (e.g., calculators, computer software) can compensate for these deficiencies; thus, information directly related to successfully navigating personal finance should be a more appropriate focus than numeracy skills for knowledge's sake.

A person who is financially literate may not exhibit predicted behaviors or increases in financial well-being because of other influences, such as self-control problems, family, peer, economic, community and institutional pressures. This is the reason some bankers despite being well paid are indebted perpetually due to institutional pressure to live and dress glamorously.

Financial education is an input intended to increase a person's human capital, specifically financial knowledge and/or application (i.e., financial literacy).

The aim of this research is to determine the extent to which financial education and literacy has affected the standard of living of Nigerian employees before and after retirement. The specific objectives include to

i) examine financial literacy in regards to the savings culture of Nigerian employees.
ii) investigate financial literacy in relation to the investment practices of Nigerian employees.

Based on the objectives, the following research questions were developed

i. What is the relationship between financial literacy and the savings culture of Nigerian employees?
ii. What is the relationship between financial literacy and the investment practices of Nigerian employees?

The following hypotheses are designed to test the relationship between financial literacy, and Nigerian Employees Financial Outcomes:

Ho1: There is no significant relationship between financial Literacy and savings culture of Nigerian employees.
Ho2: There is no significant relationship between financial literacy and Investments of Nigerian employees.

MATERIAL AND METHODS

2.1 Financial literacy and savings

If you were looking for a simple formula for financial success, Tracy (2004) suggests the five words: "Spend less that you earn. The place to start is for you to take any amount of money that you can save right now, open a special bank account for financial independence and begin to save". Explaining how savings leads to wealth accumulation the popular author Brian Tracy (2004) states that when you begin to save money, you set up a force field of energy around that money that begins to attract more and more money into your life. As you add these additional amounts to your wealth account, you create an even great magnetic force that attracts even more money into your life. Some who lack financial education always feel that money can be made in one sweep. Therefore they spend and spend all they earn with hope that they will hit a jackpot one day and become rich instantly. Brian Tracy (2004) disagrees and states that every large fortune is an accumulation of hundreds and thousands of small amounts of money. Riches seldom start with great financial breakthroughs or jackpots, even though that is what most people believe and strive for in their twenties and thirties. Instead, riches and wealth grow and accumulate slowly at first, one step at a time, and only go to those special people who demonstrate an ability to earn the money and then hold onto it.

The place to begin on your road to wealth is right where you are, right now. If you cannot discipline yourself to practice frugality, and begin saving your money in your current circumstances, you cannot expect to develop these qualities later on. One of the great success classics, *The Richest Man in Babylon*, by George Classon, was written many years ago. His central idea is still valid today. The book is a classic on financial success because it's principles are simple, direct and guaranteed to work. What Classon said throughout the book was that the starting point of financial success is to pay yourself first. Take 10% off the top of your income, every time you receive money, and put it aside in your financial independence account. Once you have put it aside, never touch it or spend it for any other reason except to become financially independent. After you have paid yourself first, by putting 10% of your income away, you then learn to live on 90% or less of your gross income. Fortunately, human beings are creatures of habit. In no time at all, you will develop the habit of living on 90% or less of your income. From that point forward, your financial success is largely assured.

Egbu (2009) also discussed so much on how we can achieve our aspiration as employees by cultivating a savings culture "Most experts in Personal Financial Planning agree that you should at least set aside a minimum of ten percent (10%) of your salary every month. That ten percent should be regarded as your own pay. Setting it aside means saving it. Consequently, you start spending the rest which is ninety percent (90%). If you take that ten percent out first, you will find out that you will make do with the remaining ninety percent, because you will assume that the ninety percent is your total salary. Assuming you are receiving $ 1,000 and you remove $ 100 immediately you get your salary you will understand that your salary is $ 900. The ten percent (10%) you have set side should be put in an investment account which you will use when you want to start a business.

2.2 Employees Saving Problems

If savings is a problem for adults it is more challenging for employees who earn their income monthly. Egbu (2009) states "One of the most difficult problems an employee has is savings. No matter how much you earn, you find out that the more you earn the more you have to spend. There is a law in economics that says "marginal propensity to consume will always be higher than marginal propensity to save". (MPC>MPS) Now under these circumstances how can you be an employee and still save? I have been an employee and started working with a salary per month of ₦100, around 1981. So when I am talking about savings or being a millionaire, do not feel that this guy does not understand what we are going through. I understand and also know that at times your salary can not be enough for up to two weeks. Even when I was in the bank, with what I was earning, riding car, having car loan and so on and so forth, even as a graduate and a chartered Accountant, my salary hardly lasts for two weeks. But then will you now give up and recline to faith? That will not be the best thing to do.

On how to cultivate savings culture Egbu (2009) advises: One thing I have also observed is that when most people earn money, they pay their tailors, carpenters, transporters, children's school fees and so forth, and at the end of the day they spend more than they are earning and get indebted in the process. You may say that is because your salary is small, but I will tell you that it is not. Saving and financial planning is a culture which you must imbibe to improve your standard of living/. Why do I say so? This is because you find out that, it has nothing to do with how much you are earning. I have seen Bank Managers and Directors who are highly indebted. Why is this so? You find out that if you are living in a house where you are paying ₦5,000 per month, as a grade level eight officer, (GL8) by the time you become a grade level fifteen or sixteen officer (GL 15 or 16) you will not like that house again. You will want to move to a place you will pay twenty or thirty thousand naira per a month, (₦ 20,000- ₦ 30,000) thereby making your additional income not to be sufficient again. If your children are in a public school, by the time you move up and start earning higher you will want to put them in a private school, and as I am talking right now, we have private schools of ₦ 20,000 per term and those of ₦ 200,000 per term. Yes in Lagos we have a lot of private schools including higher schools and for those who have children or relatives in higher schools; you know that we have higher schools where you pay millions. li.

All these buttress the fact that what you are earning has nothing to do with your savings ability. You have to set a goal and determine your own mission. Some people don't have goals or missions. What goals do you have for this year, next year, or even five years, ten years or twenty year time? And your goal has to change as the years get by. Why do we say so? Some of you are working today, some have ten years to go; others have fifteen years, while others have just five years to retire. So what are your plans? We see also that lack of goals is a problem most people are facing which makes them to spend all they have worked.

2.3 Daily contribution

If personal savings is difficult, consider daily contribution. This is an age long practice whereby you set aside a fixed sum of money given to a daily money collector. The pepper sellers, artisans, newspaper vendors, drivers etc. use this means to gather their money and achieve a lot. At the end of the month the collector returns the money to the owner and takes one day contribution as payment for his services or whatever sum is agreed. The advantage is that the collector has assisted you to gather the money for banking or expansion of your business. Some collectors can also give you loan up to twice, your monthly contribution with little or no interest charge. An aspiring business owner can explore this opportunity to raise money to start or expand his businesses.

2.4 Financial literacy and Investment

Personal investment strategies should be geared towards achieving the main purpose of creating wealth and fund i.e. making money available as at when due, therefore the aims is to structure investment outlook by considering the following fundamentals:

- Adequate funding of personal needs
- Safety of Investment and Security of Fund.
- Return/Capital Appreciation of investment
- Liquidity
- Matching investment/ fund maturities with emerging obligations.
- Diversification of investment portfolio.
- Valuation of investments.

Forms of Investments

In other to meet the above personal goals an individual should have a mix portfolio or diversified portfolio.eg

- Cash & easily convertible instruments (Commercial Paper, Cash, Certificate of Deposit)
- Govt./Corp. Securities (Bonds, T/Bills, CBN Certificates)
- Quoted Shares/Equities
- Real Estate and Mortgage Investments (land & buildings)

Andrew Willis (2001) gives several strategic tips for success in stock market:

i. If news that could potentially affect the price of a stock is announced on TV, don't run with all the amateurs, giving it an upward throttle. The more experienced market makers and traders will sit in a corner, biding their time until the stock is right for shorting it and driving it back down. As the stock price plummets, these amateurs that purchased it at the highest price of the day now have no one to sell it to.

ii. Don't ever trade with money that you can't afford to lose such as bill money, retirement money, or any other finances that could affect your living style if you were to lose it. Only trade with a stash of money that you have saved up for the specific purpose of trading. Just as a few people have been very successful at the stock markets, there are even more who have failed, losing homes, cars and furniture, and nearly everything. Don't be one of them!

iii. Never get into a trade that has a poor risk-to-reward ratio. You should only consider trades that will bring you a decent profit, otherwise, the risk isn't worth it.

iv. Get out of the trade as soon as you realize the odds are against you. The longer you wait, hoping that the tide will turn again in your favor, the more money you could be losing. Plus, you might find it very difficult to sell.

While investing in Properties one can seek for advice from successful investors. One of the greatest and successful property investors is Donald Trump. George H. Ross and Andrew J. McLean (2005) gives highlights on how Donald Trump chooses properties for investment.

KEY POINTS

- Be willing to pay a premium for a prime location.
- Don't buy without a creative vision for adding significant value.
- Creative problem solving leads to big profits.
- Write a preliminary business plan before you buy.

Four things Trump looks for in a location are: *Great Views, Prestige, Growth Potential, Convenience.*

Great Views

People want to live near great scenery. The importance of views depends on the particular use of the property you have in mind. Certainly, nobody wants to live near a dumpsite or a sewerage treatment plant but a quiet street is a good view for a modest residential building. At a minimum, look for a view that is compatible with the life style of the occupants of your property and you've passed the view requirement.

Prestige

The neighborhood of a property most often determines the property value. A small investor purchasing a real estate parcel should consider whether or not the location or the address is desirable for the people you intend to attract. If your target is high-income families, then you have to buy in an area that already contains luxury residences. If your intended target is middle-income families or low-income families, pick an area considered to be desirable among members of that group.

Growth Potential

One of the great profits from investing in properties is appreciation in value of the land. Land banking may be appropriate in many cases. Land banking is buying land on the theory that, in time, it's going to go up in value, perhaps because it's in a strategic location. Land banking is always a risky investment but one that can be extremely profitable if you guess right.

Convenience

Another thing Trump looks for in a location is the convenience of the location for his intended customers whether they are apartment owners or office tenants. Convenience encompasses the proximity of shopping facilities, transportation, schools, houses of worship, and other amenities. Availability of a suitable labor force is a factor to be considered in determining the desirability of office or commercial space. If you intend to live or work in the property you are planning to buy, just ask yourself does this property meet your needs; can you picture yourself being happy there and in the neighborhood. If the answer is "yes" it should be a good buy.

Inflation Factor - Conscious effort should be exercised to invest in high and fixed yield investments that could curtail fluctuations in return. The effective return on Investment should always strive to exceed the prevailing inflation rate. Options and strategies for personal fund investments are the basic decisions that we must get right to enhance a pleasurable retirement life.

RESEARCH METHODOLOGY

3.1 Data Collection Instrument

The major instrument used by the researcher to gather quantitative data needed for the study is the questionnaire. According to Asika (1991:21) primary data consists of responses collected from respondents using the instrument of structured questionnaire. This form of data is subjected to analysis using percentage frequency and tabular Presentation, as well as histograms as necessary.

The questionnaire was structured as follows: Section A (Introduction: Demographic Information), Section B (Test of Financial Literacy Questions), Section C (Financial outcome tests). Needless to say, the questions asked reflected the variables under investigation. All the questions used were closed questions. Closed questions are useful in that they make analysis simple and uncomplicated (Guerini, 2006). A total of one hundred and twenty (120) questionnaires were administered while 110 questionnaires were properly filled and returned representing a return rate of 91.2%. The following steps were taken to improve on return rates for distributed questionnaires:

- questionnaire length was made very limited to elicit ease of response.
- cover letters were used to dispatch the questionnaires. It is considered a logical vehicle for persuading individuals to respond.
- repeated visits and phone calls to the respondents though costly, assisted to ensure good response.

3.2 Data and model specification

We collected data from a sample size of 110 public servants chosen from 13 public sector organizations covering the 6 geographical regions of Nigeria namely North east, North west, North Central, South west, South East and South-South.

The study made use of questions on financial literacy adopted from a set of "Financial IQ" questions included in the University of Michigan's monthly Surveys of Consumers in November and December 2001.Lusardi& Mitchell, (2006) added a set of financial literacy questions to the 2004 Health and Retirement Study (HRS, a survey of U.S. households aged 50 and older) that have, in the past decade, served as the foundational questions in several surveys designed to measure financial literacy in the U.S. and other countries. The three core questions in the original 2004 HRS financial literacy module were designed to assess understanding of three core financial concepts: compound interest, real rates of return, and risk diversification (see Table 1). Because these questions are parsimonious and have been widely replicated and adapted, they have come to be known as the "Big Three" questions. These questions were incorporated into the 2009 National Financial Capability Study (NFCS) in the U.S., a large national survey of the financial capabilities of the adult population. The NFCS asked two additional financial literacy questions which, together with the "Big Three" have collectively come to be known as the "Big Five" questions.

These two additional questions test knowledge about mortgage interest and bond prices.

Table 1 lists the "Big Five" questions as asked with their potential answers (the correct answers are italicized). Because the "Big Three" questions have been more widely adopted in this surveys, we focus here on the answers to these three questions, although we also used the "Big Five" to assess level of financial literacy.

Table 1: Financial literacy questions in the 2004 Health and Retirement Study and the 2009 National Financial Capability Study (NFCS)

Concept	Question	Answer options
Interest rates and compounding	Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?	*More than $102* Exactly $102 Less than $102 Don't know Refused
Inflation	Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy more than today, exactly the same as today, or less than today with the money in this account?	More than today Exactly the same as today *Less than today* Don't know Refused
Risk diversification	Do you think that the following statement is true or false: Buying a single company stock usually provides a safer return than a stock mutual fund?	True *False* Don't know Refused
Additional financial literacy questions in the 2009 NFCS		
Mortgages	Do you think that the following statement is true or false: A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest over the life of the loan will be less?	*True* False Don't know Refused
Bond pricing	Ifi nterest rates rise, what will typically happen to bond prices?	They will rise *They will fall* They will stay the same There is no relationship Don't know Refused

The answer categorized as correct is italicized in the last column.

The survey was made up of three sections. The first part covered the personal characteristics of respondents. The second section addressed the participants' understanding of fundamental issues in financial literacy. Section three looked at the impact of their financial literacy level on their savings culture, investments and retirement planning and standard of living

Measures

The items measuring the various constructs have been adopted from previous research studies in the areas of financial literacy, financial self-efficacy, and financial wellbeing. borrowed from prior research studies of Lusardi and Mitchell 2011,2014,2015 and Hilgert *et al.*, (2003).

Sample characteristics

Table 2 presents the sample characteristics in terms of the socio-demographic features of respondents. It is presented in the table that female respondents account for the highest per1centage (57%) and male respondents account for the lowest percentage (42%). Age is categorized into four groups viz., 20–30, 31–40, 41–50 and above 50 (Table 3). So, in terms of age group, the highest percentage of responses is 31-40 which represents 40% of respondents.

RESULTS AND DISCUSSION

The analysis of data collected is based on questionnaires administered to respondents in the study area. The responses were presented using frequency distribution table and percentage. The major challenge in financial Literacy has been how to measure the impact of financial education on the recipient savings culture, investment and standard of living. On the other hand what is the influence of financial literacy on employees' financial outcome. It can be observed that in some instances those who did not have formal financial education and those who are primary or secondary school dropout have risen to invest and own successful business empire. However some who have tertiary financial education are struggling to survive. This situation is a tangle of paradoxes. It is therefore important at this point in time to obtain answers to pertinent questions in assessing the impact of financial literacy on Nigerian employees financial outcome. The questions include but are not limited to the following:

a. What is the difference in the savings and investment habit of employees with little or no financial literacy?
b. What is the difference in the spending habit of employees' with little or no financial education?
c. Why employees of public sector in Nigeria have reversal of personal finance after employment?
d. What do most public servants in Nigeria know about personal finance?
e. How is the missing personal financial literacy impact on their present/future economic wellbeing?

The answers to these questions are only obtainable from an impact assessment study. The wide scope and disclosure / supply of informed responses from employees in assessed public sector organisation is a constraint but to the extent that responders did not have to write their names, the respondents participated willing and very positively. The quality of data would be regarded as genuine and authentic. The knowledge gained from this impact study will provide critical inputs and guide to the employee's financial literacy training. The data is presented below and analyzed.

Table 2: List of Organizations Surveyed and the Distribution of sectors covered

No	Organisations	Sectors	Respondents	% Response
1	Nigeria Export Processing Zones, Abuja	Export	5	100
2	Orile / Agege Local Government, Lagos	Local Govt	26	100
3	Alimosho Local Government, Lagos	Local Govt	15	100
4	Nigeria Institute of Medical Research, Lagos	Medical	6	100
5	Alimosho General Hospital, Lagos	Medical	7	100
6	National Orthopeadic Hospital, Lagos	Medical	15	100
7	University of Maiduguri, Bornu State	Education	5	100
8	Federal Polytechnic, Owerri	Education	5	100
9	University of Nigeria, Nsukka	Education	5	100
10	Nigeria Police Academy, Wudil, Kano	Education	6	100
11	Zamfra State College of Education, Maru	Education	5	100
12	Federal University, Otuoke, Bayelsa State	Education	5	100
13	Federal Polytechnic, Oko, Anambra State	Education	5	100
			110	

Source: Field Survey.

Sample Profile (N=110)

Sample Categories Frequency Percentage

Table 3: Frequency Distribution of Respondents Opinion

		BIG 3 Questions			BIG 5 Questions		
		CORRECT	INCORRECT	TOTAL	CORRECT	INCORRECT	TOTAL
Age	20- 30years	5%	14%	19%	2%	16%	18%
	31-40years	5%	34%	39%	1%	39%	40%
	41-50years	4%	25%	29%	2%	27%	29%
	Above 50 years	2%	11%	13%	0%	13%	13%
	TOTAL	16%	84%	100%	5%	95%	100%
Gender	Male	7%	36%	43%	2%	40%	42%
	Female	9%	48%	57%	3%	55%	57%
	TOTAL	16%	84%	100%	5%	95%	100%
Education	WAEC/SSCE	1%	11%	12%	1%	11%	12%
	OND/NCE	0%	21%	21%	0%	21%	21%
	HND/BSC	7%	35%	42%	2%	40%	42%
	MSC	6%	11%	17%	2%	15%	17%
	PROFESSIONAL	1%	4%	5%	0%	5%	5%
	OTHERS	1%	3%	4%	0%	4%	4%
	TOTAL	16%	84%	100%	5%	95%	100%
Monthly income	Less than 25,000	0%	12%	12%	0%	12%	12%
	25,000 - 50,000	5%	21%	25%	2%	24%	25%
	51,000 - 100,000	6%	30%	36%	2%	35%	36%
	101,000 - 200,000	5%	18%	24%	1%	23%	24%
	More than 200,000	0%	3%	3%	0%	3%	3%
	TOTAL	16%	84%	100%	5%	95%	100%
Work sector	Education sector	5%	27%	33%	0%	33%	33%
	Medical sector	7%	17%	25%	1%	24%	25%
	Export sector	0%	5%	5%	0%	5%	5%
	LGA	4%	34%	37%	4%	34%	37%
	TOTAL	16%	84%	100%	5%	95%	100%
Marital status	Married	15%	67%	82%	4%	78%	82%
	Single	2%	8%	10%	1%	9%	10%
	Separated/divorced	0%	5%	5%	0%	5%	5%
	Widowed	0%	3%	3%	0%	3%	3%
	TOTAL	16%	84%	100%	5%	95%	100%
Number of earning hands	Only myself	7%	25%	33%	3%	30%	33%
	Myself and spouse	6%	25%	31%	2%	29%	31%
	Myself and father/mother	2%	14%	15%	0%	15%	15%
	Three or more	1%	20%	21%	0%	21%	21%
	TOTAL	16%	84%	100%	5%	95%	100%

Source: Field Survey,

Interpretation According to Educational Qualification of Respondent (3 big financial literacy questions)

Respondents opinion revealed that 1% of respondents with secondary school leaving certificate correctly answered the big three questions, while 11% incorrectly answered the questions. None of the respondents with OND or equivalent qualifications correctly answered the big three questions, while 21% incorrectly answered the questions. 7% of respondents with HND/BSC qualifications correctly answered the big three questions, while 35% incorrectly answered the questions. 6% of respondents with masters degrees qualifications correctly answered the big three questions, while 11% incorrectly answered the questions. 1% of respondents with professional qualifications correctly answered the big three questions, while 4% incorrectly answered the questions. 1% of respondents with other qualifications correctly answered the big three questions, while 3% incorrectly answered the questions.

Interpretation According to Educational Qualification of Respondent (5 big financial literacy questions)

Respondents opinion revealed that 1% of respondents with secondary school leaving certificate correctly answered the big five questions, while 11% incorrectly answered the questions. None of the respondents with OND or equivalent qualifications correctly answered the big five questions, while 21% incorrectly answered the questions. 2% of respondents with HND/BSC qualifications correctly answered the big five questions, while 40% incorrectly answered the questions. 2% of respondents with masters degrees qualifications correctly answered the big five questions, while 15% incorrectly answered the questions. None of the respondents with professional qualifications correctly answered the big five questions, while 5% incorrectly answered the questions. None of the respondents with other qualifications correctly answered the big five questions, while 4% incorrectly answered the questions.

Interpretation According to Educational Qualification of Respondent (5 big financial literacy questions)

Respondent's opinion revealed that none of the respondents with earning less than 25,000 correctly answered the big five questions, while 12% incorrectly answered the questions. 2% of respondents earning between 25,000 -50,000 correctly answered the big five questions, while 24% incorrectly answered the questions. 2% of respondents earning between 51,000 -100,000 correctly answered the big five questions, while 35% incorrectly answered the questions. 1% of the respondents earning between 101,000-200,000 correctly answered the big five questions, while 23% incorrectly answered the questions. 0% of respondents earning more than 200,000 correctly answered the big five questions, while 3% incorrectly answered the questions.

Table 4: Hypothesis One

H_{03}: There is no significant relationship between financial Literacy and savings culture of Nigerian employees.

Correlations			
		Financial literacy	Have you ever tried to save for retirement?
Financial literacy	Pearson Correlation	1	.060
	Sig. (2-tailed)		.531
	N	110	110
Have you ever tried to save for retirement?	Pearson Correlation	.060	1
	Sig. (2-tailed)	.531	
	N	110	110

The table 4 above shows the result of correlation between financial Literacy and savings culture of Nigerian employees. The result revealed that: a positive correlation exist between financial Literacy and savings culture of Nigerian employees. This was affirmed by the correlation coefficient of 0.060. The result further affirms that the correlation is not statistically significant at 5% level of significant. Decision Rule: since the probability value (*Sig. (2-tailed) = 0.531)* is greater than 5% (0.05), there is no evidence against the null hypothesis. Therefore, the null hypothesis will be accepted at 5% level of significance. Conclusion: It is therefore concluded that there is no significant relationship between financial Literacy and savings culture of Nigerian employees.

Table 5: Hypothesis Two

H_{04}: There is no significant relationship between financial literacy and Investments of Nigerian employees.

Correlations			
		Financial literacy	How often do you try to invest your savings for your retirement?
Financial literacy	Pearson Correlation	1	.159
	Sig. (2-tailed)		.096
	N	110	110
How often do you try to invest your savings for your retirement?	Pearson Correlation	.159	1
	Sig. (2-tailed)	.096	
	N	110	110

The table 5 above shows the result of correlation between financial literacy and Investments of Nigerian employees. The result revealed that: a positive correlation exist between financial literacy and Investments of Nigerian employees.. This was affirmed by the correlation coefficient of 0.159. The result further affirms that the correlation is not statistically significant at 5% level of significant. Decision Rule: since the probability value (*Sig. (2-tailed) = 0.096)* is greater than 5% (0.05), there is no evidence against the null hypothesis. Therefore, the null hypothesis will be accepted at 5% level of significance. Conclusion: It is therefore concluded that there is no significant relationship between financial literacy and Investments of Nigerian employees.

Limitations and Directions of Future Research

This study is limited to public sector employees in Nigeria, and does not include employers of labour and private sector employees. In other words, the study is focused on public sector workers who receive salaries from their employers, and not private sector employees or entrepreneurs who establish and run their own businesses. The reason for limiting the study to public sector employees is essentially because they constitute a majority of the organized work force in Nigeria. Additionally, public sector employees in Nigeria belong to the middle class that have acquired, at least, basic education which puts them in pole position to be knowledgeable about financial matters.

Future studies may also look at the impact of financial literacy on savings and investment culture of private sector employees and self-employed, In addition a wider population can be taken than the present study population of one hundred and ten public sector employees from the six geopolitical zones of Nigeria, If larger fund is available a higher population from each of the 36 states of Nigeria including Federal Capital Territory can be included in the research.

Another area of the research can be the impact of Savings and Investment Training on the Financial Outcome of Public Service Retirees. What type of training, coaching and mentoring can assist public service employees in improving their cash flow post retirement?

CONCLUSIONS

A person who is financially literate may not exhibit predicted behaviors or increases in financial well-being because of other influences, such as self-control problems, family, peer, economic, community and institutional pressures. This is the reason some bankers despite being well paid are indebted perpetually due to institutional pressure to live and dress glamorously. Financial education is an input intended to increase a person's human capital, specifically financial knowledge and/or application (i.e., financial literacy).

The Richest Man in Babylon, by George Classon, was written many years ago. His central idea is still valid today. What Classon said throughout the book was that the starting point of financial success is to pay yourself first. Take 10% off the top of your income, every time you receive money, and put it aside in your financial independence account. Once you have put it aside, never touch it or spend it for any other reason except to become financially independent. After you have paid yourself first, by putting 10% of your income away, you then learn to live on 90% or less of your gross income.

Most Nigerian public sector employees the research has find out are unable to have meaningful savings. Consequently they lack investments that can yield cashflow during and after service.

Therefore the question of why employees of public sector in Nigeria have reversal of personal finance after employment is because they hardly have meaningful savings and investment that can lead to cash flow on retirement.

Based on the objectives, these research questions have been answered

i. What is the relationship between financial literacy and the savings culture of Nigerian employees?
ii. What is the relationship between financial literacy and the investment practices of Nigerian employees?

In conclusion the null hypothesis is accepted at 5% level of significance. It is therefore concluded that there is no significant relationship between financial literacy, savings and Investments of Nigerian public sector employees.

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