

REVISITING THE FINANCIAL LITERACY - FINANCIAL INCLUSION NEXUS: WHY ARE MANY STILL FINANCIALLY EXCLUDED IN NIGERIA?

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ABSTRACT

Recognizing financial literacy as key driver of financial inclusion, this study deconstructs financial literacy into three components (financial knowledge, educational level, and financial advice) to uncover financial literacy antecedents that best drives financial inclusion. Based on documented dataset of 28,380 adult population (18+) of bankable age from Nigeria, standard Multiple Regression Analysis (MRA) was used to analyze the hypothesized relationships. The study finds that educational level is a significant predictor of financial inclusion; while financial knowledge and financial advice are not significant predictors of financial inclusion. The deconstruction of financial literacy in the Financial Literacy Theory that financial literacy implies different thing in different context and financial literacy is strongly associated with educational level in the developing African context. Policymakers are to find specific ways to stimulate increased financial literacy by incorporating basic financial education as critical component in the educational curriculum at all educational levels. Other implications are discussed.

Keywords: Financial literacy; financial inclusion; financial exclusion, Nigeria, Africa.

INTRODUCTION

Despite its economic importance, accomplishing financial inclusion has continued to be a worldwide target with as much as 60.5 per cent of grown-ups worldwide being financially excluded (lacking access to financial administrations) (Kama and Adigun, 2013). The circumstance is surprisingly more dreadful in emerging African economies where a few nations have as much as 70.0 per cent

financial exclusion levels (Kama and Adigun, 2013). In Nigeria, as at 2018, the financially excluded is 36.8%, which translate to over 66 million people (NFIS, 2018). It has been argued that achieving financial inclusion requires three activities: financial literacy; financial capability on the part of the consumer; and financial access on the part of the product, services and advice suppliers (EFInA, 2018). According to Huston (2010) financial literacy is a very critical factor for achieving financial inclusion. It is unfortunate as the population of the developing countries in Africa, such as Nigeria, continue to increase, it seems literacy levels seems to shrink as cost of affording education and knowledge continue to rise. Yet financial literacy is critical for fighting both poverty and exclusion from the financial mainstream.

Arguably, the slow economic growth in a number of developing African countries is partly due to the scanty research that would inform policy prescription and intervention aimed at increasing high financial inclusion rate in the country. According to the Nigerian National Financial Inclusion Strategy (NFIS) (2018, p.4), the aim of NFIS “is to reduce the percentage of adult Nigerians who do not have access to financial services from 46.3% in 2010 to 20% in 2020”. The study by Adetunji (2017), explored demographic determinants of financial inclusion using data collected through self-administered instrument in 2016. Another study by Adetunji and David-West (2019), explored financial literacy and income on financial inclusion but used 2016 Enhancing Financial Innovation & Access (EFInA) Access to Finance (A2F) data. Since the 2018 A2F survey data, there is no known study that has explored financial literacy on financial inclusion in Nigeria. The present study has become imperative as the financially excluded in Nigeria is currently at 36.8%, which is a far cry to the 20% target in 2020 by the NFIS and Central Bank of Nigeria (CBN). This situation underpins the problem that motivated this study. Regardless of previous studies and resulting recommendations, why is the rate of financially excluded individuals in Nigeria still on the high side? Why has the CBN and NFIS target to reduce the rate to 20% in 2020 still elusive while year 2020 has already come to an end? Could it be that findings and recommendations of previous studies have not proven to be the best solution to the problem of financial exclusion in Nigeria? It is still unclear why many poor people are financially excluded in Nigeria and indeed in many other developing African countries. The present study sought to address this gap. Based on the extent of current research review, three main African studies: Adetunji (2017) in Nigeria, Adetunji and David-West (2019) in Nigeria and Bongomin, Munene, Ntayi, and Malinga (2018) in Uganda are somewhat the only accessed prevailing studies in this area by present researchers.

Although these studies somewhat explored the relationship between financial literacy and financial inclusion, but did not deconstruct financial literacy to uncover key financial literacy antecedents as predictors of financial inclusion so as to provide deeper insight. Also, none of the studies have explored the moderating effect of key demographics on the relationship, which provides deeper and fresh perspective for managerial and policy implications. In basic research, demographic variables are best suited as intervening variables between relationships (Pallant, 2007; Hair, Anderson, Tatham, & Black 2009; Hair, Hutt, Ringle, & Sarstedt, 2014). For instance, the study by Adetunji (2017) explored six demographics (income, age, gender, education, urban-rural classification, and travel time to bank branch) as independent variables and no control variable or moderating analysis was conducted. The study of Adetunji and David-West (2019), explored income as independent variable and the control variables explored were age, gender and rural-urban classification. Although the first moderation study in the financial literacy-financial inclusion research space, Bongomin, Munene, Ntayi, and Malinga (2018) used the social networks and cognition as moderating variable. Taking together the limitations of the three leading study in the area, the present study is an attempt to advance knowledge by attempting to provide a robust moderating analysis which incorporates two germane demographics - marital status and income - using 2020 A2F survey dataset.

Further, the study deconstructs financial literacy into three components (financial knowledge, educational level, and financial advice); consequently the study is guided by three research questions: what extent does financial knowledge increase the rate of financial inclusion in Nigeria?

What extent does educational level foster increase financial inclusion in Nigeria? What extent does financial advice increase on the rate of financial inclusion amongst the unbanked in Nigeria?

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Financial literacy is the capacity to make educated judgments as well as the capacity to make viable choice in regard to the administration and utilization of cash in its separate parts. Accordingly, Pearce (2011) posited that financial literacy comprises of five separate parts, which includes funds monitoring, choosing financial products, planning ahead, financial control and staying informed. It is a vital aptitude, critical to the long-term financial well-being and financial wellness of people, organization and groups (Lusardi & Mitchell, 2005). Financial literacy alludes to the capacity to make educated verdicts and to take effective decisions with respect to the utilization and management of cash (Bhatia & Chatterjee, 2006). It is the most efficient and effective way a person can utilize and comprehend financial information. Accordingly, a number of terms have been used to operationalize financial literacy in literature. The terms are indicatives of how financial literacy manifest in individuals. Kamakia, Mwangi, and Mwangi (2017) uses such indicators as budgeting, saving, borrowing and investing to capture the financial literacy level of individuals. To understand how financially literate an individual is, OECD (2013) uses domains of money and transactions, planning and managing finances, risk and reward, and financial landscape. Huston (2010) maintained that knowledge of money basics, borrowing, investing and saving, and protecting resources are indicators of a person's financial literacy level.

Financial Knowledge and frequency of savings

Knowledge is defined as facts, information, and skills acquired through experience or education; it is the theoretical or practical understanding of a subject (Oxford Dictionary, 2010). As we have seen in mainstream literature, financial education is used interchangeably with financial knowledge (Huston, 2010). This is conceptually true in that education increases knowledge; and conversely, one of the key sources of knowledge is education. Consistent with Huston (2010), this study uses the terms interchangeably. Similarly, it is important not to conceptually confuse financial knowledge with financial literacy. Consequently, Huston (2010) argued that "...financial knowledge or financial education is an integral dimension and driver of, but not equivalent to, financial literacy. Financial literacy has an additional application dimension which implies that an individual must have the ability and confidence to use his/her financial knowledge/education to make financial decisions." (p.307)

The OECD defines financial education as the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and /or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being (OECD, 2013).

Low level of financial knowledge would clearly prompt a lower level of financial consideration as people have practically zero comprehension of the services accessible, thereby undermining financial inclusion (Kodan & Chikara, 2013). It is expected that financial knowledge can increase a person's financial literacy, which in turn, will increase the propensity for the person to be included in the financial mainstream (Huston, 2010). Accordingly, a number of studies (Robb & Woodyard, 2011; Dwiastanti, 2017; Nguyen, Rozsa, Belas, & Belasova, 2017) have explored the relationship between financial inclusion, wherein actual savings was used to proxy financial inclusion. In their study of financial consumers, Robb and Woodyard (2011) found that personal financial knowledge has significant impact on financial behaviour. However, they also noted that financial knowledge is not a dominant factor in explaining financial behaviour. Dwiastanti (2017) studied the impact of financial knowledge on locus of control among students. He found that financial knowledge has no effect on locus of control and that high level of financial knowledge is not a guarantee for taking sound financial decision such as to save or invest. In a study in Vietnam using data from financial consumers, Nguyen, Rozsa, Belas, and Belasova (2017) found that actual financial knowledge is essential for positive financial behaviours such as having an emergency fund, saving regularly and saving for retirement. A number of earlier studies (Mahdzan & Tabiani, 2013; Henager & Mauldin,

2015) also corroborated this relationship. Accordingly, to make sound financial decision leading to savings (financial inclusion), individuals are to have necessary financial knowledge. Therefore it is hypothesized that:

H1: Financial knowledge can significantly increase the frequency of savings.

Educational Level and frequency of demand for financial services

Several researches have looked into the connection between educational attainment and financial inclusion. According to Zins and Weill (as cited in Allen, Demircuc-Kunt, Klapper, & Peria, 2016), better educated people are more likely to have an account with a formal financial institution. Fungáčová and Weill (2015) analyze financial inclusion in China using the 2012 Global Findex and discover that older, wealthier, and more educated men are more likely to be financially involved. Additionally, they discover that income and education affect the decision between formal and informal credit, but that in China, education does not result in increased formal credit. Adetunji (2017) made the following claim in support of this finding: "The higher the educational level of an individual, the more likely he or she would have been taught the basic principles of money management and financial planning formally in school, either as a separate curriculum or included as topics in such subjects as mathematics, social/business studies, and economics." (p.274)

According to Lusardi and Mitchell (2013), people with higher levels of education are more likely to be financially literate than people with less education. Mandell (2008) has demonstrated that children of college graduates score better on numerical tests and that there is a correlation between literacy and education at the early stages of lifecycle. From the aforementioned, it is clear that contradicting findings are presented. Education is therefore anticipated to be a significant factor in predicting one's likelihood of being financially integrated in Nigeria. As a result, this study propose the following hypothesis:

H2: Educational level significantly positively predicts the frequency of saving.

Financial advice and financial inclusion amongst the unbanked

Financial advice as a dimension of financial literacy is well established in mainstream literature. Consequently, Gerrans and Hershey (2016) averred that "financial advice can either act as a substitute, complement, or developer of a consumer's own financial literacy in making these decisions."(p.1) Advice is guidance or recommendations offered with regard to prudent future action. Bluethgen, Gintschel, Hackethal, and Mueller, (2008) defined financial advice as a form of coaching that adds discipline and rationality to investment decisions. They maintained that those who seek financial advice are also those who are financially better off. Accordingly, financial advice can play a key role in financial inclusion and it can propel the propensity of demand for financial services (Montmarquette & Viennot-Briot, 2015). This is because financial advice has several benefits in individual's who seek it. According to Montmarquette and Viennot-Briot (2015) financial advice have a number benefit and some form of impact on financial inclusion evidenced at improving savings and investment behaviours, selecting appropriate financial products, improving the tax efficiency of savings, optimizing asset mix and increasing financial confidence, among others. Corroborating the financial advice and financial inclusion linkage, Marsden, Zick, and Mayer, (2011) maintained that those who seek financial advice are likely to have better financial outcomes and enjoy the merits of inclusion in the financial mainstream.

Generally, very few studies have empirically explored the relationship between financial advice and financial outcomes. No known study by the present researchers has specifically explored the relationship between financial advice and financial inclusion. Nevertheless, empirical studies reports contradictory findings regarding the relationship between financial advice and financial outcomes such as financial inclusion. For instance, while the studies of Montmarquette and Viennot-Briot (2015), Marsden, Zick, and Mayer (2011), Gerrans and Hershey (2016) have demonstrated that financial advice is a strong predictor of sound financial behaviour and other financial outcomes such as financial inclusion. However, Kramer (2009) and Karabulut (2013) report that financial advice

may not improve investment returns. Similarly, Niebling (2011) reported that financial advice may have little or no bearing on investor outcomes. Hackethal et al (2009) in their German study found that advised accounts from both independent financial advisors and banker financial advisors earned lower returns than those run by similar investors without advisor input.

Many of the unbanked in Nigeria most times rely on professional and non-professional financial advisers to make financial decisions. It is not clear if financial advice sought by the unbanked can yield to the outcome of financial inclusion. Accordingly, it is hypothesized that:

H3: Financial advice can significantly increase financial inclusion amongst the unbanked.

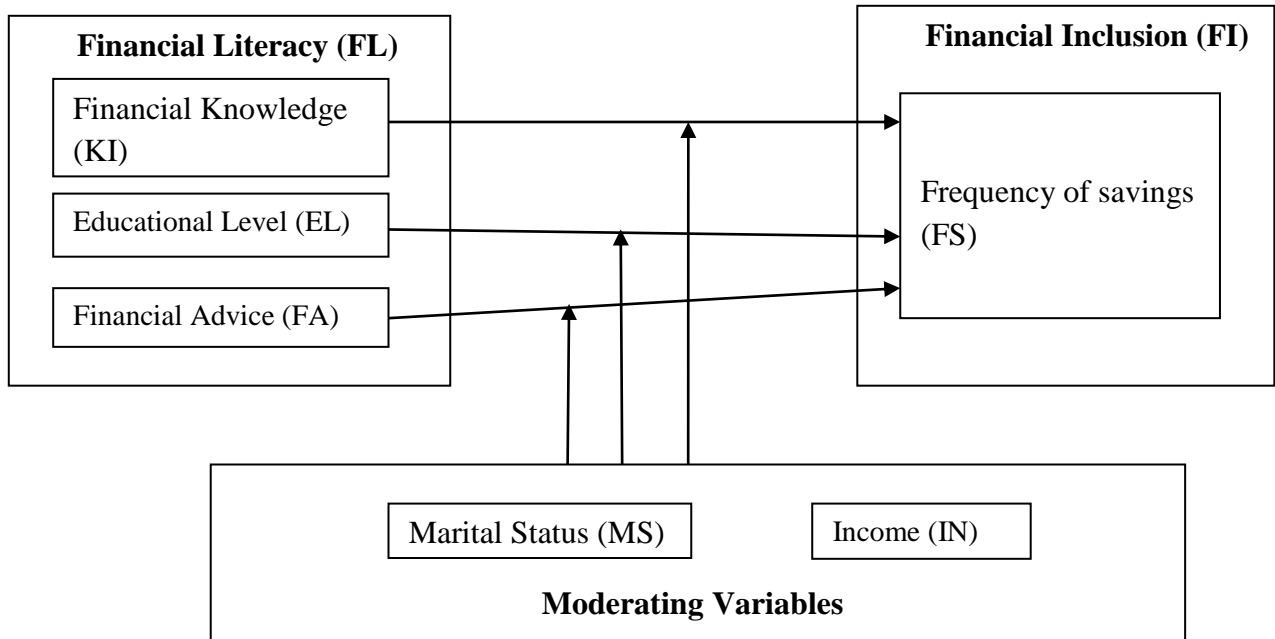


Figure 1. Research Schem

Source: Authors' conceptualization

1.4 Moderating demographics and frequency of savings

It has been argued that demographic variables are best suited as intervening variables between relationships (Pallant, 2007; Hair, Anderson, Tatham, & Black, 2009; Hair, Hutt, Ringle, & Sarstedt, 2014). For instance, the study by Adetunji (2017) explored six demographics (income, age, gender, education, urban-rural classification, and travel time to bank branch) as independent variables and no control variable or moderating analysis was conducted. The study of Adetunji and David-West (2019), explored income as independent variable and the control variables explored were age, gender and rural–urban classification. Also, no moderation analysis was conducted using the demographics, rather demographics were controlled. Although the first moderation study in the financial literacy-financial inclusion research space, Bongomin, Munene, Ntayi and Malinga (2018) used the social networks and cognition as moderating variable. Taking together the limitations of the three leading study in the area, present researchers explore a moderating analysis which incorporates four germane demographics - sector, income, gender and marital status. Accordingly, it is hypothesized that:

H4: Link between financial literacy (KI; EL; FA) and financial inclusion (FS) is significantly moderated by marital status (MS).

H5: Relationship between financial literacy (KI; EL; FA) and financial inclusion (FS) is significantly moderated by income (IN).

METHODS

The focus of the research is on the adult population (18+) of bankable age in Nigeria. According to the 2020 Access to Finance (A2F) dataset survey, the Nigerian adult population (18 years and above) is 106 million, which is the relevant population of this study. As regards the adult population: 70million (66%) are based in rural areas; 53million (50%) are women; 59million (55%) are 35 years and younger; 20million (19%) have no formal education; 4.9 are of average household size; and 1.6 is the average income earners per household. Therefore, the population of the study (that is 106 million bankable adult Nigerians) is known and determined.

The sample size was based on the 2020 A2F dataset survey of Enhancing Financial Innovation and Access (EFInA) in Nigeria, which adopted simple percentage approach. EFInA is a financial sector development organization that promotes financial inclusion in Nigeria, which is funded by Bill and Melinda Gates Foundation (EFInA, 2020). Thus, the sample size, which was determined using simple percentage, is the 27,750 respondents comprising equal representation of 750 respondents drawn from each of the 36 states and the capital territory across the six geopolitical regions in Nigeria. The researchers used the responses of the 27,750 respondents as collected by EFInA in its 2020 A2F survey. The study adopts Multiple Regression Analysis (MRA).

Moderation Effect

The one-way Analysis of Variance (one-way ANOVA) is used to conduct the moderation analysis (Pallant, 2007; Hair, Anderson, Tatham, & Black, 2009) or Multigroup Analysis (Hair, Hutt, Ringle, & Sarstedt, 2014). Interest is to evaluate the effect of two intervening variables – marital status and income on the link between each of the independent variables and the dependent variable. Therefore, the focus is on categorical moderation effect as against continuous moderation effect since the moderating variables (income and marital status) are categorical in nature (Hair, Hutt, Ringle, & Sarstedt, 2014). The use of one-way ANOVA is because the study is mainly interested if there is a significant difference in the mean scores on the dependent variable across more than two groups within an independent variable. The Post-hoc test is then used to find out where these difference lie. Hence, the one-way ANOVA is used for more than two factors/groups.

ANALYSIS AND RESULT

Hypotheses Testing: Research Model/Schema

With aid of the MRA, the hypotheses were tested using ANOVA and the t-test. To assess the strength of the relationship between financial literacy and financial inclusion, the Pearson correlations coefficient was used. Four factors (income, gender, marital status, and prior savings) were controlled while analyzing these associations.

Table 1. Measures

Variable	Indicator	Measure(s)
Dependent Variable (Financial Inclusion):		
Frequency of Savings (FS)	Ba2	How often do you use banks?
Dependent Variables (Financial Literacy):		
Financial Knowledge (FK)	F6a	Did you buy something with the intention to sell it later to make a profit?
Educational Level (EL)	E8.	Respondent's level of education
Financial Advice (FA)	F1a	Source of your financial advice?
Moderating Variables:		
Gender (GD)	E6	Respondent's Gender
Sector (SEC)	Q11	Sector where respondent operates – Urban or Rural?
Marital Status (MS)	E4.	Which of the following best describes your marital status?
Income (IN)	E11	Frequency of main source of income

Source: Authors' computation

Table 1 depicts the three typology of variables used in the study with their corresponding item statement as it appears in the instrument. The codes or indicator assigned to each variable in the instrument is also shown in table 1.

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Standard Error Estimate
1	.196 ^a	.038	.038	1.61639

a. Predictors: (Constant), E8: Respondent's level of education. F1a: Source of financial advice. F6a: Did you buy something with the intention to sell it later to make a profit?

Source: Authors' computation

Table 2 shows the model summary, which establishes the explanatory power of the independent variables – financial advice, financial knowledge, and educational level – for explaining and predicting the dependent variable – financial inclusion. The Model summary table shows the level at which the independent variables explains the dependent variables. With respect to R, the multiple correlation coefficients, is the linear correlation between the observed and model-predicted values of the dependent variable (financial inclusion). Its small value (0.196 or 19.6%), which is less than the benchmark of 0.5 (see Hair et al, 2009) indicates a very weak positive relationship. R Square, the coefficient of determination, is the squared value of the multiple correlation coefficients. Per table 2, the 0.038 (that is, about 3.8%) of the variation in financial inclusion is explained by financial advice, financial knowledge, and educational level (the model).

The ANOVA table (i.e., table 3) below reports a significant F statistic, indicating that using the model is better than guessing the mean. As a whole, the regression does a good job of modeling financial literacy (via its proxies – financial advice, financial knowledge, and educational level) . Thus about 19.6% of the variation in financial inclusion is explained by the model.

Table 3. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3894692.318	7	556384.617	212953.094	.000 ^b
Residual	97658437.742	37378220	2.613		
Total	101553130.059	37378227			

Dependent Variable: How often do you use banks? (Reverse)

- a. Predictors: (Constant), E8. Respondent's level of education, F1a. Source of financial advice, E11. Frequency of main source of income, F6a. Did you buy something with the intention to sell it later to make a profit?

Source: Authors' computation

Further, the ANOVA table represents the significance of the model. The F-value is 212953.094 with P-value of 0.000, which implies that the model is significant at 5% level of significance. The import of this is that the constructs are appropriate to measure the dependent variable.

To determine the model fit, table 4 below is considered. Though the model-fit looks positive (see the sig column of table 4), the first section of the coefficients table shows that there are too many predictors in the model. There are non-significant coefficients, indicating that these variables do not contribute much to the model. To determine the relative importance of the significant predictors of financial inclusion, we glean from the standardized coefficients. Although with a very low standardized coefficients, only two independent variables contribute positively to the model (i.e. the dependent variable). This includes educational level (E8) which has a beta of 0.106 and financial knowledge which has a beta of 0.001. However, financial advice has negative contribution to the model, showing a standardized coefficient of -0.020. The import of this is that educational level contributes more to financial inclusion since it has the largest standardized coefficient when compared with other independent variables.

Table 4. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	4.061	.002	2193.365	.000	
E8	.110	.000	.106	656.151	.000
F1a.	-.004	.000	-.020	-122.590	.000
F6a.	.005	.001	.001	6.669	.000

a. Dependent Variable: How often do you use banks? (Reverse)

Source: Authors' computation

Accordingly, among all independent variables it is established that the level of respondent's education and financial knowledge has positive influence on the financial inclusion with P-value of 0.000 at 5% level of significant.

Table 5. Pearson Correlation

		Ba2 (Reversed)	E8	F1a	F6a
Ba2:	Person Correlation	1			
	Sig. (2-tailed)				
	N	38421771			
E8:	Person Correlation	.112**	1		
	Sig. (2-tailed)	.000			
	N	38421771	99653461		
F1a:	Person Correlation	-.019**	-.016**	1	
	Sig. (2-tailed)	.000	.000		
	N	38421771	99653461	99653461	
F6a:	Person Correlation	-.014**	-.005**	.049**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	38421771	99653461	99653461	99653461

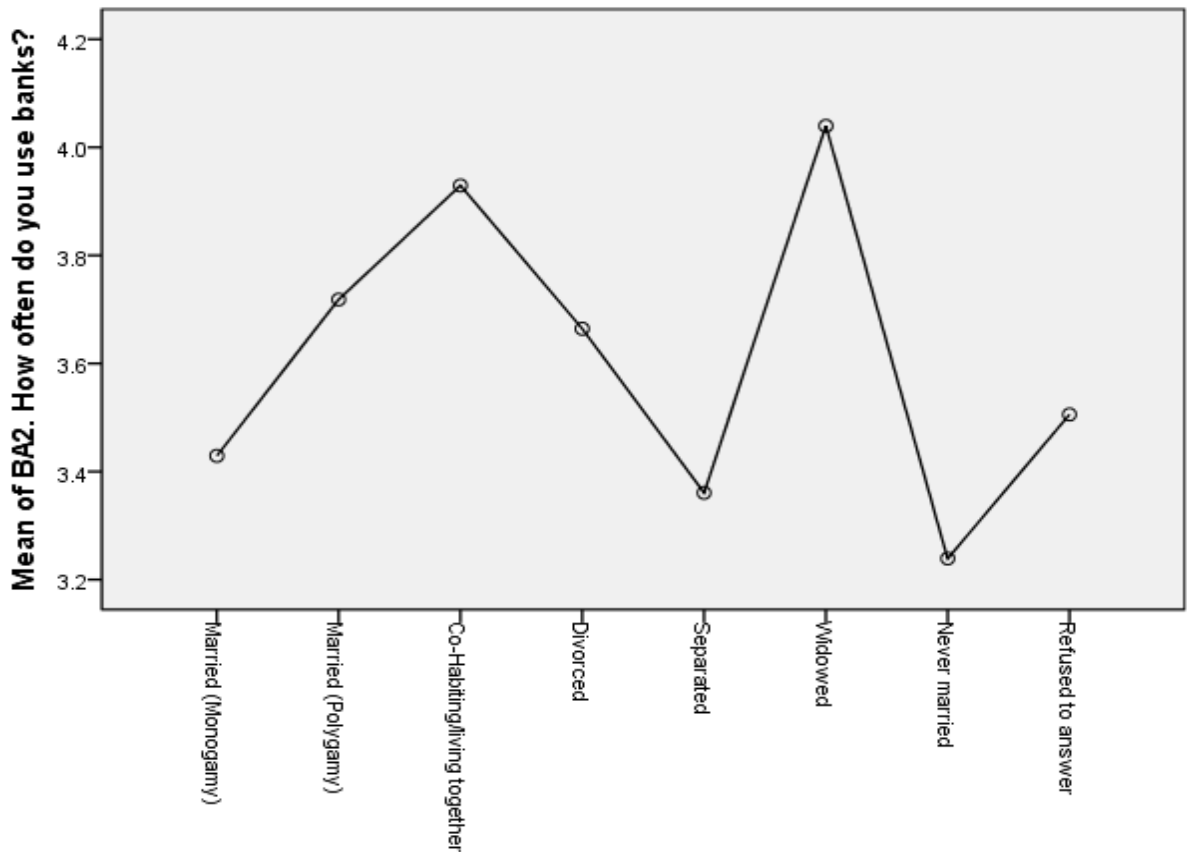
** . Correlation is significant at the 0.01 level (2-tailed).

Source: Authors' computation

However, further insight can be gleaned from table 5, which shows output of the Pearson Correlation for the independent variables. The table shows that only respondent's educational level is significant at 0.112 for predicting financial inclusion. Others show a negative relationship. Accordingly we accept Ho for both hypotheses one and three, but reject Ho for hypothesis two. Thus we conclude that financial knowledge and financial advice are not significant predictors of financial inclusion. However, educational level is a significant predictor of financial inclusion.

Marital Status as Moderator

A one-way between-groups analysis of variance was conducted to explore the effect of marital status on frequency of savings (FS). Subjects were divided into seven groups according to their marital status (Group 1: Separated; Group 2: Widowed; Group 3: Never Married; Group 4: Refused to answer; Group 5: Married – Monogamy; Group 6: Co-Habiting/Living together; Group 7: Divorced). There was a statistical significant difference at the $p < .05$ level in FS scores for the seven marital status groups: $F(7, 384) = 6.4, p = .00$. The import of this is that we accept H_4 that MS has moderating effect on FS. Despite reaching statistical significance, the actual difference in mean scores between the groups was quite small. The effect size, calculated using eta squared, was .02. Post-hoc comparisons using the Tukey HSD test indicated that the mean score for all the groups are significantly different (see the asterisk on all the mean difference figures in the Post-hoc table). However, widowed (i.e. Group 2) is largely responsible for the moderating effect of marital status (MS) on the dependent variable at $M = 4.0$ (see fig 2 below).



E4. Which of the following best describes your marital status?

Figure 2. Mean Plot of MS to FS

Source: Authors' computation

Income as Moderator

Similarly, the one-way between-groups analysis of variance explored the effect of income on frequency of savings (FS). Subjects were divided into five groups (Group 1: Daily; Group 2: Weekly; Group 3: Month; Group 4: Annually; Group 5: Seasonally/occasionally/Upon Completion of Job; Group 6: Others Specify). There was a statistical significant difference at $p < .05$ level in FS scores for the five income groups: $F(5, 373) p = .000$. Thus we accept H_5 that income (IN) moderates FS. The effect size, calculated using eta squared, was .04. Post-hoc comparison using the Tukey HSD test indicated that the mean score for all groups are significantly different. At $M = 4.5$ as depicted in Fig 3 below, Group 5 (Seasonally/Occasionally/Upon Completion of Job) contributed more to moderating effect of IN on FS.

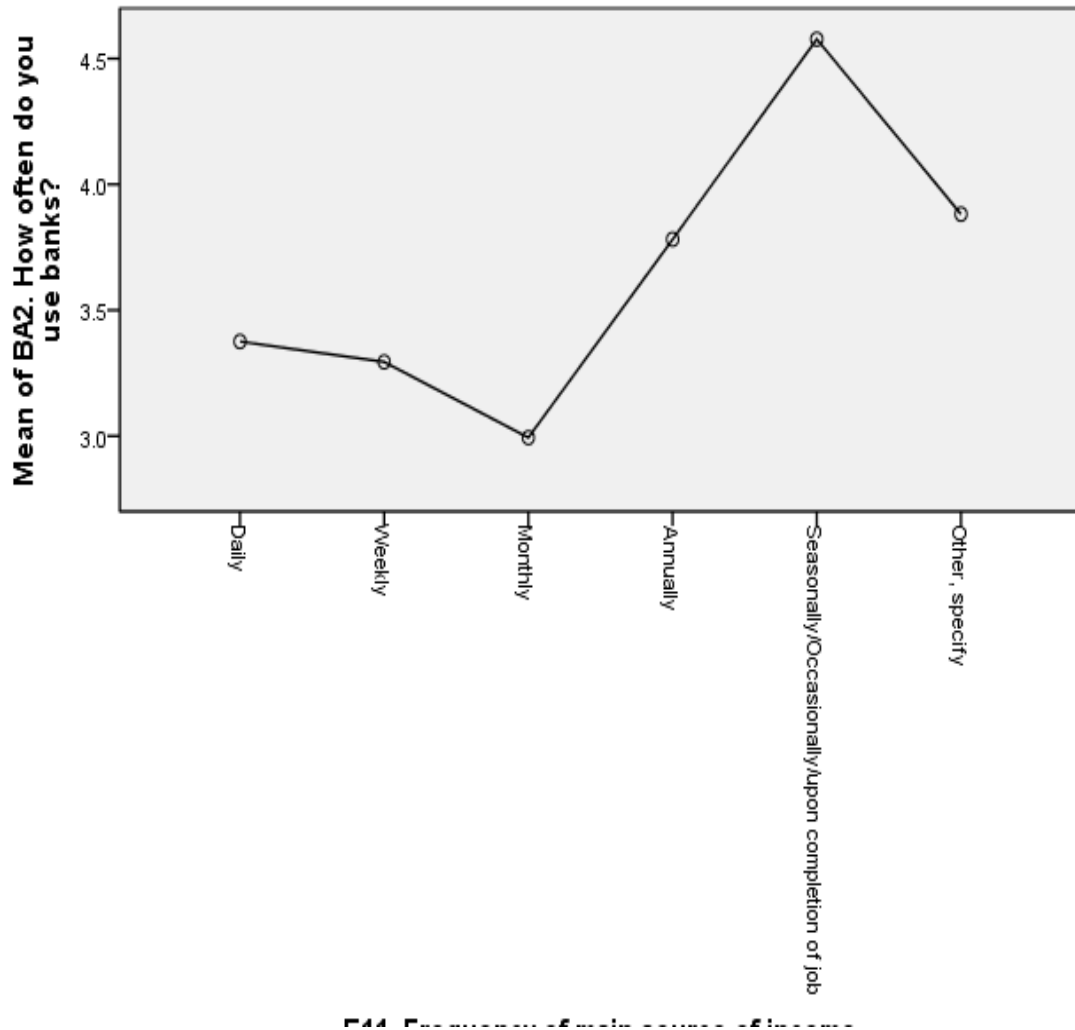


Figure 3. Mean Plot of IN to FS

Source: Authors' computation

DISCUSSION

This study is a prognosis into why the rates of financially excluded individuals in African countries are high, using Nigeria as a proxy. It explores the effect of three antecedents (financial knowledge, educational level, and financial advice) on financial inclusion, while controlling for age, gender, marital status, and past savings. Findings show that educational level is significant predictor of financial inclusion, while financial knowledge and financial advice are not significant predictors of financial inclusion. Also, as much as financial knowledge is not a significant predictor of financial inclusion, it has some positive contribution to financial inclusion, albeit very low.

Notwithstanding the benefits of financial advice for those who seek it and its import for financial inclusion, this study establishes that financial advice is not a significant predictor of financial inclusion. This finding is a departure from the studies by Montmarquette and Viennot-Briot (2015), Marsden Zick and Mayer (2011), Gerrans and Hershey (2016). On the contrary, this finding reinforces the empirical findings of Kramer (2009), Karabulut (2013), Niebling (2011) and Hackethal et al (2009) that financial advice have some significant bearing with some financial outcomes such as investor outcomes. No known study to the best of knowledge of current researchers has specifically explored the relationship between financial advice and financial inclusion. Although support was not found for the two constructs, this study expands the frontiers of

knowledge about the nature of relationship that exists between the two constructs. The reason for the present study's finding maybe due to the argument put forward by Bluethgen, Gintschel, Hackethal and Mueller, (2008) that those who seek financial advice are also those who are financially better off. A large number of the respondents and indeed, in Africa, cannot be categorized as "financially better off". Similarly, those who seek professional financial advice are educated and rich (Fungáčová and Weill, 2015) and this is not true for Nigeria and many African countries.

Similarly, this study did not find support for financial knowledge as predictor of financial inclusion. For example, the current finding is a departure from the findings of Kodan and Chhikara (2013), Huston (2010), Robb and Woodyard (2011). Notably, our finding is consistent with Dwiastanti (2017), which used a student sample posited, that financial knowledge is not predictor of financial inclusion. The contradictions of findings seem to be due to unit of analysis or samples used at varying times by various researchers. Financial knowledge is somewhat sophisticated and advanced knowledge needed to be built upon some basic knowledge (Huston, 2010). Therefore, people who lack basic education, as it is the situation in many African countries, are likely not to seek financial knowledge (OECD, 2013). Similarly, the quests for financial knowledge is common among the rich and older people who understand the need to protect their wealth through financial knowledge (Fungáčová and Weill, 2015). Most Nigerians (and indeed Africans) are in the financial exclusion radar because the population is characterized by the dominance of youths, relatively not educated, high poverty rate, and very low income.

This study confirms that educational level is very critical and significant predictor of financial inclusion, especially for developing African contexts. Thus this is consistent with the argument of Fungáčová and Weill (2015) who maintained that the more educated a person is, the more likely to be financially included. Other previous studies, such as Adetunji (2017), Lusardi and Mitchell (2013) and Mandell (2008) also support this perspective. Many Nigerians and indeed Africans merely have basic education and their financial decisions are based on their level of education. This explains, perhaps, why Lusardi and Mitchell (2013) reported that those individuals who completed university or college degree are more likely to be financially knowledgeable than those with low education level. Further, our study extends The Financial literacy theory (Ozili, 2018) by deconstructing financial literacy to mean educational level in the context of less developed or developing country. Thus financial literacy is strongly synonymous with educational level, which in turn, evokes high rate of financial inclusion in developing African context. It can be inferred that financial inclusion depends on educational level of a people and financial literacy should begin with educational literacy in the context of developing African countries such as Nigeria.

CONCLUSION AND IMPLICATION

The key theoretical implication is the somewhat legitimate deconstruction of financial literacy in the Financial Literacy Theory that financial literacy can be different thing in different context. In the developing African context, financial literacy is strongly associated with educational level. This study is suggestive of the import of educational level when policymakers seek to increase rate of financial inclusion through financial literacy strategies. It implies that policymakers or financial regulatory bodies need to find specific ways to stimulate increased financial literacy by incorporating basic financial education as critical component in the educational curriculum from primary, secondary education to university level. A robust financial literacy program should be designed to be injected into both formal and informal educational systems in Africa.

Key managerial implication is that banks can focus some of their corporate social responsibility at engaging in financial literacy by targeting formal and informal educational systems. They can provide funding for private initiatives and government initiatives that target to boost financial literacy among the unbanked in the formal and informal educational systems in Nigeria and Africa.

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