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Analysing the Level of Financial Literacy and the Corresponding Impact on Financial Decision-Making: An Empirical Study in Mauritius

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ABSTRACT

Policymakers have paid close attention to how socioeconomic and demographic factors affect financial literacy. This study sought to critically examine the relationship between financial decision-making and financial literacy among the population of Mauritius. The study aimed to investigate the impact of age, gender, level of education, income, and financial literacy initiatives on financial literacy, and ultimately determine the correlation between financial literacy and financial decision-making. This study is innovative and specifically focuses on Mauritius and provides the potential for unique insights, as well as the examination of the impact of financial literacy initiatives and practical proposals for enhancing financial literacy within the local population. These contributions are valuable in advancing the understanding of financial literacy and its impact on financial decision-making in the Mauritian context. This study used a sample of 373 Mauritians. Both descriptive statistics and correlation analysis were conducted. The findings revealed that younger age groups possessed lower levels of financial literacy, individuals with higher educational levels demonstrated higher levels of financial literacy, and financial literacy initiatives positively impact financial literacy. In terms of gender, both males and females demonstrated similar levels of financial literacy, with no noticeable difference between the two groups. In addition, the study also showed a high positive correlation between financial literacy and financial decision-making. Based on the findings, the study concludes by proposing interventions to improve the financial literacy of the local population, enabling them to make better financial decisions.

Keywords: financial literacy, financial decision making, socioeconomic, demographic, Mauritius

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INTRODUCTION

Lack of financial literacy is a major source of concern not just in developing nations but also in developed economies. Financial literacy is crucial for living a comfortable life in a planned way (Raj, 2022). It is defined by financial institutions as the capacity to correctly comprehend and manage one's finances and it represents the capacity to make sound financial decisions such as budgeting, saving, investing, and financial planning (Fern, 2022).

Every person should be able to handle their finances properly and appropriately allocate their money to financial institutions like banks and insurance firms (Iriani et al., 2021). Banks and other financial institutions provide a wide range of financial goods and services to their consumers. People may struggle to completely comprehend these products as they become more complex. The financial services sector in Mauritius has evolved as new, cutting-edge financial products have become available to customers. Traditional financial products are being enhanced with new features, and financial rules are being updated, resulting in new legal obligations.

According to the Financial Intelligence Unit, there have been advances in the Mauritius Virtual Asset Space during the last two years. The VAITOS Act 2021 defines a virtual asset as "a digital representation of value that can be digitally traded or transferred and used for payment or investment purposes but does not include a digital representation of fiat currencies, securities, or other financial assets that are subject to the Securities Act." Several unlicensed/fake exchange platforms are becoming increasingly widespread. Investment scams are on an upward trajectory, and many people are losing money carelessly.

Consequently, Mauritians must be financially literate to understand the opportunities and risks involved with the financial products and services they choose. People will feel more secure financially, and they will be more adept at overcoming obstacles related to money and making wise decisions that can help them reach their financial objectives. They will also benefit from better financial outcomes like higher savings and lower debt levels by being financially literate, alleviating their financial stress. The study intends to investigate the factors influencing financial literacy in Mauritius, assess the level of financial literacy among various age groups and income levels, investigate the impact of financial literacy on financial decision-making, and put forward recommendations to raise and improve financial literacy in Mauritius.

Financial literacy is a frequently debated and researched subject in both the academic community and the financial industry (Çoşkun and Dalziel, 2020). Following the 2008 global financial crisis, rising levels of debt, and the complexity of financial goods and services, people must possess adequate financial literacy to make sensible financial decisions. This study is innovative and specifically focus on Mauritius and provide the potential for unique insights, as well as the examination of the impact of financial literacy initiatives and practical proposals for enhancing financial literacy within the local population. These contributions are valuable in advancing the understanding of financial literacy and its impact on financial decision-making in the Mauritian context. This study is centered on the population of Mauritius. This local focus can yield insights specific to the Mauritian context that may not have been extensively explored in existing literature.

LITERATURE REVIEW

Three key components are used by the OECD to measure financial literacy: financial behavior, financial attitude, and financial knowledge. Méndez-Prado et al. (2023) claimed that to be regarded as financially knowledgeable, a person must have a solid understanding of core financial concepts, as well as numerical abilities that are necessary in financial situations. According to Lusardi and Tufano (2015),

financial knowledge is measured using three basic questions dealing with Compound interest calculation, Inflation rate, and Risk diversification. Benchmarking this measurement of financial knowledge (Atkinson and Messy, 2012), the OECD (2011) added five other key areas to its core questions, namely Division, Time-value of money, Interest paid on a loan, Calculation of interest plus principle and Risk and return. It is suggested that all these areas are relevant in the Mauritian context.

According to Atkinson and Messy (2012), financial behavior is another important component of the overall measurement of financial literacy. Financial behavior assumes that a financially literate person will exhibit sensible behaviors in areas from basic money management, to investment planning and decisions. In particular, given that the complexity of many financial decisions goes beyond basic knowledge, it is expected that laypersons should exhibit sensible behavior when managing their income or seek independent advice before making financial decisions. Another strand of literature considers financial literacy to be a driver of financial behavior, rather than representing two integrated components of the same desired attribute.

The third component of financial literacy as measured by Atkinson and Messy (2012) is Financial Attitude. The rationale behind the addition of this component stems from the argument that people who have a fairly negative attitude towards saving for the future will be less inclined to adopt good financial behaviors. For instance, people who opt to plan day-to-day expenditures without much care for longer-term projects are unlikely to make sound financial planning decisions or have emergency savings. On the other hand, Hung et al., (2009) argued that financial literacy should be distinguished from financial attitudes, which rely largely on legitimate preferences. According to them, this aspect should not be judged against a normative standard.

The three aspects of financial literacy impact a person's capacity to make financial decisions that contribute to financial well-being (Méndez Prado et al., 2022). This is supported by Chaulagain (2017) and Dewi et al. (2020). According to Streeter (2003), people have so many potential financial choices, with so many variables to consider in addition to hidden biases, conflicts and subjective preferences that they become overwhelmed when it comes to making financial decisions. Therefore, it is important to examine financial literacy in all its components with most pertinent factors being discussed being education level, income, gender and age.

Factors Affecting Financial Literacy

Impact of the level of education on financial literacy

According to research, individuals with higher educational levels do better on financial literacy tests, which is why financial education programs are put into place as early as high school and even in college. A study conducted by Carpena et al. (2020) showed that people with a higher level of education are better able to comprehend financial goods and services, thereby boosting their likelihood of using formal financial services.

There is also evidence suggesting a positive relationship between education and financial literacy levels (Van Rooij et al., 2011). Closely linked to education level, occupational status also influences the level of financial literacy. According to Worthington (2006), executives are likely to display higher levels of financial literacy compared to those who are unemployed, while Al-Tamimi et al., (2009) found that investors who were employed in the fields of banking, investment, and finance exhibited higher levels of financial literacy than their counterparts in non-finance fields.

Impact of the level of income on financial literacy

Income level has also been found to influence financial literacy. For instance, Delavande et al., (2008) found that wealth accumulation in the form of investments increases the need for financial literacy, as individuals

are motivated by the fact that they need to efficiently manage and increase their wealth. ANZ (2011) observed higher financial literacy scores in Australian households with higher income levels.

Gender impact on financial literacy

Several studies have focused on gender as an important determinant of financial literacy and have documented a consistent gender gap (for example (Chen & Volpe, 2002; Hanna, Hill, & Perdue, 2010; Lusardi., Mitchell, & Curto, 2010)). Financial knowledge is beneficial to the empowerment and growth of both the country and the individual (Tilak et al., 2022). Financially knowledgeable women may contribute more to the country's progress and aid in the achievement of one of society's most valued goals: women's empowerment (Rani and Goyal, 2022).

Khurshed (2014) conducted a study on gender disparities in financial literacy among university students that showed that female respondents are better at keeping financial records, saving and managing daily expenses, whereas male respondents have greater skills for investment and deciding on financial goals. In a more recent study, Bucher-Koenenet al., (2017) postulated that financial literacy is widespread among women because they tend to live longer than men and thus anticipate different savings needs. This gender gap is prominent among Mauritians as well.

Age influence on financial literacy

Financial literacy has been proven to be highly impacted by age, with research showing that younger individuals have lower levels of financial literacy than middle-aged ones. According to Yahaya et al. (2019), financial literacy concerns are becoming increasingly prevalent among both mature adults and young people as a result of the challenging financial choices they face and their inadequate financial understanding.

Furthermore, according to Lusardi and Mitchell (2011b), financial literacy tends to increase with age up to retirement and tends to decline in old age. This finding may be explained by the life cycle hypothesis model of consumption and savings (Ameriks et al., 2002). As the young are still investing in their education, they have little or no income and therefore make fewer savings and investments. However, in middle age, the pressure to invest is high, and individuals require financial knowledge to make optimal financial decisions about their investments (Lusardi & Mitchell, 2014).

The following hypotheses are proposed for this study:

H1: Mauritians with higher levels of education will exhibit greater financial literacy than those with lower levels of education.

H2: Mauritians with higher levels of income are more financially literate than those with lower level of income.

H3: Gender has an impact on financial literacy.

H4: Age has an impact on financial literacy.

H5: Financial literacy is positively correlated with better financial decision-making among the population of Mauritius.

H6: Financial literacy initiatives and programs in Mauritius positively impact financial literacy levels, thus aiding in improving financial decision-making.

RESEARCH METHODOLOGY

A pragmatic approach was used in this study to investigate the real-world implications of financial literacy among the population and how it influences financial decision-making. A structured questionnaire was designed that included questions related to both financial decision-making and financial literacy. The questionnaire also included an open-ended question that enabled respondents to express their ideas on the

topic, thus, complementing the quantitative data with qualitative data.

Primary data for this study was acquired through a questionnaire designed on Google form and shared online. Secondary data sources included newspapers, books, past research papers, and journal articles relevant to financial literacy. The questionnaire design for this study was meticulously designed to encourage maximum participation. Clear questions were asked to obtain relevant and high-quality data for the research question. The questionnaire was distributed via an online link, allowing for convenient access and completion. Questionnaires were distributed to the population of Mauritius, encompassing all age groups. Pilot testing is an important stage in determining a questionnaire's validity and reliability. The final questionnaire was amended and circulated accordingly.

For this study, the population of interest was the population of Mauritius. The study's purpose was to capture a wide variety of opinions and experiences, and including participants from the entire population was crucial to accomplishing this aim. 373 responses that were gathered served as the basis for further data analysis.

The dependent variable in the hypotheses to be tested is financial literacy. To assess financial literacy in general, the last section of the questionnaire was based on a financial literacy assessment. Among the questions, five multiple-choice questions and one question based on familiarity with seven concepts of financial literacy were taken into consideration to measure financial literacy. Each multiple-choice question carried one mark, so if someone got all five correct answers, he was given a score of five.

Regarding the question on the seven concepts of financial literacy, those who were not at all familiar with a concept received no score, that is, zero; those who were slightly familiar scored one mark; moderately familiar scored two marks; very familiar obtained three marks and extremely familiar received four marks. The average was then calculated for each of the seven concepts. For instance, assuming someone received a total of seven marks for the first concept, his average would be one (7÷7). The average was then added to the score obtained for the five multiple-choice questions. Suppose the person obtained four marks in the MCQs and his average was one (as mentioned previously), his total financial literacy score would be five (4+1).

A range for the scores was then decided as follows:

0.0–3.5: Financially Illiterate
3.6–6.1: Financially literate at Basic level
6.6–7.9: Financially literate at Advanced level
8.0 - 9.0: Financially literate at Professional level
To categorise any correlation between two variables, hypothesis testing was done. Analytical tools such as Spearman correlation analysis, Kruskal-Wallis test, and statistical tools together with descriptive statistics were used, among others, all derived from

DATAtab.

The first limitation is that the sample size is slightly below the expected size. Also, the study intended to capture the population of Mauritius across all age categories, but the majority of the respondents were from the age groups 18–25 and 26–35 respectively, with a very small number of respondents from the age groups 51–65, below 18, and above 65. Additionally, the questionnaire could have been printed and distributed to get more respondents, but time and budget were constraints.

RESULTS AND DISCUSSION

Cronbach Alpha Reliability Test

Before doing an in-depth analysis, the data must be reviewed for consistency. Table 1 displays the Cronbach Alpha reliability test performed.

Table 1: Final Cronbach Alpha Reliability test

Reliability Statistics	
Cronbach's Alpha	Number of Items
0.81	53

When the coefficient is higher, the variables have more shared covariance, and the consistency is better. In general, a Cronbach's Alpha greater than 0.7 is considered acceptable. In this case, the test result is 0.81, indicating good internal consistency in the data. This shows that there exists a correlation between the variables used in the questionnaire.

Demographics of the sample

Table 2: Mean of financial literacy score

Financial Literacy Score	
	Financial literacy score
Mean	**4.49**
Median	4.14
Minimum	0
Maximum	9

In this study, the mean score of 4.49, indicated that most people are financially literate at the Basic level. From the sample surveyed, 122 people were identified as financially illiterate; 196 people were found to be financially literate at the basic level; 29 people possessed an advanced level of financial literacy and 26 people were financially literate at the professional level.

Savings, investment, and budget

It was found that most people did not save at all 41%, followed by 28.4% who save 'little'. The fact that a significant number of participants reported saving 'none' or 'very little' in a month indicates a possible lack of understanding or implementation of effective saving strategies. The presence of participants who reported saving 'some' or 'a lot' (12.9% and 12.6%, respectively) indicates a certain level of financial literacy and proactive financial management.

Monthly investment

The majority of respondents (83.1%) stated that they do not invest any of their monthly income. This shows a possible lack of awareness or comprehension of the significance of investment as part of financial literacy. Only a small percentage of respondents indicated investing a portion of their income. 11.3% reported investing a very small portion, while 2.95% and 2.68% indicated investing a moderate and significant portion of their monthly income, respectively. This indicates that a minority of individuals recognise the value of investing and actively allocate a portion of their income towards investment.

Budget

A significant portion of respondents (26%) indicated that they never stick to their planned budget each month. Those who chose 'never' could suggest a lack of knowledge or understanding about how to create and maintain a budget effectively. They may also struggle with understanding the importance of budgeting and managing their expenses effectively, which indicates a potential lack of financial literacy in terms of knowledge. Respondents who reported sticking to their planned budget 'often' (38.3%), sometimes (8.31%), or always (10.5%) demonstrate a higher level of financial literacy, as they are actively practicing budgeting. Those who responded with 'rarely' (16.9%) indicate that they may occasionally deviate from their budget. This group may possess some level of financial literacy but faces challenges in consistently adhering to their budgeting plans.

Hypotheses Testing and Results

H1: Mauritians with higher levels of education will exhibit greater financial literacy than those with lower levels of education.

To test the above hypothesis, the Kruskal-Wallis Test was conducted. The Kruskal-Wallis test showed that there is a significant difference between the categories of the independent variable 'Level of education' concerning the dependent variable 'Financial Literacy score', p=<.001.

Table 3: Ranks determined by Kruskal-Wallis Test

Groups	N	Mean Rank
Undergraduate	132	219.47
Diploma	111	148.67
Secondary	80	135.05
Masters	37	313.76
Doctorate	5	350.2
Primary	8	14.25
Total		**373**

Table 4: Calculated test statistic values for the Kruskal-Wallis test

	Values
Chi^2	127.87
df	5
p	<.001

Post hoc Test: When the p-value is <0.05, it indicates that there are significant differences among the groups being compared. In this case, the p-value is <0.001. It is usual practice to use post-hoc tests such as the Dunn-Bonferroni test to conduct pairwise comparisons across the groups.

Table 5: Dunn-Bonferroni-Tests

	Test Statistic	Std. Error	Std. Test Statistic	p	Adj. p
Undergraduate - Diploma	70.8	13.88	5.1	<.001	<.001
Undergraduate - Secondary	84.42	15.27	5.53	<.001	<.001
Undergraduate - Masters	-94.28	20.04	-4.7	<.001	<.001
Undergraduate - Primary	205.22	39.23	5.23	<.001	<.001
Diploma - Masters	-165.09	20.45	-8.07	<.001	<.001
Diploma - Doctorate	-201.53	49.26	-4.09	<.001	.001
Diploma - Primary	134.42	39.44	3.41	.001	.01
Secondary - Masters	-178.71	21.42	-8.34	<.001	<.001
Secondary - Doctorate	-215.15	49.67	-4.33	<.001	<.001
Secondary - Primary	120.8	39.95	3.02	.002	.037
Masters - Primary	299.51	42.01	7.13	<.001	<.001
Doctorate - Primary	335.95	61.43	5.47	<.001	<.001

Adj. p: Values adjusted with Bonferroni correction.

The pairwise group comparisons as shown in Table 5 all have an adjusted p-value of ‹0.05 and in the Dunn-Bonferroni test, p-values less than 0.05 generally indicate statistical significance. Thus, it can be assumed that there are statistically significant differences between the pairs of groups being compared.

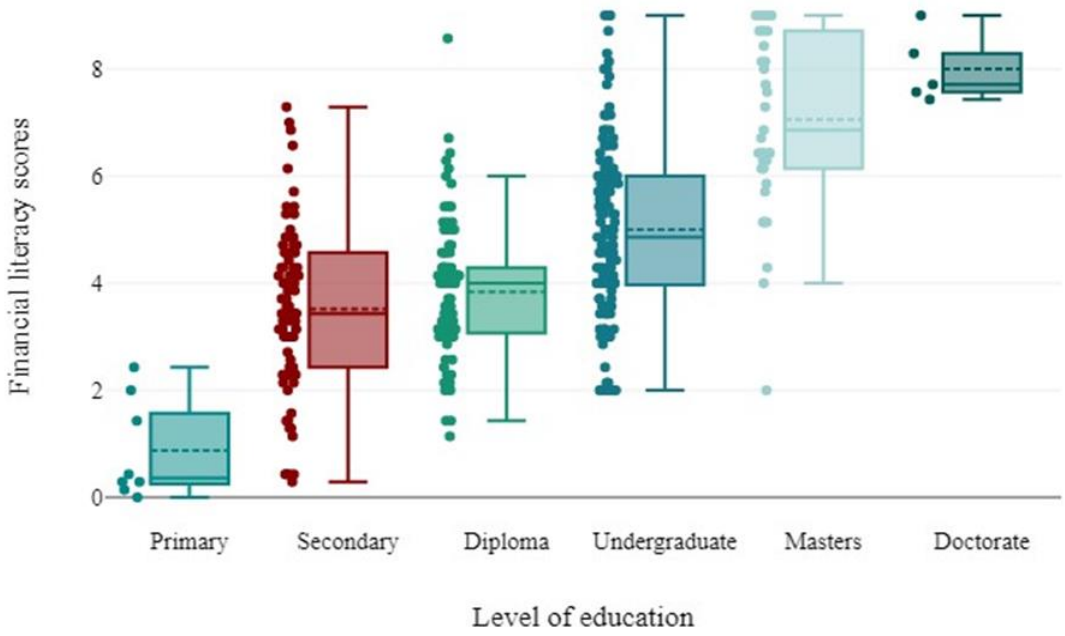

Figure 1: Boxplot showing the different levels of education and their financial literacy score.

From the boxplot, it can be deduced that people from the lowest level of education, which is primary, got lower financial literacy scores. Those with higher levels of education, such as a masters or doctorate, obtained higher scores.

Table 6: Mean score, the minimum score, and the maximum score for the different levels of education

Level of education	Mean	Minimum score	Maximum score
Primary	0.88	0	2.4
Secondary	3.52	0.3	7.3
Diploma	3.83	1.1	8.6
Undergraduate	5.00	2.0	9.0
Masters	7.05	2.0	9.0
Doctorate	8.00	7.4	9.0

It can be deduced that the mean score for financial literacy increases as the educational level increases. To classify participants' level of financial literacy based on their level of education, Microsoft Excel was used by employing complex formulas. The count was then tabulated as shown in Table 7.

Table 7: Level of financial literacy from the different levels of education

Level of education	Financially illiterate	Basic financial literacy	Advanced financial literacy	Professional financial literacy
Primary	8	0	0	0
Secondary	41	35	4	0
Diploma	48	61	1	1
Undergraduate	24	84	16	8
Masters	1	16	5	15
Doctorate	0	0	3	2

Although one person from the education level 'Masters' is financially illiterate, in general, we observe that the higher the level of education, the greater the financial literacy. H1, Mauritians with higher levels of education will exhibit greater financial literacy than those with lower levels of education. is accepted. This is in line with the studies of Lusardi & Mitchell (2011), Xue et al. (2018), Ndou (2023), and Méndez-Prado et al. (2023) who stated that the best levels of financial literacy tend to be associated with high levels of education.

This implies that educational interventions and policies aimed at improving financial literacy should focus on individuals with lower levels of education. It also suggests that higher education contributes to higher financial literacy in the Mauritian context. Existing literature suggests a positive relationship between education and financial literacy. Studies (e.g., Lusardi & Mitchell, 2007; Mandell & Klein, 2009) have consistently found that individuals with higher levels of education tend to have better financial knowledge and skills. These findings support the hypothesis that in Mauritius, individuals with higher education levels are likely to demonstrate greater financial literacy.

Level of income and financial literacy

H2: Mauritians with higher levels of income are more financially literate than those with lower levels of income.

A Spearman correlation was performed to test if there was an association between monthly income and financial literacy score. The result of the Spearman correlation showed that there was a significant association between monthly income and financial literacy score, $r(373) = 0.47$, $p = <.001$.

Table 8: Valid cases

	Valid cases
Number	373

Table 9: Spearman correlation

	r	p (2-tailed)
Monthly income and financial literacy scores	0.47	‹.001

There is a medium, positive correlation between the two variables 'monthly income' and 'financial literacy score' with r= 0.47. This implies that as monthly income increases, there tends to be a moderate increase in financial literacy scores as well. Thus, the relationship between the two variables monthly income and financial literacy scores is noticeable but not exceptionally strong.

In Hypothesis 2, it was posited that Mauritians with higher levels of income are more financially literate than those with lower levels of income. This study corresponds to what Wagner (2019) discovered that those with higher income levels have more financial literacy abilities whereas those with lower income levels are less likely to be financially literate.

This hypothesis indicates that income plays a role in shaping financial literacy. Policymakers and organizations can use this information to target financial literacy programs and resources for lower-income groups to bridge the literacy gap. Research has shown that income can positively influence financial literacy. For instance, the National Endowment for Financial Education (NEFE) reports that individuals with higher incomes are more likely to engage in financial education and possess greater financial knowledge. This aligns with the hypothesis, suggesting that higher-income Mauritians may exhibit higher levels of financial literacy.

Gender and financial literacy
H3: Gender has an impact on financial literacy

Gender Statistics is vital for our analysis. It will be used to determine whether there is a difference in the financial literacy scores between genders. To test H 3, a Kruskal-Wallis Test was conducted, and the results showed that there is no significant difference between the categories of the independent variable 'Gender' concerning the dependent variable 'Financial literacy score', p=.264.

Table 10: Ranks determined by Kruskal-Wallis test

Groups	N	Mean Rank
Female	179	178.11
Male	190	194.57
Other	4	225.5
Total		**373**

Table 11: Calculated test statistic values for the Kruskal-Wallis test

	Values
Chi^2	2.67
df	2
p	**.264**

The Kruskal-Wallis test illustrated there is no difference between the three categories of gender as the p-value is greater than the conventional significance level of .05.

Hypothesis 3 was rejected. The findings of Ibrahim et al.'s (2016) study align with the conclusion that gender does not have a significant impact on financial literacy and their research also provided evidence that both genders have an equal comprehension of financial literacy concepts. It contradicts the findings of Oteng (2019), Xue et al. (2018), and Niu et al. (2020) who support that men are more financially literate than women.

Age and financial literacy

H4: Age has an impact on financial literacy.

To test whether there is any difference or not between the six age groups, the Kruskal Wallis test was performed and it showed that there was a significant difference between the categories of the independent variable 'Age' concerning the dependent variable 'Financial literacy scores', p=<.001.

Table 12: Ranks determined by Kruskal-Wallis test

Groups	N	Mean Rank
‹ 18	5	173
18-25	172	168.82
26-35	115	194.71
36-50	57	235.98
51-65	19	205.58
›65	5	20.2
Total	**373**	

Table 13: Calculated test statistic values for the Kruskal-Wallis test

	Values
Chi^2	29.9
df	5
p	<.001

Post hoc Test: A Dunn-Bonferroni test was used to compare the groups in pairs to find out which was significantly different.

	Test Statistic	Std. Error	Std. Test Statistic	p	Adj. p
18-25 - 3650	-67.17	16.47	-4.08	<.001	.001
18-25 - >65	148.62	48.88	3.04	.002	.035
26-35 - >65	174.51	49.22	3.55	<.001	.006
36-50 - >65	215.78	50.26	4.29	<.001	<.001
	Test Statistic	**Std. Error**	**Std. Test Statistic**	**p**	**Adj. p**
51-65 - >65	185.38	54.16	3.42	.001	.009

Adj. p: Values adjusted with Bonferroni correction

The Dunn-Bonferroni test revealed that the pairwise group comparisons in the above table have an adjusted p-value less than 0.05, indicating significant differences between the pairs.

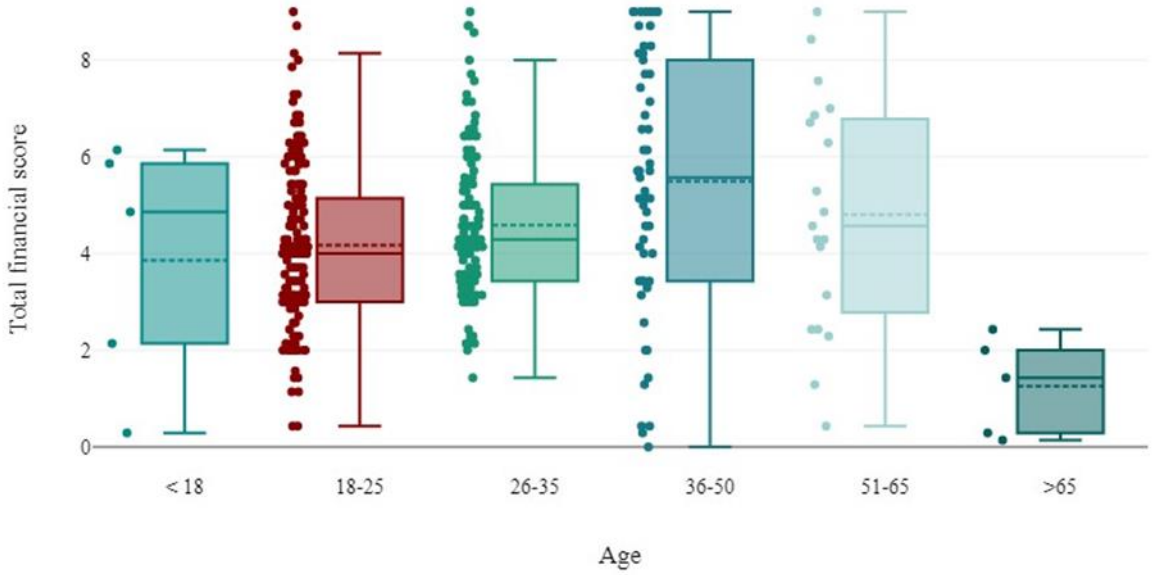

Figure 2: Boxplot showing different age groups and their financial literacy scores

The visual representation of the box plot indicates that financial illiteracy is highest among the youngsters and elderly while middle-aged people are more likely to be financially literate at advanced and professional levels.

A distinct pattern in the mean scores across different age groups has been noted. The lowest mean score is observed among individuals in the youngest age category (<18), followed by a gradual increase in the mean scores for the age groups 18 – 25 and 26 – 35. The mean score reaches its peak in the middle-aged group and subsequently decreases in the age group 51 – 65. Finally, the oldest age group (>65) exhibits the lowest mean score. Therefore, the H4 Age has an impact on financial literacy. This is in line with multiple studies conducted by OECD (2005), Lusardi and Mitchell (2011), Oteng (2019), and Ndou (2023) who found that younger and older people have lower levels of financial literacy, and the latter is the highest among the middle-aged people.

As age affects financial literacy, it underscores the importance of considering age-specific approaches in financial education. Younger individuals may require different types of financial literacy programs compared to older individuals. Studies have consistently shown that age can influence financial literacy, with older individuals typically having greater financial knowledge (Lusardi & Mitchell, 2007). However, it's essential to consider the unique dynamics of the Mauritian population and the potential for generational shifts in financial literacy.

Correlation between financial literacy and financial decision-making

H5: Financial literacy is positively correlated with better financial decision-making among the population of Mauritius.

To test for the correlation between financial literacy and financial decision-making, Spearman correlation

analysis was performed. The result of the Spearman correlation showed that there was a significant positive association between financial literacy score and financial decisions score, r (373) = 0.57, p = <.001.

Table 14: Spearman

Correlation Analysis				
Valid cases			r	p (1tailed)
Number	373	Financial literacy score & financial decisions score	0.57	<.001

There is a high, positive correlation between the variables 'financial literacy scores' and 'financial decisions scores' with r= 0.57. The correlation coefficient of 0.57 indicated a strong linear relationship, corroborating the observed positive association. Thus, H5, Financial literacy is positively correlated with better financial decision-making among the population of Mauritius. This finding aligns with the research conducted by Damayanti et al. (2018), Dewi et al. (2020), and Cossa et al. (2022), which provides robust evidence for the influence of financial literacy on financial decision-making. These studies assert that people with higher levels of financial literacy exhibit increased confidence in making sound financial decisions.

The results emphasize the importance of improving financial literacy as it directly correlates with better financial decision-making. This finding can be used to advocate for the development and implementation of financial literacy programs in Mauritius. Research supports a strong positive correlation between financial literacy and improved financial decision-making (Hastings & Mitchell, 2011; Fernandes et al., 2014). This hypothesis aligns with established findings, suggesting that improved financial literacy in Mauritius may lead to better financial choices.

Impact of financial literacy programs on financial literacy

H6: Financial literacy initiatives and programs in Mauritius positively impact financial literacy levels, thus aiding in improving financial decision-making.

The result of the Spearman correlation showed that there was a significant association between 'financial literacy scores' and 'financial literacy programs', r (373) = 0.3, p = <.001.

Table 15: Spearman Correlation Analysis

Valid cases	Number	373		r	p (2tailed)
			Financial literacy score and financial literacy programs	0.3	<.001

There is a medium, positive correlation between the variables 'financial literacy score' and 'financial literacy programs' with r= 0.3. This suggests that there is a tendency for individuals who have attended financial literacy programs to have higher financial literacy. Hence H6, Financial literacy initiatives and programs in Mauritius positively impact financial literacy levels, thus aiding in improving financial decision-making. is accepted. This aligns with the findings of Potrich et al. (2015), Kaiser and Menkhoff, (2017) and Kuntze et al. (2019) who support that financial literacy programs improve individuals' financial literacy.

As the hypothesis is validated, it supports the effectiveness of financial literacy initiatives. It implies that investing in and expanding financial literacy programs in Mauritius can lead to improved financial literacy levels and, consequently, better financial decision-making among the population. Studies have indicated that financial literacy programs are effective in improving financial knowledge and behavior (Mandell & Klein, 2009; Collins & O'Rourke, 2010).

CONCLUSION AND RECOMMENDATION

Level of understanding of Financial Literacy- Based on the results, it was found that 0.33% of the population is financially illiterate. This suggests an alarming level of financial literacy among the general public. Furthermore, the analysis found that 0.53% of the population demonstrated a basic level of financial literacy, implying a relatively low overall level of financial awareness and understanding. While this number is slightly higher than that of the financially illiterate group, the findings underscore the need for expanded efforts to promote financial literacy in Mauritius.

Educational Level and Financial Literacy- The outcomes of this study support the hypothesis that those with higher levels of education exhibit a higher level of financial literacy compared to those with lower levels of education. Also, the findings of the study shed light on the favourable association between higher education, such as master's or PhD degrees, and financial literacy. Individuals with greater academic qualifications demonstrated an enhanced level of financial understanding and competence. Their responses to the open-ended question in the last part of the questionnaire demonstrated extensive understanding and valuable insight into the impact of financial literacy on financial decision-making. Individuals with higher academic degrees are more likely to have been exposed to complex financial concepts or to have benefited from formal financial education. Furthermore, higher levels of education often foster critical thinking and analytical skills that may be applied to financial problems, allowing people to interpret and evaluate financial information.

Level of Income and Financial Literacy- The findings indicate a substantial link between income level and financial literacy, with lower-income individuals being more likely to be financially illiterate and higher-income individuals demonstrating higher levels of financial literacy. Individuals with a higher income often have more access to educational opportunities, and financial services, and are more exposed to complex financial situations. This exposure, along with their participation in investments, savings, or other financial activities, boosts their practical expertise in financial management. Thus, those with higher incomes are more likely to have a better grasp of financial concepts and higher levels of financial literacy.

Gender and Financial Literacy- Lots of debates take place around the world on whether there is a link between gender and financial literacy. Despite possible gender-related challenges that may exist in other areas of Mauritius, which is a developing country, this study reveals that gender does not have a significant impact on financial literacy. This may be

due to the increasing focus on gender equality in Mauritius.

Age and Financial Literacy- The findings emphasise the impact of age on financial literacy. Younger people, below the age of 18 have limited exposure to financial concepts and practices due to their early stage of education. The middle-aged exhibit the highest levels of financial literacy, owing to their life experience and engagement in different financial situations, which aided them develop a deeper understanding of financial concepts. The drop in financial illiteracy between the age groups 18 – 25 and 26 –35 can be associated with the shift from early adulthood to a more stable stage in life. Individuals become more motivated to learn about financial management as they enter the workforce and begin earning a living, resulting in better financial literacy. Individuals over the age of 65 are more likely to be financially illiterate or possess low levels of financial literacy due to a lack of educational background, such as completion of just primary school, and a lack of emphasis on financial education during their youth. Other factors include retirement and limited involvement in complex financial affairs. Furthermore, cognitive decline linked to aging could affect their ability to learn and retain financial information, reducing financial literacy among the elderly.

Correlation between financial literacy and financial decision-making- There is a high correlation between financial literacy and financial decision-making. Individuals who comprehend financial concepts and principles are better able to assess the potential consequences and risks associated with various financial decisions. They are more inclined to make informed decisions based on their knowledge. Financial literacy increases people's confidence in making financial decisions and provides them with the skills they need to manage their resources effectively. They are more likely to engage in long-term financial behaviour. Financial literacy also promotes an awareness of financial risks, and those who are financially literate are more likely to identify possible pitfalls and implement proactive risk-mitigation steps.

Financial literacy initiatives/programs and Financial Literacy- The findings show that financial literacy programs have a positive impact on financial literacy, with people participating in those programs exhibiting higher levels of financial literacy. This is because these programs enhance their knowledge and skills, and they gain access to valuable resources that enhance their financial literacy. In addition, participation in financial literacy programs can increase individuals' confidence in making financial decisions.

RECOMMENDATIONS

Firstly, it is highly recommended that the government or relevant organisations conduct financial literacy surveys to obtain accurate and up-to-date information on the financial literacy levels of the population, as there is no data on the financial literacy rate in Mauritius. It is critical to thoroughly assess the impact of current financial literacy initiatives to ensure their effectiveness and promote improvement. This should involve collecting participant feedback and benchmarking against recognised best practices in the field of financial education. Financial literacy initiatives must be expanded to have a greater impact. Strategic partnerships with more educational institutions; from secondary to tertiary, employers, and other relevant institutions can help achieve this. Furthermore, using online platforms and digital resources is highly advised to expand accessibility for a broader audience that includes people of all ages and socioeconomic levels.

Transitioning initiatives that were previously delivered via the radio and newspapers to popular social media platforms such as Facebook and Instagram will improve long-term accessibility and allow people to access financial literacy information at their convenience. To enhance program participation,

it is critical to create awareness about the need for financial literacy through various channels, such as workshops, seminars, and community activities. Collaborating with community leaders and stakeholders will help spread the message and create more interest among the population. Additionally, increasing the availability of seminars and pieces of training can greatly contribute to boosting financial literacy levels. Companies should be encouraged to sponsor these trainings for employees, as they are usually fee-based, except a few seminars that are open to the public.

LIMITATIONS

Firstly, it should be highlighted that studies conducted on financial literacy in Mauritius are scant, which made finding relevant literature and integrating the available data challenging. Also, there is no standard definition or measurement of financial literacy in the literature. Furthermore, the study did not take into account other factors that might affect financial literacy, such as geography (rural or urban regions), cultural elements such as religion and social norms, and environmental factors such as economic conditions (unemployment, inflation). Similarly, while investigating financial decision-making, the research focused on socioeconomic elements such as income and education levels. Other important components, such as psychological characteristics, personal values, and beliefs, were overlooked. Furthermore, there were limits to the sample's representation of particular age groups. Participants were underrepresented in the age categories 51 – 65, under 18, and over 65. The small sample size within these age groups limits the findings' generalisability to the larger population and prevents profound conclusions on financial literacy levels within these age groups.

SUGGESTIONS FOR FUTURE WORK

To acquire a more thorough knowledge of financial literacy in Mauritius, future studies should try to include a bigger and more varied sample, guaranteeing greater representation across all age groups. Since there is no standard measurement of financial literacy, future studies could be based on a set of different questions as well as focusing on qualitative data such as interviews from the relevant financial institutions to gain a deeper insight into the financial literacy initiatives and gain perspective from policymakers on the government's efforts and regulatory frameworks to promote financial literacy. Future studies may also examine the role of digital financial literacy in Mauritius.

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