

# The Effect of Financial Literacy on Financial Growth Among Microfinance Clients

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## Abstract

**Purpose:** The purpose of this paper is to examine the effect of financial literacy on financial growth among microfinance clients in Manyu Division, Cameroon. **Design/Methodology/Approach:** It employed a descriptive and causal-comparative research design and deductive approach. This study gathered primary data from 412 micro finance clients in Manyu Division, Cameroon, using a Likert scale questionnaire and non-probability convenience sampling. Descriptive analysis, Pearson correlation and multiple linear regression models were applied to examine the role of financial literacy on financial growth among microfinance clients in Manyu Division. **Findings:** The findings indicate that the independent variables accounted for 63.75 percent of the variation in the dependent variable, demonstrating a significant link between financial literacy and financial growth. The results showed that all independent variables played a significant role in driving financial growth and influencing the financial development of microfinance members. Each independent variable demonstrated a positive relationship with the dependent variable. Specifically, financial knowledge, financial behaviour, and financial planning concluded a positive and statistically significant influence on financial growth. **Practical Implications:** The findings underscore the importance of these factors in promoting financial growth, emphasizing that targeted financial education programs can enhance clients' financial wellbeing, inform policy decisions, and improved microfinance institutions services. **Originality/Value:** The originality/value of this study lies in its context-specific focus, targeting microfinance clients, an often-underserved population and providing data-driven insights to inform policy and practice.

**Keywords:** financial literacy, financial growth, microfinance clients, descriptive analysis, regression model, Manyu Division, Cameroon

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## 1. Introduction

Financial literacy is increasingly recognized as a crucial factor in achieving financial stability and growth, particularly for microfinance clients who

often face significant financial challenges (Lusardi & Mitchell, 2014). Financial literacy encompasses the capacity to understand and apply essential financial principles such as budgeting, saving, investing, and debt

management. It enables individuals to make knowledgeable financial choices, effectively handle their finances, and prepare for future financial security by grasping financial products and interpreting financial data wisely. Amidjono et al. (2016) argue that financial literacy involves a series of activities aimed at enhancing individuals' knowledge, skills, and competence, enabling them to manage their finances more effectively. Krishna (2010) defines financial literacy as the ability to collect, comprehend, and assess information necessary for making informed financial decisions, understanding the consequences of those decisions. Huston (2010) defines financial literacy as the possession of skills and abilities that allow individuals to effectively use available resources to achieve their financial goals. Therefore, financial literacy is essential for informed financial decision-making, effective money management, and wealth accumulation. It empowers individuals to budget, save, invest wisely, and avoid financial pitfalls, promoting financial security and independence. Moreover, financial literacy helps alleviate financial stress and enhances overall well-being, contributing to sustained financial growth over time.

Financial growth encompasses the expansion of financial products, services, and institutions, along with the systems and processes they use (Tufano, 2003). It is also known as financial widening and deepening, aiming to meet the diverse needs of stakeholders. At the individual or household level, financial growth refers to the increase in wealth, income, and assets over time, supported by effective income generation, savings, and debt management. It is tied to better financial decision-making, including smart investments and budgeting. According to Lusardi and Mitchell (2014), financial growth also involves improving financial skills, such as risk management and future financial planning. Financial growth is a multifaceted process involving increased savings, diversified investments, reduced liabilities, and achieving goals like homeownership or retirement. Financial literacy plays a vital role in enabling individuals to make informed decisions, financial security, fostering wealth accumulation, and greater economic stability (Hastings et al., 2013; Beal & Delpachitra, 2003). Furthermore, Lusardi and Mitchell (2014) highlight that financial literacy equips individuals with the knowledge and skills to manage finances effectively,

encompassing key elements like budgeting, investing, saving, and debt management for wealth building. According to Mandell (2008), financial education and knowledge increase an individual's capacity to plan for long-term financial goals, resulting in more substantial savings and investments. In contrast, those lacking financial literacy may struggle with financial management, leading to missed opportunities for wealth-building and financial security. Therefore, the greater the financial literacy, the more likely an individual is to experience financial growth, as they can make better financial decisions that enhance their economic well-being and long-term financial stability.

Moreover, financial literacy, which includes financial knowledge, behavior, and training, is vital in influencing financial outcomes, especially financial growth. In the current intricate financial environment, individuals must make numerous financial decisions, including managing savings, debt, and investments, making financial literacy a key element in securing financial stability and growth. Financial knowledge involves grasping fundamental financial concepts like budgeting, saving, and investing (Lusardi & Mitchell, 2014). Financial behavior reflects how individuals apply this knowledge in real-life situations, such as making prudent spending choices or investing for the future (Xiao, 2017). Financial planning is a key aspect of financial literacy. According to Lusardi & Mitchell (2014), effective financial planning enables individuals to make informed decisions about saving, investing, and managing debt. In the context of microfinance clients in Cameroon, financial planning might involve setting realistic savings goals, understanding loan terms and managing daily expenses. Together, these components directly influence financial growth, which is typically measured through increased savings, investments, and wealth accumulation (OECD, 2020). In Cameroon, where access to formal financial services remains limited, understanding the impact of financial literacy on financial growth can inform strategies to enhance financial inclusion (Beck & Cull, 2014).

Despite extensive research, several gaps remain. Firstly, many studies treat financial literacy as a unidimensional construct, ignoring its multidimensional nature. Also limited empirical studies focus specifically on microfinance clients in developing economies. And mixed findings on

the magnitude and sustainability of financial literacy's impact persist. Few studies integrate financial knowledge, behavior, and planning into a single explanatory model for financial growth. These gaps justify the present study importance on the impact of financial literacy on financial growth among microfinance clients in Manyu Division, Cameroon. Since micro finance client's specific needs and context require more tailored exploration. Given that microfinance needs and context require more tailored exploration, this study examines the role of financial literacy on financial growth among microfinance clients contributing to the growing body of literature on financial education and its outcomes.

**Study Objectives:** The study aimed to examine the role of financial literacy on financial growth among microfinance clients in Manyu Division, Cameroon. The specific objectives were as follows:

- 1) To establish the effect of financial knowledge on financial growth of microfinance clients,
- 2) To determine the effect of financial behavior on financial growth of microfinance clients, and
- 3) To examine the effect of financial planning on financial growth of microfinance clients.

## 2. Review of Literature

The review is organized into four main sections: conceptual review, theoretical review, empirical review, and research gaps. The purpose of this section is to establish a solid scholarly foundation for the study, identify gaps in existing research, and justify the need for the present investigation.

### 2.1 Conceptual Review

#### 2.1.1 Concept of Financial Literacy

Financial literacy is broadly defined as the ability to understand and apply financial knowledge and skills to make informed and effective financial decisions (Lusardi & Mitchell, 2014). The OECD (2018) conceptualizes financial literacy as a multidimensional construct encompassing financial knowledge, financial behavior, and financial attitudes, which collectively influence financial well-being.

In the context of microfinance, financial literacy is particularly important because clients frequently interact with complex financial products such as microloans, savings accounts, and insurance services, often with limited formal education and financial exposure (Cole,

Sampson, & Zia, 2011). Lack of financial literacy among microfinance clients may lead to poor loan utilization, over-indebtedness, and limited financial growth.

#### 2.1.2 Financial Growth Among Microfinance Clients

Financial growth refers to improvements in an individual's or enterprise's financial position over time. Among microfinance clients, financial growth is typically measured through increased income, growth in savings, asset accumulation, business expansion, and improved financial stability (Ledgerwood, 2013).

Financial growth is a key objective of microfinance programs, which aim to empower low-income individuals by providing access to financial services. However, evidence suggests that access to finance alone does not automatically translate into financial growth unless accompanied by adequate financial literacy (Collins et al., 2009).

Mwatondo and Wekesa (2020) explored how financial literacy impacts the financial growth of SACCOs in Kwale County by adopting a descriptive survey design. The primary data collected from 397 respondents using stratified random sampling techniques was analyzed through descriptive as well as inferential statistical methods. The findings revealed a weak positive relationship between financial knowledge and financial training with financial growth, whereas financial attitude and behavior demonstrated a moderate positive association. Further, regression results confirmed that financial knowledge, attitude, behavior, and training significantly impacted SACCO financial growth. Overall, the study concluded that these dimensions of financial literacy contributed positively to growth of SACCOs in Kwale County. For example, Mwaniki (2019) studied the influence of financial literacy on the growth of small and medium enterprise in Nyeri County, finding that financial literacy had a positive influence on SME growth. Similarly, Yushita (2017) observed that financial literacy levels tend to be low in developed countries, and that developing nations face even more significant challenges related to financial literacy. This indicated that financial literacy supports financial inclusion and positive financial behavior. Additionally, Putri and Hamidi (2019) demonstrated that financial literacy strongly effects investment decisions. Furthermore,

Gatakaa (2010) investigated the link between commercial bank lending and personal financial literacy in Kenya, conducting a census survey of all 43 licensed commercial banks according to the Central Bank of Kenya. The study utilized primary data gathered through comprehensive questionnaires and applied descriptive statistics, such as frequency tables, percentages, means, and graphs, to analyze the results. The findings showed the higher personal financial literacy increases the likelihood of loan approval.

Further, Nyamute and Monyoncho (2008) examined how financial literacy affects personal financial management of employees in banking and financial institutions. The study surveyed 192 employees using a structured questionnaire, examining how financial education influences personal financial management. The results indicated that individuals with financial education were more inclined to practice sound financial behaviors. Those with higher financial literacy showed a greater understanding and application of financial management strategies. The study concluded that financial literacy is a key in shaping personal financial management. For example, Olima (2013) examined the impact of financial literacy on the savings practices of Kenya Revenue Authority employees. The study gathered data via semi-structured questionnaires, using descriptive statistics for qualitative analysis and content analysis for qualitative data. The findings revealed that financial literacy significantly influences personal financial management, particularly in relation to saving habits and retirement planning. Similarly, Amisi (2012) studied the effect of financial literacy on pension fund managers' decisions. Through a modified Likert scale questionnaire, the study found that the level of financial literacy significantly influenced the investment decisions made by fund managers. Additionally, this aligns with Fatoki (2014), who investigated the reasons for SME failures and discovered that a lack of financial education has negative effects on SMEs, especially on newly established startups. Furthermore, Mayiah (2016) conducted how financial literacy affects the personal wealth of judiciary staff. The study found that financial literacy positively impacted judiciary employees' personal wealth, but the effect was not statistically significant.

Additionally, Motompa (2016) discovered factors influencing savings and credit cooperative societies (SACCOs) growth in Kenya, finding that

member participation significantly boost growth, based on a Kajiado East case study. Study recommended that SACCOs should focus on educating their members, as well-informed members are better able to understand the advantages of SACCOs and are more likely to actively participate in governance and business activities within their SACCOs. In a similar vein, Miles (2004) conducted the link between financial literacy and investment decisions through cross-sectional survey of customers from 25 banks. Data collected via structured questionnaire were analyzed using descriptive statistics and the results showed that customers with access to financial information tended to make more profitable investment decisions. For example, Calvert, Campbell and Sodini (2007) studied the association between financial literacy and financial behavior by surveying 200 households in Cambridge, Massachusetts. Analyzing data using frequencies, means, and standard deviations, the study found that households with higher financial literacy were more inclined to invest in risky assets and make better investment decisions. Similarly, Lusardi and Mitchell (2011) incorporated a financial literacy module to the 2004 Health and Retirement Study (HRS), which assessed basic financial knowledge on topics such as interest rates, inflation, and risk diversification. Their findings revealed a concerningly low level of financial literacy among U.S. adults aged 50 and older, particularly among the elderly, African Americans, Hispanics, women, and individuals with lower levels of education trends commonly seen in financial literacy surveys.

Moreover, Fauziah, Trivena and Aini (2021) investigated the impact of financial literacy and financial inclusion on Indonesia's economic growth using panel data from 34 provinces. The study showed that neither financial literacy nor inclusion significantly impacted economic growth, emphasizing the need to improve both to promote more inclusive growth in Indonesia. Similarly, Bire, Sauw and Maria (2019) examined the impact of financial literacy on financial inclusion, with financial training acting as a mediator, focusing on Micro, Small, and Medium Enterprises (MSMEs) in Kupang City, Indonesia. The study of 54 MSME respondents used SPSS path analysis and found that financial literacy significantly influenced financial inclusion and financial training, with financial training mediating the between financial literacy

inclusion relationship. The study suggests that future research should consider additional factors such as transparency and the quality of financial statements. Additionally, Hasan and Hoque (2021) examined how financial knowledge affects access to financial services, including banking, microfinance, and fintech, using data from rural Bangladesh. The study employed logistic, probit, and complementary log-log regression models to examine if financial literacy reduces barriers to using financial services. The findings showed that understanding various financial concepts significantly influenced access to financial services. Factors like profession, income, and knowledge of deposits, withdrawals, and interest rates greatly influence financial access. For example, Tuffour, Amoako and Amartey (2022) explored how managers' financial literacy affects the performance of small-scale enterprises in La Nkwantanang Madina Municipality, Ghana. Using data from 200 managers collected via structured questionnaires and analyzed with structural equation modeling, the study found that financial literacy including awareness, attitude, and knowledge significantly enhanced both financial and non-financial performance. Although individual characteristics such as age, education, and experience did not have a notable impact on financial performance, the study highlighted the importance of capacity-building programs to improve financial literacy among small enterprise managers, which could enhance their overall performance. Lately, Babajide et al. (2023) studied the impact of financial literacy and capabilities on small enterprises sustainability in Lagos and Ogun States, Nigeria. Using a survey design, data was collected from 300 small business owners across the two states and analyzed using Structural Equation Modeling (SEM). The study declared that key factors in the sustainability of small firms in Nigeria include environmental sustainability, financial sustainability, and social responsibility. Moreover, financial literacy and financial capabilities busted sustainability, whereas using savings products negatively affected it. The study suggests that small businesses should adopt sustainability models, enhance their financial knowledge, and choose appropriate savings products based on their risk tolerance.

The reviewed literature establishes that financial literacy—through financial knowledge, financial behavior, and financial planning—plays a critical

role in enhancing financial growth among microfinance clients. Grounded in robust theories and supported by empirical evidence, the literature highlights the need for context-specific, multidimensional studies to better understand this relationship.

## 2.2 Theoretical Review

### 2.2.1 Human Capital Theory

Human Capital Theory, advanced by Becker (1964), posits that knowledge and skills are forms of capital that enhance individual productivity and economic outcomes. In this study, financial knowledge is considered a form of human capital that enables microfinance clients to make informed financial decisions, manage resources efficiently, and achieve financial growth.

### 2.2.2 Theory of Planned Behavior

The Theory of Planned Behavior (Ajzen, 1991) explains how attitudes, subjective norms, and perceived behavioral control influence behavior. Applied to financial literacy, the theory suggests that financial knowledge and attitudes shape financial behavior, which in turn affects financial outcomes. This theory supports the inclusion of financial behavior as a key determinant of financial growth.

### 2.2.3 Life-Cycle Theory of Consumption and Savings

The Life-Cycle Theory (Modigliani & Brumberg, 1954) posits that individuals plan their consumption and savings over their lifetime to maximize financial well-being. This theory underpins the role of financial planning in achieving sustainable financial growth among microfinance clients, who often face irregular income streams.

### 2.2.4 Empirical Review and Hypotheses Development

This study examines the effect of financial literacy on financial growth among microfinance clients. Financial literacy is operationalized through three dimensions: financial knowledge, financial behavior, and financial planning. Drawing from Human Capital Theory, Theory of Planned Behavior, and Life-Cycle Theory, the following hypotheses are developed.

### 2.2.5 Financial Knowledge and Financial Growth

Financial knowledge enhances an individual's ability to understand financial products, evaluate borrowing costs, manage savings, and assess financial risks (Lusardi & Mitchell, 2011).

According to Human Capital Theory (Becker, 1964), investment in knowledge improves productivity and economic outcomes. For microfinance clients, financial knowledge enables effective loan utilization, cost minimization, and informed investment decisions, which contribute directly to income growth, asset accumulation, and business expansion.

Empirical evidence suggests that financially knowledgeable individuals experience better financial outcomes, including higher savings and improved business performance (Xu & Zia, 2012; Lusardi & Mitchell, 2014). In the context of microfinance, limited financial knowledge has been linked to poor loan management and stagnated financial growth (Cole et al., 2011).

**Hypothesis 1 (H1):** Financial knowledge has a significant positive effect on financial growth among microfinance clients.

#### 2.2.6 Financial Behavior and Financial Growth

Financial behavior reflects the practical application of financial knowledge through actions such as budgeting, saving, loan repayment, record-keeping, and prudent borrowing (Atkinson & Messy, 2012). The Theory of Planned Behavior (Ajzen, 1991) posits that behavior is a key determinant of outcomes and is influenced by attitudes, norms, and perceived control. Hilgert, Hogarth, and Beverly (2003) established that individuals who engage in positive financial behaviors experience higher levels of financial stability and asset growth.

In the microfinance context, Ledgerwood (2013) found that disciplined financial behavior significantly reduced loan default rates and enhanced business sustainability. Collins et al. (2009) further revealed that poor financial behavior, rather than lack of income, often explained financial stagnation among low-income households.

Among microfinance clients, positive financial behaviors—such as timely loan repayment, regular saving, and separation of personal and business finances—enhance financial discipline and sustainability. Studies indicate that responsible financial behavior significantly improves household welfare, income stability, and asset accumulation (Hilgert et al., 2003; Xiao & O'Neill, 2016).

Therefore, even when financial knowledge exists, financial growth is largely dependent on the

extent to which clients engage in sound financial behavior.

**Hypothesis 2 (H2):** Financial behavior has a significant positive effect on financial growth among microfinance clients.

#### 2.2.7 Financial Planning and Financial Growth

Financial planning involves setting financial goals, budgeting, saving for emergencies, and planning for future investments (Gibson et al., 2013). The Life-Cycle Theory of Savings and Consumption (Modigliani & Brumberg, 1954) suggests that individuals allocate resources strategically over time to maximize long-term financial well-being. Lusardi and Mitchell (2011) found that individuals who plan their finances accumulate significantly more wealth than those who do not.

For microfinance clients, financial planning enables efficient use of credit, preparation for financial shocks, and sustainable business growth. Research demonstrates that individuals who engage in financial planning are more resilient to income volatility and experience higher levels of financial growth (Lusardi & Mitchell, 2011; Collins et al., 2009). Karlan et al. (2014) also reported that planning tools such as commitment savings mechanisms significantly increased savings among low-income clients.

Hence, financial planning is expected to play a critical role in enhancing financial growth outcomes among microfinance clients.

**Hypothesis 3 (H3):** Financial planning has a significant positive effect on financial growth among microfinance clients.

**Summary of Hypotheses:** To explain the phenomenon, guide experiment design, data collection, and conclusions, the study's hypotheses were as follows:

**H1:** Financial knowledge has a positive significant effect on the financial growth among microfinance clients in Manyu Division, Cameroon,

**H2:** Financial behavior is significantly related to financial growth among microfinance clients in Manyu Division, Cameroon, and

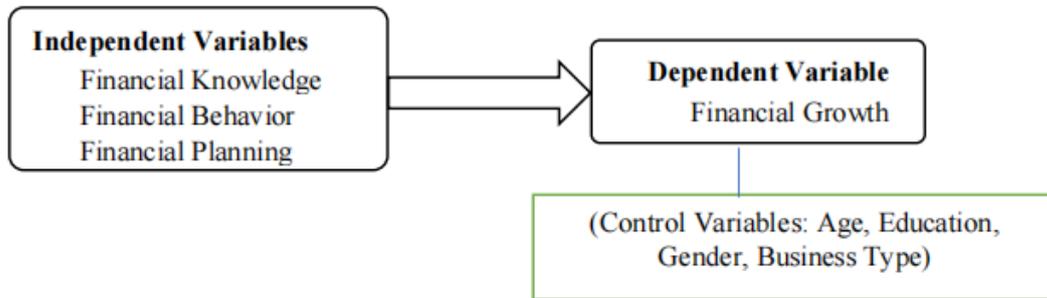
**H3:** Financial planning positively influences financial growth among microfinance clients in Manyu Division, Cameroon.

#### **Conceptual Framework:**

A conceptual framework provides a structured representation of the relationships between key

variables in a study. It is developed from established theories and empirical evidence and guides the formulation of hypotheses and data analysis. This study examines the effect of financial literacy on financial growth among microfinance clients. Financial literacy is conceptualized as a multidimensional construct

comprising financial knowledge, financial behavior, and financial planning, while financial growth is the dependent variable. In this conceptual framework, financial knowledge, financial behavior, and financial planning serve as independent variables, with financial growth as the dependent variable.



Source: (Mwatondo & Wekesa, 2020; Babajide et al. 2023).

The framework illustrates that financial knowledge, financial behavior, and financial planning are independent yet interrelated dimensions of financial literacy that directly influence financial growth among microfinance clients. Control variables are included to account for individual and contextual differences that may affect financial growth outcomes. The conceptual framework demonstrates how financial literacy—through its core dimensions of financial knowledge, financial behavior, and financial planning—affects financial growth among microfinance clients. Grounded in established theories and empirical evidence, the framework provides a logical basis for hypothesis testing and empirical analysis.

**3. Methodology**

A descriptive, correlational, and casual comparative study designs were employed to effectively explore the association between the independent and dependent variables. A non-probability sampling method was used, and the data has been collected by conducting survey in Manyu Division, Cameroon in 2025, employing a 5-point Likert scale. Since the exact population size of client members in the microfinance institutions was not known, it was assumed that  $p = 0.50$ , representing the maximum variability.

Similarly, 95% confidence level and  $\pm 5\%$  error were assumed, and to calculate the sample size Cochran’s (1963) formula was used.

$$n = \frac{z^2 pq}{e^2} \frac{0.95^2 + 0.50 \cdot 0.50}{0.05^2} = 384.16 \text{ respondents.}$$

The study required a minimum sample size of 386, and primary data was gathered through a self-administered questionnaire. Data was collected via interviews, email, and Google forms. Descriptive and inferential statistics including regression model have used to data analysis. This analysis was carried out using the SPSS 26. The linear regression model used as  $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$ . Where: Y represents financial growth;  $\beta_0$  is the constant; X1, X2, and X3 represent financial knowledge, financial behavior, and financial planning, respectively;  $\beta_i$  are the regression coefficients; and  $\epsilon$  is the error term.

**4. Results**

*4.1 Cronbach’s Alpha Analysis*

**Table 1.** Cronbach’s Alpha Analysis

Variables	No. of Items	Cronbach’s Alpha
Financial Knowledge	15	0.796
Financial Behavior	15	0.806
Financial Training	15	0.780
Financial Growth	15	0.812

Source: Researcher’s compilation from SPSS 26.

All Cronbach’s Alpha values of all constructs are above the threshold of 0.70 that demonstrate strong reliability. Therefore, the instrument is deemed reliable for assessing the intended constructs.

4.2 Descriptive Analysis of Financial Knowledge

**Table 2.** Financial Knowledge

Financial Knowledge	N	Min	Max	Mean	S.D.
I have a complete understanding of how interest rates on loans are calculated.	412	1	5	3.38	1.09
I am familiar with the process of obtaining loans.	412	1	5	3.42	1.09
I have knowledge about the compound interest.	412	1	5	2.75	1.09
I understand the basic concepts of budgeting.	412	1	5	3.76	1.18
I understand the importance of an emergency fund.	412	1	5	2.79	1.27
I am familiar with different types of savings accounts.	412	1	5	2.56	1.25
I am aware of the risks associated with investing.	412	1	5	2.78	1.45
I regularly track my expenses and income.	412	1	5	2.63	1.36
I know common types of insurance (e.g. Life, health, auto).	412	1	5	3.76	1.15
I know how to create and maintain a personal and family budget.	412	1	5	2.55	1.23
Overall average				3.02	1.22

Source: Researcher’s compilation from SPSS 26.

The overall mean score of 3.02 showed moderate financial knowledge among the 412 participants, with strengths in insurance types ( $\bar{X} = 3.77$ ), budgeting ( $\bar{X} = 3.76$ ), interest rate calculation on loan ( $\bar{X} = 3.38$ ), and loan process ( $\bar{X} = 3.42$ ). Weaker areas included compound interest ( $\bar{X} = 2.75$ ), emergency funds ( $\bar{X} = 2.79$ ), investment risks ( $\bar{X} = 2.78$ ), expenses and income track ( $\bar{X} =$

2.63), savings accounts ( $\bar{X} = 2.56$ ), and personal and family budget ( $\bar{X} = 2.55$ ). High variability appeared in investment risks (S.D. = 1.45) and expense tracking (S.D. = 1.36), signaling a need for targeted education in saving and investing.

4.3 Financial Behavior

**Table 3.** Financial Behavior

Financial Behavior	N	Min	Max	Mean	S.D.
I regularly track my spending and income.	412	1	5	3.98	1.13
I save a portion of my income each month.	412	1	5	2.67	1.46
I use financial tools (apps, spreadsheets) to manage my finances.	412	1	5	2.68	1.31
I pay my bills on time to avoid late fees.	412	1	5	3.64	1.20
I have a clear plan for paying off any debt I have.	412	1	5	2.46	1.40
I contribute regularly to my retirement savings.	412	1	5	2.55	1.46
I discuss financial decisions with family or friends.	412	1	5	2.29	1.47
I avoid taking on unnecessary debt.	412	1	5	3.71	1.22
I avoid unnecessary buying.	412	1	5	3.84	1.32
I compare prices before making a purchase.	412	1	5	3.49	0.97
Overall average				3.12	1.29

Source: Researcher’s compilation from SPSS 26.

The overall mean score of 3.12 indicated moderate financial behavior among the 412 respondents, with strengths in tracking spending and income ( $\bar{X} = 3.98$ ), paying bills on time ( $\bar{X} = 3.64$ ), and avoiding unnecessary purchases ( $\bar{X} = 3.84$ ). Weaker areas included monthly savings ( $\bar{X} = 2.67$ ), use of financial tools ( $\bar{X} = 2.68$ ), debt repayment planning ( $\bar{X} = 2.46$ ), retirement

contributions ( $\bar{X} = 2.55$ ), and discussing financial decisions with family or friends ( $\bar{X} = 2.29$ ). High variability was observed across responses (S.D. = 0.97 to 1.47), highlighting the need for targeted initiatives to improve savings, debt management, and long-term financial planning.

4.4 Financial Planning

**Table 4.** Financial Planning

Financial Planning	N	Min	Max	Mean	S.D.
The financial planning provided clear and useful information.	412	1	5	3.69	1.13
I feel more confident in my financial knowledge after planning.	412	1	5	4.17	0.89
I set short term financial goals.	412	1	5	4.15	0.97
I gained valuable skills for budgeting and managing expenses.	412	1	5	4.03	1.10
I feel motivated to continue improving my financial knowledge after planning.	412	1	5	4.16	0.94
I have set specific financial goals as a result of planning.	412	1	5	4.11	0.93
I am more aware of the importance of saving and investing.	412	1	5	3.98	1.16
I plan how to repay my loan.	412	1	5	3.72	1.20
The planning covers practical examples and real-life applications.	412	1	5	2.61	1.41
The planning has positively influenced my financial behavior.	412	1	5	2.81	1.21
Overall average				3.75	1.09

Source: Researcher’s compilation from SPSS 26.

The overall mean score of 3.75 indicated generally positive feedback on financial planning among the 412 respondents, with strengths in confidence in financial planning ( $\bar{X} = 4.17$ ), usefulness of materials ( $\bar{X} = 4.15$ ), motivation to improve financial skills ( $\bar{X} = 4.16$ ), and budgeting skills ( $\bar{X} = 4.03$ ). Weaker areas included practical examples and real-life applications ( $\bar{X} = 2.61$ ) and

the planning’s impact on financial behavior ( $\bar{X} = 2.80$ ). Moderate variability was observed in responses (S.D.= 0.89 to 1.41), suggesting the need to enhance practical application and behavioral outcomes of the planning.

4.5 Financial Growth

**Table 5.** Financial Growth

Financial Growth	N	Min	Max	Mean	S.D.
I have seen an increase in my income over the last 5 years.	412	1	5	2.98	1.28
I have successfully reduced my debt over the last 5 years.	412	1	5	3.96	1.09
I have increased my savings over the last 5 years.	412	1	5	3.62	1.16
My investments have increased in value over the last 5 years.	412	1	5	3.75	1.37
My total assets have increased over the last 5 years.	412	1	5	4.19	1.01
I have a clear plan for achieving my financial goals.	412	1	5	2.42	1.36
I regularly review my financial progress.	412	1	5	3.44	1.14
I have diversified my investments to enhance my financial	412	1	5	2.21	1.38

growth.

I prioritize saving and investing in my financial planning.	412	1	5	4.21	1.04
I am comfortable taking calculated risks to achieve financial growth.	412	1	5	2.28	1.29
Overall average				3.38	1.21

Source: Researcher’s compilation from SPSS 26.

The overall mean score of 3.38 indicated moderate financial growth among the 412 respondents, with strengths in assets ( $\bar{X} = 4.19$ ), prioritizing saving and investing ( $\bar{X} = 4.21$ ), investments ( $\bar{X} = 3.75$ ), savings ( $\bar{X} = 3.62$ ), and debt reduction ( $\bar{X} = 3.96$ ). Weaker areas included having a clear plan for financial goals ( $\bar{X} = 2.42$ ), use of diversified investments ( $\bar{X} = 2.21$ ), and

comfort with taking calculated risks ( $\bar{X} = 2.20$ ), while regularly reviewing financial progress was moderate ( $\bar{X} = 3.44$ ). Variability in responses (S.D. = 1.21) highlights the need to enhance financial planning, risk management, and proactive monitoring of financial progress.

4.6 Correlations Analysis

**Table 6.** Correlations Matrix

	Financial Knowledge	Financial Behavior	Financial Training	Financial Growth
Financial Knowledge	1	.448**	.476**	.572**
Financial Behavior		1	.682**	.643**
Financial Planning			1	.701**
Financial Growth				1

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

Source: Researcher’s compilation from SPSS 26.

The results indicate that financial growth is positively related to financial knowledge, financial behavior, and financial planning. Additionally, there are positive correlations

among financial knowledge, financial behavior, and financial planning as well.

4.7 Regression Analysis

**Table 7.** Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.771 <sup>a</sup>	.637	.634	.37753

a Predictors: (Constant), Financial Knowledge, Financial Behavior, Financial Planning

b Dependent Variable: Financial Growth

Source: Researcher’s compilation from SPSS 26.

**Table 8.** Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	80.206	3	26.735	187.58	.000b
	Residual	54.303	381	0.143		
	Total	134.509	384			

a Dependent Variable: Economic Growth

b Predictors: (Constant), Financial Knowledge, Financial Behavior, Financial planning

Source: Researcher’s compilation from SPSS 26.

**Table 9.** Regression Coefficients and VIF test

Model B	Unstandardized Coefficients		Standardized Coefficients		Sig.	VIF
		Std. Error	Beta	t		
(Constant)	0.570	0.121		4.702	.000	
1 Financial Knowledge	0.254	0.036	0.269	7.138	.000	1.342
1 Financial Behavior	0.190	0.035	0.247	5.438	.000	1.944
1 Financial Planning	0.377	0.043	0.404	8.771	.000	2.007

a. Dependent Variable: Financial Growth

Source: Researcher’s compilation from SPSS 26.

The results show a strong overall model fit. And the R-squared value is 0.637 which means 63.75 percent of the variation in financial growth can be attributed to factors like financial knowledge, financial behavior, and financial planning. The remaining 36.25 percent of the variation is attributed to other variables not considered in this study. Additionally, the findings suggest that a one-unit increase in financial knowledge,

financial behavior, and financial planning results in increases in financial growth of 0.036, 0.035, and 0.043, respectively. These predictors have a significant positive effect on financial growth, as evidenced by p-values (sig. 0.000 for all) that are below the significance level of 0.05. Additionally, all VIF values are below 5, showing no multicollinearity issues.

4.8 Summary of Hypotheses Testing

**Table 10.** Hypothesis Testing

Hypothesis Statement	P-value	Decision
H1: Financial Knowledge significantly affect the financial growth of microfinance clients.	0.000	Accepted
H2: Financial Behavior significantly affect the financial growth of Accepted microfinance clients.	0.000	Accepted
H3: Financial planning significantly affect the financial growth of Accepted microfinance clients.	0.000	Accepted

The study’s hypotheses were assessed based on the regression model results. A summary of the hypothesis testing reveals that all hypotheses (H1, H2, and H3) are supported, showing a significant positive effect on financial growth, as their p-values are below the significance threshold of 0.05.

**5. Discussion**

The results support all three hypotheses, indicating that financial knowledge, financial behavior, and financial planning are significant factors influencing financial growth among microfinance clients in Cameroon.

The findings showed that financial knowledge

significantly influences the financial growth of microfinance clients, aligning with the results of Mwaniki (2019), Njehia (2014), and Mwatondo and Wekesa (2020). The positive impact of financial knowledge on financial growth aligns with Lusardi and Mitchell’s (2014) findings that financial literacy enhances financial decision-making. In Cameroon’s microfinance context, understanding loan terms and interest calculations likely empowers clients to make informed decisions, boosting financial growth.

Similarly, financial behavior has a significant effect on financial growth, which is consistent with the studies of Esiebugie, Richard and

Emmanuel (2018), Grohmann et al. (2015), and Mwatondo and Wekesa (2020). The link between financial behavior and financial growth supports Kaiser's and Menkhoff's (2017) assertion that positive financial habits drive better outcomes. Microfinance clients in Cameroon practicing regular saving and expense tracking likely experience improved financial stability.

Additionally, financial planning was identified as having a significant influence on the financial growth of microfinance clients, supporting the findings of Mwaniki (2019), Njehia (2014), Olima (2013), and Mwatondo and Wekesa (2020). Financial planning's positive influence on growth echoes findings by Hilgert et al. (2003) that planning enhances financial well-being. Clients planning repayments and budgeting daily expenses likely manage resources better, fostering growth.

## 6. Conclusions

This study emphasizes the significant role of financial literacy in promoting the financial growth of microfinance clients, showing that financial knowledge, behavior, and planning positively and significantly influence financial growth. With 63.75 percent of the variation in financial growth explained by these factors, the study underscores the importance of enhancing financial literacy through education and adequate financial planning. Improving financial knowledge and behaviors can significantly contribute to better financial outcomes for microfinance clients, suggesting the need for targeted interventions to foster financial literacy in Manyu Division, Cameroon. Based on these findings, it is recommended that microfinance institutions implement targeted financial literacy programs to strengthen the financial capacity of their clients and improve their overall financial well-being. By strengthening these areas of financial literacy, clients can better navigate financial challenges and improve their economic well-being.

## Author Contributions

Ayuk Takemeyang conceived the topic and manuscript. Tambi Andison Akpor review and revised the manuscript, enhancing its content, clarity and accuracy met the highest standards.

## Conflict of Interest

The authors declare no conflict of interest.

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## Declaration of Funding

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## Data Availability

The data set generated during and/or analyzed during the current study are available from the corresponding author on reasonable request.

## Declaration of Competing Interest

The authors declare no competing interest.

## Clinical Trial Number

Not applicable.

## Ethics Consent to Participate and Consent to Publish Declaration

Not applicable.

## Consent to Participate

Informed consent was obtained from all individuals participants included in the study. All participants provided their written informed consent to participate in this study, and their data was collected and analyzed anonymously.

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