

**THE EFFECTS OF FINANCIAL CAPABILITY ON FINANCIAL WELL-BEING
AMONG NATIONAL POLICE SERVICE COMMISSION EMPLOYEES
MODERATED BY DEMOGRAPHIC FACTORS**

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other university. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made within the dissertation.

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Approval

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DEDICATION

To my lovely wife Yvonne, son Alex, daughters Hope and Gianna. May God bless you abundantly.



ABSTRACT

Financial well-being is the aptitude to meet financial responsibilities, attain independence, and ensure long-term stability, is essential for employees' welfare and productivity. Within the National Police Service, financial instability among employees has been linked to low financial education, limited access to financial resources, and poor financial behaviors. The primary goal of this research was to evaluate the effect of financial capability on the financial well-being of employees working in the National Police Service Commission in Nairobi County, Kenya. The specific objectives were; to examine the effect of financial education on financial well-being, to determine the effect of financial behavior on financial well-being, to assess the effect of financial access on the financial well-being, to explore the impact of financial attitude on the financial well-being and to examine the moderating effect of demographic factors on the relationship between financial capability and financial well-being. The study was anchored on Financial Theory, the Theory of Planned Behavior, and Social Learning Theory. It adopted a descriptive research design under a positivist paradigm. Data was collected via structured questionnaires. Data was analyzed using both descriptive and inferential statistics. The findings revealed a strong relationship between financial capability and financial well-being, indicating that financial education, financial behavior, financial access, and financial attitude collectively explain the variation in financial well-being. Financial education was identified as a significant driver of informed decision-making, while financial behavior such as saving, budgeting, and debt management strongly influenced financial outcomes. Financial access, particularly to credit and savings tools, and positive financial attitudes contributed meaningfully to financial well-being. Moreover, demographic factors moderated the relationship between financial capability and financial well-being, indicating that age, education, rank, and income levels influence how individuals benefit from financial resources and skills. A key implication of these findings is the need for the National Police Service Commission to develop structured financial education programs and personalized financial wellness initiatives. Policymakers should consider integrating financial capability development into national financial inclusion strategies and ensure access to digital financial tools tailored for public servants. The study was limited in the consideration of demographic factors with indicators chosen being age, income level, gender and education level. Future research should consider a wider scope of demographic factors.

Key Words: Financial Capability, Financial education, Financial Behavior, Financial Access, Financial Well-being.

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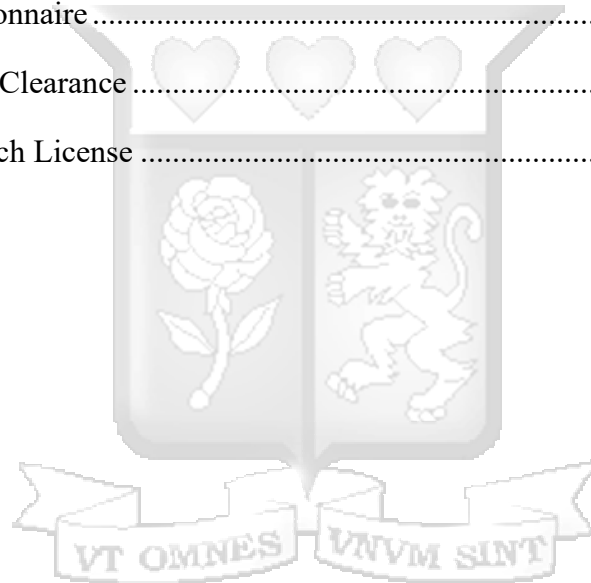
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LIST OF ABBREVIATIONS

NACOSTI	National Commission For Science, Technology and Innovation
NPS	National Police Service
NPSC	National Police Service Commission
OECD	Organisation for Economic Co-operation and Development.
SPSS	Statistical Package for Social Services
UK	United Kingdom



DEFINITION OF TERMS

Demographic Factors	Characteristics such as age, gender, education level, income, and marital status that influence financial behavior and access to resources (Potrich ,Vieira & Kirch,(2015).
Financial Access	The ability of individuals to obtain and use financial products and services, such as savings accounts, credit, insurance, and mobile banking (Soetan, Mogaji,& Nguyen, 2021.
Financial Attitude	A person's mindset, values, and beliefs toward money management, which influence their spending, saving, and investment behaviors (Odhiambo, 2023). .
Financial Behaviour	The actions and decisions individuals take regarding money management, including saving, spending, borrowing, and investing (Tyson, 2023). .
Financial Capability	A composite concept encompassing financial education, behavior, access, and attitude, determining one's ability to manage financial resources effectively Ingale, & Paluri, 2022). .
Financial education	The knowledge and understanding of key financial concepts (e.g., budgeting, investing, credit use) required to make informed and effective financial decisions Martin, Keown, & Titman, 2021). .
Financial Well-Being	The state of having control over day-to-day finances, the capacity to absorb financial shocks, and the ability to meet long-term financial goals (Barbera, Jones , Korac , Saliterer & Steccolini 2017)..
National Police Service (NPS)	A disciplined security agency in Kenya mandated with maintaining law and order, consisting of the Kenya Police and Administration Police Services (Makokha & Muthinja,2021)..
National Police Service Commission (NPSC)	A constitutional commission responsible for human resource functions of the NPS, including recruitment, deployment, and welfare of police officers (Mugambi2023). .

Social Learning Theory

A theory suggesting that individuals learn behaviors, including financial habits, by observing and imitating others in their social environment (Mpaata,,Koske & Saina 2023)..

Theory of Planned Behaviour (TPB)

A theory that explains how behavioral intention, shaped by attitudes, subjective norms, and perceived control, influences actual behavior (Kashif,Zarkada & Ramayah 2018).



CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Financial well-being increasingly viewed and regarded as key to individual satisfaction and workplace productivity (Jackson & Fransman 2018). By this, it is meant that it describes the capacity of the individual to manage the current financial demands while ensuring future stability. The knowledge of finances influences an individual's determining capability, the actions relating to both; the standing or attitude toward them. “Lusardi and Mitchell (2014) affirm that individuals with high financial education are better prepared for retirement planning and economic shocks. Giving requisite financial skills to employees, shows that they will be less stressed, financially stable, and improve the overall organizational performance (Lusardi *et al.*, 2011)”.

This study will center at looking at financial well-being among employees who work for Nairobi County under the National Police Service (NPS). Selection of this particular group is mainly because of their specific socio-economic conditions that members of the public as servants go through, more so in an urban town like Nairobi where living costs are very high, and economic pressures are widespread. The major law and order maintainers, the NPS, are, many a time, from the already described financial and economic environment, an environment full of stress regarding financing that can become detrimental to mental health and overall performance on the job. Most employees at NPS provide such crucial services to society, but many employees there do not have financial education, and the respective institutions as well as support systems tend to neglect financial management. Given the nature of the prime public security role that NPS plays, individuals need such financial well-being on a personal and organizational level.

Factors like low wages, high inflation, and the urban challenges of their setting with respect to affordable housing and basic services are instrumental in shaping the socio-economic conditions of NPS staff members in the city of Nairobi. These factors contribute to financial stress, which in turn affects their mental health and job performance. The government is actively

working on these issues under the Vision 2030 initiative and Sustainable Development Goal (SDG) 3, which aims to improve people's financial and mental well-being, particularly marginalized and high-risk groups such as public servants.

Recent assessments reveal significant financial challenges among officers in Kenya's National Police Service (NPS). A 2023 audit by the National Treasury indicated that over 35% of NPS personnel are under financial stress, often resorting to multiple loans to meet basic needs. Furthermore, the Kenya National Police DT Sacco reported a 10% increase in loans and advances in 2024, rising to Ksh 50.3 billion from Ksh 45.6 billion in 2023, suggesting a growing reliance on borrowing among officers. Compounding these financial strains, mental health concerns are prevalent; at least 12,000 police officers suffer from work-related mental health issues, with an average of 13 murders and 11 suicides reported annually within the force. These statistics underscore the urgent need for comprehensive financial education and support programs tailored to the unique challenges faced by police officers in Kenya.

While Vision 2030 has portrayed poverty alleviation, financial coverage, and credit access, most importantly, SDG 3 speaks about the link between mental health and social- economic stabilization (Kenya Vision 2030, 2022), (United Nations, 2022). It shows the country's commitment to mental health care in the Kenya Mental Health Action Plan, 2021-2025 and the Mental Health Amendment Bill, 2020 (Kenya Ministry of Health, 2021). Community-based interventions involving savings groups and counseling services co-intervene in relieving financial stress and building emotional resilience (Tsuchiya et al., 2022).

The integration of financial tools and mental health resources through public-private partnerships is an innovative approach, showcasing Kenya's broader strategy to tackle these interlinked challenges (OECD, 2022).

Subjective financial well-being, such as perceived satisfaction and control over finances, varies among individuals even within similar income brackets. Factors such as self-control and cognitive biases may further override financial outcomes (Joo & Grable, 2021). Notably, in this regard, workplace financial education programs have been shown to reduce absenteeism, improve employee productivity, and enhance employee mental well-being (Angrisani et al., 2023). “This study further states that the NPS as an organization would benefit greatly from

putting in place financial education initiatives that support employees' financial health while also encouraging more involvement and output on their part. Socially disadvantaged groups' disparities in financial well-being are current topics. It is crucial to keep in mind that financial education and resource allocation can assist overcome these inequalities. Kaiser et al (2022) call for a holistic approach to be applied to achieve the desired goal-run of the implementation of individual support together with policy reforms. This study therefore aims to contribute to building financial resilience and stability among the workforce of the NPS with a greater emphasis on financial education and access to resources”.

The purpose of this study is to investigate several approaches to improving financial capabilities, such as attitude, behavioral patterns, financial education, and access to financial resources. Each of these elements is essential to a person's capacity for wise decision-making and efficient money management. The study will look at how financial well-being affects workplace productivity and mental health, with a focus on NPS employees in Nairobi. This will help to promote sustainable development and human well-being in general.

1.1.1 Financial education

The ability of an individual to understand and apply all the knowledge and skills for making sound financial decisions falls within the scope of financial education (Lusardi and Mitchell, 2014). It includes budgeting, savings, investment, and financial risk evaluation, which are very crucial to long-term financial independence (Kaiser et al., 2022). Statistically, financially literate workers fare better than their ill-advised counterparts: they will be better prepared for retirement and less financially ruined during emergencies (Kaiser et al., 2022). This translates to good financial behavior including wise credit use which keeps one less liable to fall into crippling debt (Fernandes et al., 2022). Not surprisingly, marked distinctions exist, especially with regard to low-income and less-educated populations, who have very few opportunities to access financial education (Lusardi et al., 2021). The belief of an individual concerning his knowledge of finance acts as a significant factor in influencing behaviors such as credit use and investment decisions, although in general, decision making is impaired because of different cognitive biases (Balasubramanian and Sargent, 2023; Angrisani et al., 2023).

Financial education on a global scale has policy-level interventions such as financial education in the formal school system. Such programs include the OECD's Financial Education Framework, which emphasizes the need for financial training at an early age to develop lifelong financial capacity skills (Lusardi et al., 2021). Such initiatives usually include practical skills, including understanding interest rates, using credit products and planning for emergencies (Kaiser et al., 2022). The programs face problems in this case as they are adapted to meet the needs of different cultures or socio-economic context since financial needs and priorities will vary greatly (Fernandes et al., 2022). Digital literacy is increasingly coupled with financial education because of online banking or investment (Angrisani et al., 2023). Therefore, it is the responsibility of the policymakers to look after these both sections for an inclusive and equitable financial education (Balasubramanian & Sargent, 2023). That would ultimately require cooperation among governments, financial institutions, and educational bodies in establishing accessible and potent programming customized to various demographics.

Though advancements and gains in financial education have occurred, it is still one among the multitude of global concerns, especially in developing contexts. Barricades exist toward many individual access to sound financial information or site such barriers as systemic ones, generally due to language constraints or limited availability of Internet connection (Lusardi et al., 2021). Furthermore, application differences arise from the people who have access due to societal and behavioral factors (Kaiser et al., 2022). Innovative approaches, including gamification of financial education and community-based training, are needed to address this challenge (Angrisani et al., 2023). In addition, frequent evaluation of all ongoing initiatives is warranted since the economic environment changes alongside the financial needs of individuals (Balasubramanian & Sargent, 2023). Governments can make people financially literate through financial education as an important aspect of national economic strategies, which will be a step towards societal resilience (Fernandes et al., 2022). This literacy is measured by understanding concepts such as the time value of money, interest, inflation, risk-return, and diversification - all essential to making good financial decisions (Lusardi & Mitchell, 2014).

It contributes significantly to productivity in terms of strengthening financial education, given that financially knowledgeable employees have relatively lower stress levels and a high level of engagement (Fernandes et al., 2022). Retirement preparedness and debt management programs offered through the workplace enhance both employee well-being and organizational performance (Kaiser et al., 2022). Automated savings tools, along with financial education training, enable employees to better plan for their future objectives (Lusardi and Mitchell, 2014). Spending on education is of utmost necessity as financial products keep becoming more complex, especially digital financial platforms, which have created a whole new set of skills (Angrisani et al., 2023). The financial support from employers, including access to financial advisors that enable employees to better their financial decisions, can further cut down absenteeism and turnover (Balasubramanian and Sargent, 2023). All these ideas demonstrate that financial education is truly a win-win for individuals and organizations.

1.1.2. Financial Behaviour

“Financial behavior relates to the actions taken by individuals to manage their finances such as spending, saving, borrowing, and investing. Positive financial habits are budgeting and saving consistently over time and are really important in improving financial stability and well-being” (Joo & Grable, 2021). According to research, people engaging in goal-oriented financial activities such as automated savings or planned investments are better equipped to face shocks affecting their finances and future needs (Lusardi et al., 2021). Many practicalities interfere with these behaviours, such as cognitive biases and external pressures like consumerism and social expectations that inhibit them (Thaler & Sunstein, 2008). Such conditions often culminate in impulsive spending or borrowing too much, which affect their financial security (Kaiser et al., 2022). Addressing these challenges requires interventions such as financial counseling and behavioral nudges, and well-designed digital tools, which encourage users to adopt more responsible financial practices (Fernandes et al., 2022). Employees play an additional role in financial wellness programs in the workplace (Lusardi & Mitchell, 2014).

Behavioural economics emphasizes the scope to which cognitive and emotional variables influence financial decisions. Loss aversion, for example, refers to an inclination to give more weight to losses compared to gains attachment to their loss, which prompts people to choose

overly conservative investments (Thaler & Sunstein, 2008). Similarly, people who can show poor self-control may acquire debts or not plan for their future finances (Fernandes et al., 2022). Initiating such habits at an early stage—a conveyance of a money mindset—is critical as these actions often carry on into adulthood (Joo & Grable, 2021). Initiatives such as gamified savings applications or peer accountability mechanisms have proved their efficiency in promoting more healthy financial behaviours (Kaiser et al., 2022). A holistic approach combining financial education with behavioral insights is necessary to overcoming the barriers that lead to improved outcomes.

Certainly, technology has increasingly come to play the larger role in furthering financial behaviour-shaped experiences. Budgeting apps and robo-advisors are user-friendly tools for tracking expenses, automating savings, and planning investments (Angrisani et al., 2023). On the contrary, underestimated populations often come with barriers that hinder the adoption of these tools, namely restricted digital literacy and limited scope of anchor access for Lusardi et al. (2021). Thus, while greater convenience is afforded to their users through technological innovations, it poses a greater chance for fraud and data breaches (Kaiser et al., 2022). For maximum impact, financial tools have to be secure, accessible, and responsive to many needs (Fernandes et al., 2022). Interspersing financial education into technology will also potentially lead to greater user engagement and constructive financial behaviour.

Challenges remain in stimulating sustainable financial behaviour. Economic pressure from disturbances such as inflation and job instability often make individuals prefer immediate needs to long-term objectives (Angrisani et al., 2023). Cultural constraints and social expectations may also influence financial practices, where individual savings may be overshadowed by collective responsibilities in some communities (Lusardi et al., 2021). Viable options need to be cognizant of these complexities, integrating global best practices with local needs and sensibilities (Fernandes et al., 2022). It is therefore very important that the governments, financial institutions, and non-profits cooperatively develop and implement programs that nurture sustainable financial behaviours for long-term well-being.

1.1.3. Financial Access

“Thus, financial access would mean that individuals or firms could acquire financial services, not just credit and savings, but also insurance and payment systems. The extent to which they improve financial well-being helps individuals prepare for emergencies, seize investment opportunities, and manage risks (Demirgüç-Kunt et al., 2018). It has been proven that greater financial access has a close relation to poverty reduction and inclusive economic growth, which together attain Sustainable Development Goals: SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth)” (FinAccess, 2021). Mobile money platforms such as M-Pesa have significantly increased financial access in Kenya by opening formal channels through which remote populations have historically remained underserved (Lusardi et al., 2021). The distance between high transaction fees, lack of trust for financial institutions, and limited digital literacy has proven quite significant for women, rural communities and marginalized groups (Angrisani et al., 2023). Financial inclusion, an important goal in Vision 2030, is also meant to facilitate access to affordable financial services, which most Kenyans will need to acquire middle-income status (Republic of Kenya, 2007). However, only 38% of Kenyans are financially literate, thus increasing the importance of education to ensure maximization of any potential benefits from this new financial access (FinAccess, 2021).

Undoubtedly, one of the most important areas for improvement is through digital financial services. They are cheap and easily accessible through mobile platforms, e-wallets, and fintech solutions. These innovations break down economies of scale that have prevented whole populations from saving, borrowing, and transacting freely (Demirgüç-Kunt et al., 2018). Digital innovations have proved particularly effective in crises, with the example of the COVID-19 pandemic, when households could access emergency funds and maintain economic activity (Kaiser et al., 2022). Some of these advances, however, come with attendant risks, including cyber-attacks and unequal access to digital infrastructures (Lusardi et al., 2021). Meantime, filling these gaps will require investing in digital literacy and infrastructure to make them accessible to vulnerable populations (Angrisani et al., 2023). Employers can also do their part in promoting financial access by including digital financial services in their workplace programs by providing the members of the workforce with means of saving and obtaining credit

(Fernandes et al., 2022). Thus technology can help transform access to finance into a powerful force for socio-economic development.

The ability of financial access enables the employee to cope with economic shocks such as inflation, natural disasters, or health-related emergencies. Without adequate credit and savings, many people are coerced into borrowing money at high interest rates, thereby aggravating the financial strain (FinAccess, 2021). Demand is emerging from over 65 percent of income earners in Kenya to rely on loans as their livelihoods need an urgent call for affordable financial products (RBA, 2021). Climate change worsened the scenario where droughts and floods resulted in higher food prices affecting poor households even more (Demirgüç-Kunt et al., 2018). Therefore, it is imperative that policymakers or employers endorse such initiatives that would broaden the access of employees to specific financial services like subsidized loans, micro-insurance, and savings schemes for resilience buildups (Lusardi & Mitchell, 2014). The measures will promote individual financial growth while at the same time complement organizational stability by minimizing turnover and absenteeism among employees.

Economic access would have a larger footprint on national stability and development. A financially included population is poised to make better decisions, contributing to the economy at large through an increase in savings, investments, and consumption (Angrisani et al., 2023). By contrast, limited access would force a population to rely on government subsidies to a higher degree, with cash transfers or medical subsidies for retirees drawing down on public sources (FinAccess, 2021). The situation in Kenya where pension coverage has a low figure of only 22% of the labor force illustrates systemic barriers to access and literacy (RBA, 2021). Bridging this gap between access and inclusion will require a synergy of efforts involving policy reforms, private sector initiatives, and community-based programs “(Demirgüç-Kunt et al., 2018)”. Achieving financial inclusion would put Kenya firmly on the course toward accomplishing Vision 2030, securing a dignified life for all citizens and building a resilient economy that shall withstand global challenges.

1.1.4 Financial Attitude

Financial attitude refers to how a person perceives and values monetary aspects, ultimately influencing their financial behaviours and well-being. A good financial attitude comprises

discipline, strategic planning, and long-term goal orientation, thereby building sustainable financial habits (Joo & Grable, 2021). Studies show that a good financial attitude tends to promote saving, investing, and avoiding frivolous debt (Kaiser et al., 2022). Negative financial attitudes—for example, blowsy spending, financial planning avoidance—have emerged as key players in financial stress and instability (Fernandes et al., 2022). Attitudes toward finance are influenced by cultural values, socioeconomic status, and personal experiences (Lusardi et al., 2021). Employers introduce avenues for positive financial attitudes by promoting financial education revolving around budgeting and long-term planning (Angrisani et al., 2023). Such programs enhance employee well-being by optimizing productivity and limiting excess distraction from financial woes (Fernandes et al., 2022).

“The link between financial attitude and global development aspirations such as SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth) warrants promotion of responsible financial attitude development for optimal resource management aimed at poverty reduction and economic involvement (United Nations, 2015). Further, implementation of Kenya's Vision 2030 encapsulates the enhancement of financial capability aimed at improving the quality of life of its populace and attaining middle-income country status (Republic of Kenya, 2007). Also, a positive financial attitude goes a long way in building household resilience that enables people to navigate unexpected costs driven by inflation, economic depression, or climate-induced crises. Households that save are able to absorb sudden price surges or loss of incomes arising from droughts or floods (Demirgüç-Kunt et al., 2018)”. The face of these shocks requires financial knowledge combined with other measures aimed at resilience and stability. The factors affecting financial behaviour tend to be economic stresses, inflation, and external shocks. These financial shocks often trigger short-term decision-making. As inflation increases, purchasing power diminishes so that people tend to dwell on immediate wants instead of future plans (FinAccess, 2021). The COVID-19 pandemic opened many households' eyes regarding financial preparedness because many were disrupted in terms of earned income without sufficiently saving for such emergencies (Kaiser et al., 2022). Climate change poses an additional financial challenge since droughts and floods further increase costs and stress (Lusardi et al., 2021). Different public policies, such as tax measures and social safety nets, provide further shape to financial attitudes by affecting perceptions as to economic fairness and

stability (Demirgüç-Kunt et al., 2018). The interactions among these variables require a collaborative approach where both financial education and policy reforms come together with a view to create a positive attitude toward money management.

Beyond the convenience they offer in matters of access, technological advancements, especially in fintech, have been enablers of change in financial attitudes. Mobile banking, digital wallets, and robo-advisors serve as financial tools that make finance work-friendly for the individual, thereby enhancing confidence and fostering proactivity (Angrisani et al., 2023). With these benefits come disadvantages: the complexity of using these tools underscores the value of financial education to ensure effective use (Fernandes et al., 2022). An important task for employers and policymakers is to work in tandem to provide training and resources that effectively harness the promise of fintech for practitioners (Kaiser et al., 2022). Thus and with that, aligning financial attitudes with technological change would bestow independence and resilience among individuals and bring in their share towards the economic well-being.

1.1.5 Financial Well-Being

“Financial well-being is the state of satisfaction for the present moment while looking ahead into the future for economic independence and security-it encompasses objective components, such as income generation and saving, and subjective components, such as an individual's perception of his security and satisfaction about the financial affairs in life (Lusardi & Mitchell, 2014). This concept is instrumental in improving the quality of life and relates to the purposes of Vision 2030 in striving to raise the living standards of all Kenyans (Republic of Kenya, 2007). However, attaining financial well-being is extremely difficult because more than 50% of earners in Kenya live from one paycheck to another, while 65% of them depend on loans for survival (FinAccess, 2021)”. Inadequate pension coverage, with only 22 percent of the labor force contributing to retirement schemes, has worsened financial stress in old age (RBA,2021). In a case where intervention has to be done, it includes financial education, providing credits in an affordable manner, and support from government policies (Kaiser et al, 2022).

Financial well-being also relates to global sustainability goals such as SDG 3 (Good Health and Well-Being), and SDG 10 (Reduced Inequalities). Factors like inflation, debt, and limited savings create financial stress, which then negatively impacts mental and physical health and

calls for comprehensive financial support systems (Joo & Grable, 2021). Governments can play an important role by ensuring policies that diminish economic inequalities and improve access to financial services (Demirgüç-Kunt et al., 2018). For example, cash transfer programs and subsidized health insurance for retirees reduce reliance on informal support networks, thus sustaining dignity and independence (FinAccess, 2021). Moreover, creating a financial well-being environment in workplaces with initiatives such as retirement planning workshops and automated savings plans directly translates into employee satisfaction and organizational performance (Lusardi & Mitchell, 2014).

These new technologies also contribute to the financial well-being of individuals and families by enabling access to financial services and promoting efficient resource mobilization. In Kenya, for example, mobile money such as M-Pesa has drastically improved financial inclusion by making saving and borrowing possible and easy-to-use (Demirgüç-Kunt et al., 2018). However, these tools will not work for all but for savvy users seeking to maximize utility (Kaiser et al., 2022). Policymakers must make such fintech innovations inclusive and available to marginalized individuals to reach their maximum potential in financial well-being (Fernandes et al., 2022). A combination of technology and education along with supported policies enables countries to create a financially resilient workforce, which could contribute to the sustainable economic growth of countries (Angrisani et al., 2023).

Sustainable long-term economic growth is promoting financial well-being at individuals and societies levels. Employees who are financially capable make a more considerable impact to the market beyond the employee effect on the economy, as they make decisions that are good for sustainable growth (Kaiser et al., 2022). On the other hand, the country spends more on individuals whose financial education is low and do not plan for personal finances; studying cash transfers and medical subsidies in retirement clearly shows government resource dependency by this population (FinAccess, 2021). A solution to such multi-dimensional challenges calls for a mix of education, access, and policy reforms to produce financially literate and empowered workforces (Lusardi & Mitchell, 2014). Society gets a high agreement as financial well-being improves realizing the Vision 2030 and international heads.

Although financial well-being is universally recognized as an important factor in employee satisfaction and productivity, its recent evolution has shifted to include the moral obligation of caring for one's workforce. In the year 2022, the OECD reports that as high as 54% of employees in Germany and the UK believe that such structured financial-wellness programs embedded in legislation would improve their financial well-being. "Financial well-being" encapsulates the entire realm of financial freedom—not simply income, but also achieving financial goals, dealing with financial stressors, and effective decision-making in personal finance. Financial education initiatives—which, according to Miyazaki and Kondo (2021), have been seen to increase financial security of employees in Japan by a stunning 12%—has the additional benefit of reducing financial stress while improving financial planning among employees. Lee (2023) outlined that in South Korea, 70% employees who participated in financial well-being programs have been enhanced in their financial crisis management skills, ultimately resulting in health and productivity improvement. All these case studies worldwide show that financial well-being is linked with better employee outcomes, hence the need to establish specifically designed policies to foster the same.

Financial well-being is particularly important in Africa since numerous financial challenges hound employees in situations of economic instability. In South Africa, Tsuchiya et al. (2022) found that 68% of employees exposed to financial well-being training reported a noticeable reduction in stress and improved job performance. In Egypt, El-Masry and El-Masry (2021) found that employees with cash-based literacy and well-being programs showed 24% improvement in financial behaviors with a noticeable decline in financial anxiety. Also, Ibrahim et al. (2023) reported that 40% of employees in Nigeria who benefited from financial well-being programs improved in financial planning, which in itself enhanced their financial well-being. These studies emphatically assert the significant role of financial well-being programs in creating economic stability and reducing financial stress among numerous employees across Africa.

It is important in Kenya for enhancing financial wellness among the employees of public sectors such as those employed in the National Police Service (NPS). "Financial education survey of 2019 by the central bank of Kenya stated that 42% of the above public sector employees underwent the levels of great financial stress, which adversely affects welfare and productivity".

Especially for employees such as those of the National Police Service, their low salaries and unpredictable income make it financially stressful. According to Kipkoech and Omolo (2023), 58% of police officers from Nairobi County say that their financial well-being is impaired by an failure to meet basic financial needs, hence leading to increased stress and anxiety levels. However, 35% of these officers reported feeling more financially secure, and 28% also improved their money management skills after going through financial well-being programs. These findings suggest that carrying out directed financial education and well-being programs could substantially improve financial stability and lessen the burden of stress among public sector employees in Kenya.

Some more research on the National Police Service (NPS) in Kenya reveals widespread financial vulnerability among employees. According to the Kenya Police Service Annual Report published in 2021, 80% of the workforce at the NPS lived in an environment of despair regarding finances, which in turn easily reflected poorer performance and poor well-being. The situation is aggravated by limited access to financial planning tools and training. According to the Financial education Survey carried out in 2019 by the Central Bank of Kenya, only 35% of the employees in the public sector organizations in Kenya had the requisite knowledge or tools to manage finances effectively. Hence, improving financial well-being at the NPS is essential to curb financial insecurity officers face and, ultimately, create a healthier and more productive workforce.

Focusing on financial well-being may be the best platform to address a key concern in the Kenyan public sector, specifically among employees of the NPS. Programs that target the enhancement of employees' financial well-being are critical, primarily due to widening gaps in financial knowledge and stability, which would otherwise improve the employees' lives by de-stressing them and eventually make them more productive." This is supported by a body of evidence from international, regional, and local studies that have regarded the promotion of financial well-being as a key strategy to improving employees' health and performance at work." The study aims to report different gaps in the research on financial well-being for National Police Service (NPS) employees.

“While earlier studies have alluded to financial education and well-being, the majority of them examined members of particular demographic groups, greatly limiting their applicability to public sector employees, especially uniformed personnel. “Lone and Bhat (2024) investigated the “correlation between financial education and financial self-efficacy among business school faculty members; it was concluded that financial education contributes significantly to the development of self-confidence, especially with respect to acquiring financial well-being”. Thus, this study was confined to academic professionals, leaving a gap in understanding the impact of financial education on the financial well-being of members of the security sector”. Muli (2023), on the other hand, studied the influence of financial education upon the financial decision-making of women in Mombasa County; the study concluded that enhanced financial education leads to improved investment decisions, yet such findings are gender- and place-specific”. A context-specific study may be necessary regarding the financial well-being of police officers since being with the unique hindrances that strangers encounter in the wake of impairments due to job unpredictability, scant salaries, and the troublesome access to structured financial education programs.

“While studies have attempted to examine the role of financial education, interactions with other dimensions of financial capability such as financial behavior, access, and attitudes have frequently gone unstudied. In one such study carried out in Malaysia, Sabri et al. (2023) examined financial behavior as a mediator of the relationship between financial education, self-control, and financial stress. They concluded that disciplined behavior in financial matters significantly contributes to greater financial well-being. In another study concerning the B40 income group in Malaysia, Rahman et al. (2021) found that financial behavior exerted the strongest influence on financial well-being, followed by financial education and financial stress”. However, the aforementioned studies were populated with general populations and failed to capture structured workplaces like the police service. Conversely, Riyaz (2021) looked into the financial behavior determining financial well-being with respect to the Indian workforce and noted that financial awareness concerning planned investments, and to a smaller extent, credit commitments impacted financial well-being. This is therefore suggestive of the point that financial education, rather compared to other dimensions of financial capability, is insufficient on its own in improving financial well-being, thus necessitating the exploration of

the effects of the combined interactions of financial behavior, access, and attitudes among NPS employees.

The major chunk of research on workplace financial wellness programs has targeted corporate organizations, hence leaving a gap as to the application of such programs among public service employees. The nature of Angrisani et al.'s (2023) examination of Financial education programs in U.S. workplaces showed that employees benefiting from the financial wellness initiative expressed less stress and higher job satisfaction. Further, Fernandes et al. (2022) also noted that workplace financial education lowers absenteeism and increases productivity; however, the extant literature shows these results from private-sector environments with structured support mechanisms. Public-sector employees in general, and police officers in particular, are seldom offered any employer-sponsored financial wellness programs. In Kenya, Kipkoech and Omolo (2023) found that financial education programs targeting police officers in Nairobi County significantly reduced financial stress. However, this study did not assess the role of financial access and attitudes, creating a gap in understanding police officers' financial capability at a broader level.

There are few empirical insights into the ways in which the amalgamation of financial education with digital financial tools fosters financial well-being. The study Chaity et al. (2024) investigated interrelationships between financial education, technological self-efficacy, and financial well-being in Bangladesh, establishing that individuals endowed with both financial and digital literacy maximally utilized financial planning tools. Unfortunately, this study was regional and did not include members of the uniformed services. Furthermore, the study of financial education in the United States by Lusardi and Streeter (2023) indicated that those possessing financial acumen along with skills in digital banking have flooded better financial outcomes. In Kenya, Njoroge and Kamau (2024) appraised digital financial education, targeting public service employees, and concluded that limited digital literacy was an impediment to making good financial decisions, although the focus was not specifically on the employees of NPS. In the light of growing adoption of mobile banking and digital platforms, it is important to understand how NPSC officers' interface with fintech to create effective financial initiatives. Filling these gaps could make this study contribute to the wider discourse on financial well-

being in the public service sector and provide concrete recommendations for strengthening the financial education, behavior, access, and attitudes of NPS employees.

1.1.7 Demographic Factors

Demographic attributes critically influence an individual's financial well-being through their influence on financial decision-making, resources available to an individual, and behavioral patterns. Variables such as age, gender, education, and income levels impinge on an individual's ability to effectively gain and apply financial knowledge. A number of studies have suggested that younger individuals are often inexperienced and low earners and thus are not good at financial planning, while on the other hand, older individuals have acquired good financial management skills due to their accumulated knowledge and the experience of Hasting and Mitchell (2020). Financial well-being can also be greatly affected by gender disparities, as in general women have been shown to have less financial education than men, which ultimately carries consequences for informed decision-making capabilities (Bucher-Koenen et al., 2019).

“Furthermore, income differentials determine an individual's ability to save, invest, or be potentially exposed to financial risks; lower-income people are also likely to be subjected to financial stress more than any other group (Atkinson & Messy, 2019). Educational attainment is yet another factor. In general, more educated people have greater financial education and access to financial resources (Xu & Zia, 2019). Such demographic characteristics interact with elements of financial capability such as literacy, behavior, access, and attitudes, thereby affecting financial well-being”.

For age, it may provide the most salient modulating factor on financial well-being since the financial behaviors and decision-making skills grow with experience. Young people are often characterized by a clear lack of financial discipline, with purchasing habits driven by impulses and saving barely considered in their behavior; on the contrary, seniors are often described as long-term planners when it comes to finance (Kim & Chatterjee, 2019). Financial resilience increases with age, as the hypothesis also states that in accumulating assets, an older individual gains relevant experience concerning the financial realm through which he/she becomes better able to confront effectively the economic uncertainty (Nguyen & Rozsa, 2021).

Meanwhile, older people can be held back by having outdated knowledge about finance and by being reluctant to use digital media for their financial transactions, thereby reducing their adaptability (Fujiki, 2020). Age differences also extend to the area of risk-taking; here, younger people are more prone to participating in higher-risk financial activities than their senior counterparts (Banner & Neubert, 2016). NPS employees who are young officers are surrounded by challenges of debt management and financial stability due to low-entry pay, while their older fellows may have entered the career with sound financial habits, having acquired challenges with retirement planning. Such sharp contrasts across generations should be considered for the successful design of financial education programs targeting the specific needs of different age brackets.

Another factor that moderates financial well-being is gender in that the social norm and structural barriers often led to different levels of financial education and access. Women, on average, show less confidence and risk tolerance in financial matters than men do, which affects their investment decisions and wealth accumulation (Fonseca et al., 2012). In addition, care giving responsibilities linked to income value and gender wage differentials have made it such that lifetime earnings have gone lower for women with reduced retirement savings as a result (Goldin, 2021). Men may typically appear more probable to be risk takers about their financial decisions, but this sometimes causes harm in terms of poor financial result sometimes (Dwyer et al., 2011).

In the case of NPS employees, women officers would possibly face some more difficult financial situations due to the social stereotypes and limited access to tailored financial education initiatives. Specific interventions will therefore be required to address these differences in gender, like programs on financial education designed to increase the confidence and decision-making capacity of women. In addition, policies that promote fulfillment within finance in the workplace become important bridging equal payment and access to retirement planning resources to level the financial wellbeing between male and female employees.

Education and income levels also moderate the link of financial capability and financial well-being by impacting availability of resources and a person's ability to make decisions at different levels of financial capacitance. More informed individuals, for instance, are expected to avail themselves of personal financial management measures that budget, invest, and retirement planning (Lührmann et al., 2018). On the contrary, those individuals with lower education levels will not understand budget and income management, making these individuals more vulnerable to financial instability and debt accumulation (Halko et al., 2017). The differences in income also worsen the situation because there is limited access to financial services by the poor, coupled with the little or no emergency saving with financial vulnerability causing many debts (Browning & Lusardi, 1996). Thus education and income levels among the NPS officers may lead to differences in behavior during assessments of finances ranging from lack of understanding of financial education and access to better tools of financial planning among lower-ranking officers in comparison to high-ranking officers. Recognizing these inequalities could result in developing initiatives for financial well-being that would be a basis for inclusive service delivery among all employees regardless of income and education levels.

1.1.8 National Police Service Commission Employees

The NPS is charged with policing in Kenya, as outlined in Article 243 of the Constitution. It is made up of two main units: Kenya Police Service and Administration Police Service. The National Police Service Act of 2011 assigns various duties to the National Police Service, which Responsibilities encompass emergency assistance, maintaining order, fostering peace, protecting individuals and property, crime detection, offender apprehension, and enforcing laws and rules. The Inspector-General is also empowered to assign extra duties as specified in this Act or other applicable laws” (Onyonka & Lucas, 2022).

The NPSC operates within a larger national security budget, which for the 2024/2025 financial year stands at Ksh 377.5 billion. The National Police Service allocation was Ksh 110.6 billion for the welfare of the personnel, resource development, and operational logistics. Specifically, out of these, Ksh 13.9 billion is being used to lease vehicles for enhanced mobility, while Ksh 918.4 million will be used for establishing a National Forensic Laboratory to improve forensic capabilities within the service. This budget indicates how serious the government is in improving the efficiency of police services by addressing various issues such as officer training,

resource availability, and enhancing crime prevention capability in much of Kenya. In the budget allocations, NPSC also has the emphasis of increasing the number of officers filling the gaps left by retirements and natural attrition. A recruitment drive targeting 25,000 new officers has been set in motion to meet the country's growing security demands, given that the service loses about 10,000 officers annually through retirement and other factors.

The National Police Service, with nearly 100,000 active police officers and paramilitary personnel, represents a significant workforce that attracts scholars in this field. Its diversity is particularly appealing, as it includes individuals from various racial and ethnic backgrounds, emphasizing inclusiveness within the service. Diversity among National Police Service employees can involve multiple dimensions, such as age, job experience, educational attainment, qualifications, ethnicity, and religion, along with hierarchical status and varying financial capacities. However, many NPSC employees currently lack essential financial knowledge and skills, which directly impacts their ability to manage finances and highlights the challenges that poor personal financial management can create for organizations in the workplace.

Financial stress has become a global phenomenon affecting many employees, with detrimental effects on individual, organizational, and governmental levels. Growing inflation, economic recession, high personal debt, and other factors exacerbate the burden of financial stress; thus, many people struggle to manage sudden expenses or long-term financial planning (FinAccess, 2021; Lusardi & Mitchell, 2014). According to the Global Financial Education Survey of 2021, only 38% of Kenyans are financially literate, which means nearly eight out of ten Kenyans lack essential skills to address financial challenges. These gaps include public service employees, particularly those in the National Police Service (NPS), who often face financial instability due to low salaries, irregular allowances, and limited access to affordable financial services. Many NPS officers live paycheck to paycheck; 65% depend on loans to meet their daily obligations, a situation that further contributes to financial vulnerability and heightens workplace stress (RBA, 2021). Given the essential service they provide to the country in maintaining public safety, the financial distress experienced by NPS officers can impact their performance levels and, ultimately, their mental well-being and efficiency in fulfilling their duties.

1.2 Problem Statement

Officers within Kenya’s National Police Service Commission (NPS) continue to encounter persistent financial challenges despite being employed by a structured, salaried government institution. Recent data from the Kenya National Police DT Sacco (2024) reported a 10% increase in loan uptake from Ksh 45.6 billion in 2023 to Ksh 50.3 billion in 2024, highlighting a growing reliance on debt among officers. Additionally, the National Treasury (2023) indicated that over 35% of NPSC officers are over-indebted, with many listed by credit reference bureaus. These financial pressures are directly linked to reduced workplace performance, stress, mental health issues, and, in severe cases, suicide, as reported in a 2023 analysis by the National Police Service Commission.

“Research shows that inadequate financial education leads to financial stress, which then results in poor saving habits, repayment defaults, and insufficient retirement planning (Kaiser et al, 2022; Fernandes et al., 2022). Employees under financial stress report higher stress levels, decreased productivity, and a greater incidence of absenteeism, all of which affect organizations that depend on efficiency from their workforce” (Joo & Grable, 2021). This issue also affects NPSC employees, as financial distress can lower morale, lead to ethical lapses, and increase the risk of financial misappropriation. Despite these concerns, most existing workplace initiatives do not address financial well-being comprehensively. Fewer than half of the surveyed employees have access to employer-supported financial wellness programs (Angrisani et al, 2023).

However, despite the growing academic interest, the literature on financial well-being remains fragmented, with notable demographic blind spots. Most studies prioritize income levels as the primary determinant of financial well-being, often overlooking the broader, multidimensional aspects of financial health, such as psychological security, future planning ability, and access to formal financial systems (CFPB, 2015). A significant gap lies in the overreliance on individual characteristics (like age, income, and education) without adequately considering their social or contextual realities, such as geography, family structure, or community-level influences (Kempson & Poppe, 2018). The intersectionality of demographic factors—specifically, how gender, education, and work position affect financial behaviors and access to

financial products and services—is another unexplored field. A crucial component of ensuring financial well-being is financial behavior, which is followed by stress and literacy (Rahman, 2022). Most studies treat these as independent variables, disregarding their compounding effects” (Rinaldi & Yülek, 2022).

The few studies conducted on financial capability have primarily focused on corporate employees, youth, or specific groups of women (Muli, 2023; Salim, 2020), leaving uniformed personnel, such as those from NPSC, with little attention. Owiti (2022) examined the effects of saving patterns among public employees in Nakuru County. The researcher found that the amount saved is influenced by knowledge of financial products and whether the loan respondent has ever received financial education. However, these researchers did not address financial capability studies within NPSC.

This study will provide empirical intuitions into the specific financial constraints faced by NPSC staff and will analyze available alternatives, leading to the development of programs aimed at enhancing financial education and interventions in the workplace. Therefore, this study aimed to evaluate the effects of financial capability on the financial well-being of National Police Service Commission employees in Nairobi County.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this research is to evaluate the effect of financial capability on the financial well-being of employees working in the NPSC in Nairobi County, Kenya.

1.3.2 Specific Objectives

The study aims to accomplish the following:

- i. To examine the effect of financial education and financial well-being among employees of the NPSC in Nairobi County, Kenya.
- ii. To determine the effect of financial behavior on financial well-being of employees in the NPSC, Nairobi County, Kenya
- iii. To assess the effect of financial access on the financial well-being of employees in the NPSC, Nairobi County, Kenya.

- iv. To explore the effect of financial attitude on the financial well-being of employees in the NPSC, Nairobi County, Kenya.
- v. To examine the moderating effect of demographic factors on the relationship between financial capability and financial well-being among NPSC employees in Nairobi County, Kenya.

1.4 Research Questions

The research seeks to address the following questions:

- vi. What is the effect of financial education on financial well-being of employees in the NPSC, Nairobi County, Kenya?
- vii. What is the effect of financial behaviour on the financial well-being of employees in the NPSC, Nairobi County, Kenya?
- viii. How does access to financial services impact the financial well-being of employees in the NPSC, Nairobi County, Kenya?
- ix. What role does financial attitude play in shaping the financial well-being of employees in the NPSC, Nairobi County, Kenya?
- x. What is the moderating effect of demographic factors on the relationship between financial capability and financial well-being among NPSC employees in Nairobi County, Kenya?

1.5 Scope of the Study

This study sought to explore the connection between financial stability and capability among employees of the NPSC in Nairobi County, Kenya. It investigated key factors shaping financial competence, including financial education, behaviour, access to financial services, and attitude, to establish their effect on the financial well-being of NPSC staff. The research emphasizes the interplay of these elements and their impact on the financial well-being of police personnel, aiming to enhance their financial efficiency and overall effectiveness. The study was undertaken in the years 2024/2025. A sample of 384 National Police Service Commission employees was selected from a target population of 9,000.

1.6 Significance of the Study

1.6.1 Policy Makers

The main focus should be put on social protection systems as well as providing sturdy programming for financial education. Linking financial capability with overall well-being facilitates national policies directed towards poverty alleviation, economic resilience enhancement, and integration of mental health ventures into financial security support.

1.6.2 Educators and Trainers

The study has a role in establishing financial education programs relevant to the unique needs of varied demographic groups. It provides an avenue for producing a relevant curriculum to encourage individuals to develop skills in financial management. This kind of initiative can enhance communities through relieving financial burden, instilling good save habits, and helping secure permanent financial safety.

1.6.3 Researchers

This comparatively evaluates across different regional and cultural contexts as an addition to the growing body of literature regarding financial behaviour and mental well-being. By linking theoretical concepts with practical applications, this establishes a path for future research, which allows scholars to lay out new ways towards the improvement of financial capability. This view is attractive for interdisciplinary collaboration, absorbing across economics, psychology, and education.

1.6.4 Employers

This research is valuable for the employers to understand the effect of financial stress on employee productivity and well-being. Insights such as those generated in this study could assist employers in designing workplace financial wellness programs that enhance job satisfaction, reduce absenteeism, and improve organizational performance.

1.6.5 Financial Institutions

The study, therefore, points out the need for financial institutions, especially banks, microfinance institutions, and other financial service providers, to instill financial education among their customers. Understanding this will enhance the financial institutions' ability to

design customer-centric products and services that are user-friendly, convenient, and affordable for the different clients' needs; hence stronger client relations and greater financial inclusion.

1.6.6 Individuals and Communities

This research gives individuals some insights that they can use in improving their financial decisions and management abilities. They clarify the psychological and emotional sides of financial well-being and the effects of the same on mental health and life satisfaction. On an informal regional level, the study emphasized programs geared toward building collective financial resilience, enhancing household economic stability, and counteracting income inequality.

1.6.7 Economic Planners

The insight whereby economic understanding of the relationship between financial capability and welfare provides an imperative for development policies. It demonstrates that economic focus must be given to the existing social support systems thus improving financial education can play a vital role in spurring economic growth, reducing poverty, and strengthening societal stability. By addressing systemic financial challenges, this research can support long-term economic planning and sustainable development goals.

1.6.8 Mental Health Advocates

“Research highlights that financial well-being is associated with psychological factors and begins to explore the direct relationship between financial distress and mental health itself. Such findings open the way for mental health advocates to champion an integrated approach that combines financial education and mental health services towards a holistic approach to well-being”.

1.7 Chapter Summary

Chapter one explores how financial capability—encompassing education, behavior, access, and attitude—impacts the financial wellbeing of public police officers within the National Police Service Commission in Nairobi, Kenya. It highlights the significance of financial stability for both individuals and organizations, identifying financial stress, low literacy levels, and restricted access as key obstacles to productivity and overall stability. The study seeks to

establish the connection between financial capability and wellbeing through specific objectives and research questions, focusing primarily on NPSC employees in Nairobi County. Ultimately, the research aims to propose effective solutions to financial challenges within Kenya's public sector, fostering improved financial outcomes, workplace productivity, and economic resilience.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter begins by outlining the fundamental theories that serve as the study's framework, with an emphasis on the theoretical and empirical elements of the connection between employees' financial well-being and their financial competence. After that, it explores empirical research that is in line with the variables of the study, revealing important conclusions and patterns. The chapter also provides a conceptual framework that shows the correlations between variables and identifies gaps in the literature that inspire the study. The operationalization of variables and a thorough synopsis of the studied literature are also given.

2.2 Theoretical Literature Review

This section looks into the theories on which the study rests. Theories are well articulated systems of concepts, definitions, and propositions whose purport is systematically to analyze the relationships between variables in order to explain and predict phenomena. Multiple theories have been incorporated to enhance the study's depth and comprehension.

2.2.1 Financial Literacy Theory

According to the theory of financial literacy as propounded by Gallery, Newton, and Palm in some published work in 2011, financial education concerns the reliance of individuals on financial aspects while making investment decisions. It further stresses that people should have enough knowledge about the financial aspects of the products and the associated risks to draw a comparison of the financial decisions. This theory also looks at the demographic, socioeconomic, and social factors that directly mold an individual into becoming financially literate, which consequently results in his closing of certain kinds of investments. Also pointed out is that an individual's financial education is positively correlated with some characteristics, such as age, sex, and income at home, which in turn affect their investment decisions indirectly. In addition, other societal factors, such as the one from where information on finance and advices were obtained, enormously affect an individual's financial education and hence his integration into investing.

The financially educated citizen, “according to Mitchell and Lusardi (2011), does not devote funds in excess of what he or she gains. The individual also saves his funds to spend them later rather than spend it all at once. According to Lusardi and Mitchell (2014), investors also employ financial education to prepare on how they can manage difficult financial times using risk mitigation strategies such as diversifying their assets, conserving money, and purchasing insurance”. Criticism has ensued regarding the position that good financial decisions emanate from financial education. Critics counter with saying that the converse can also happen, wherein people earn high and go into debt even with their financial education.

In addition, the emphasis of the Financial education Theory on financial capability (include knowledge, skills, and behaviours) will be a very holistic approach to understanding the wellbeing of NPSC employees. It will also allow the exploration of how much financial capability-employees (those confident to handle financial affairs) experience less financial stress, are more stable, and feel a better sense of security into the future. Thus, this theory underpins the investigation of the direct and indirect effects that financial education have on employees' efficacy in managing their financial resources and subsequent effects on their financial wellbeing.

2.2.2 “Theory of Planned Behaviour”

“This theory is an expansion of Ajzen and Fishbein's (1980) Reasoned Action Theory”. It is predicated on the ideas that individuals, via the analysis of the facts at hand, make rational and reasonable judgments on the particular actions they choose. The performance of a behaviour is determined by a personality's purpose to engage in it and their belief that they have control over it. The theory of planned behaviour was primarily developed for people whose actions are modifiable. It is more useful in situations when there is less than ideal control over a behaviour's performance and outcome (Ajzen 1991). The theory predicts purposeful conduct since individual behaviour can be either predictive or deliberate. According to the idea, individual conduct may be classified into the following groups: control normative.

Theory of Planned Behaviour (TPB) is pertinent to both financial behaviour and financial attitude. This theory provides a structure towards financial management, perceived control over financial decisions, and subjective norms influence individuals' financial actions. TPB helps elucidate how financial attitudes and intentions translate into actual financial behaviours, thereby connecting financial attitudes with behaviour and overall well-being.

2.2.3 Social Learning Theory

The proponent of the theory was Bandura and Ross (1961), explains how individual behaviour is shaped by social influences such as financial advice and sources of information. A person's environment significantly impacts their financial attitudes and values about money. Bandura (1977) noted that social interactions and their effects on behaviour have been tested across diverse contexts. Through social interactions, individuals acquire and process information, which subsequently influences their financial decisions. Greenspan's (2002) study on U.S. pension participation revealed that many individuals relied on social influences, often driven by fear, rather than thoroughly evaluating the benefits and drawbacks of retirement saving plans themselves.

It's also understood that, according to Gravetter and Forzano (2003), the economic decisions made by employees are usually deeply affected by social expectations and by a drive to conform with peers. Likewise, investors usually make decisions that are based on the available market information but would mostly gravitate to promising future returns; however, it has to be known to them, as observed by Goel and Dolan (2003).

This theory explains how social behaviour as well as information sharing acts as determinants of financial behaviours and decisions. It therefore indicates that learning will have permanent changes in behaviour itself as regards decision making is concerned with respect to finance. However, observational learning do prove that an individual can take in new information without strikingly behaving differently in the immediate. In that social learning theory influence financial access indirectly by provides an attitude and behaviour regarding finance in relation to observing others. Individual's financial habits and practices are developed by seeing and copying the acts of other actors, be they family, peers or financial professionals.

Social Learning Theory is about the modelling and imitation an employee undergoes regarding these financial behaviours around him or her by other colleagues in the employment. Take NPSC employees for instance: If their colleagues and leaders are observed when they open bank loans and retirement schemes, it ends up being a thing most likely to be adapted by the rest. There is sufficient evidence that changing one's consumption behaviour into using a financial service can be made possible by such observational learning.

Through social learning, they expose employees or show them different financial products, types of services, and institutions, which they might not have thought through before, thereby

widening the access avenues. Through peer interactions and social influence, the employees can learn about the processes of finance and thus reduce the entry barrier for accessing financial services.

Moreover, the theory highlights the importance of role models in promoting financial access. Employees in leadership or influential positions within the NPSC who demonstrate a strong relationship with financial institutions can encourage others to seek similar financial opportunities. This makes financial access not only a matter of personal initiative but also a socially learned behaviour influenced by one's surroundings. Therefore, Social Learning Theory supports the idea that exposure to positive financial role models within the workplace can stimulate improved financial access and, eventually, better financial well-being.

2.3 Empirical Literature Review

Within the study, consideration of independent variables was concerned with financial capability, encompassing financial education, financial behaviour, access to financial services, and financial attitude. The aim of this variable is thus to study the interrelatedness and possible enhancement or impediment of an individual's financial management ability.

2.3.1 “Effect of Financial education on Financial Well-Being”

Research has constantly acknowledged financial education to be the principal determinant of financial behaviours and decisions that in turn determine the generality of financial well-being. Improved financial outcomes have been attributed to direct and indirect channels through which financial education contributes. In their 2024 study, Lone and Bhat examined financial education among business school faculty and found that it had a positive impact on financial self-efficacy, which led to enhanced financial well-being. This highlights that financial education goes beyond theoretical knowledge, incorporating the development of confidence in utilizing that knowledge, thus connecting it to greater financial self-efficacy and overall financial health. outcomes. Cognitive elements financial well-being is heavily influenced by elements such as mental budgeting and self-discipline. Bai (2023) found that financial education supports disciplined actions like budgeting and maintaining self-control, which contribute to better financial decisions. The findings stress the interplay between cognitive and

behavioral dimensions of financial education, highlighting decision-making as the key link to financial well-being.

“Chaity et al. (2024) investigated the combined impacts of financial and technological self-efficacy on financial well-being”. They found that mechanical self-efficacy, when paired with financial proficiency, positively influences how people navigate an increasingly computerized financial environment, enhancing their financial behaviors and overall financial outcomes. Furthermore, this suggests that financial education would benefit from broadening its scope to include digital literacy. Lusardi and Streeter (2023) approached this more holistically, emphasizing financial education for various population strata in the U.S. They identified significant gaps in financial education for critical groups, particularly among younger, less educated, and marginalized individuals. This supports the notion, previously proposed by many, that while financial education is fundamental to financial well-being, educational disparities may exacerbate financial inequalities, especially during financial disruptions like inflation and pandemics.

“In Kenya, Muli (2023) and Salim (2020) addressed how financial education can enhance decision-making. Muli's research indicated that financial education among women in Mombasa leads to better investment decisions, while Salim emphasized that financial education allows youth to make more thoughtful decisions. Both studies showed that financial education significantly influences individuals in making informed financial choices, particularly among groups with limited access to financial information. In Kenya, Khayumbi (2020) studied the relationship between financial education and access to financial services, concluding that financial education increases the likelihood of using formal financial services and supporting savings. However, it has been noted that large family sizes can hinder access to financial education. As highlighted in these studies, financial education, self-efficacy, cognitive factors, and demographics play an important role in determining financial well-being. Other areas in which there have been insufficient investigations include social and policy phenomena. The study notes that financial knowledge is governed by the time value of money, interest rates, inflation, risk-return trade-offs, and diversification”.

2.3.2 “Effect of Financial Behaviour on Financial Well-Being”

“A study on the budgetary behaviour of youthful Malaysians amid the COVID-19 widespread investigated components such as financial education, financial socialization, self-control, and financial innovation. Sabri et al. (2023) conducted a multi-stage arbitrary testing of 360 youthful grown-ups matured 18–29, analyzing the information through basic condition modeling. They found that financial behaviour essentially intervenes the relationship between monetary proficiency, socialization, self-control, money related innovation, and monetary well-being. The think about concluded that financial behaviour plays a basic part in improving the budgetary well-being of youthful grown-ups”.

In Malaysia, Rahman et al. (2021) centered on the B40 wage group and examined how financial literacy, behaviour, stress, and well-being are interrelated. The study established that budgetary behaviour was the foremost imperative determinant of monetary well-being, with budgetary stretch and education taking after. Rahman et al. (2021) utilized halfway slightest squares auxiliary condition modeling to analyze information from 412 respondents in Klang Valley, emphasized the ought to oversee financial push, accomplish a adjust between wage and consumptions, and make strides monetary proficiency to improve the monetary well-being of low-income people and further too encouraged the need of more government and organization inclusion in making work openings and giving financial instruction for the B40 group.

In India, Riyaz (2021) considered the role of financial conduct in deciding financial well-being, with a focus on savings, investments, future security, and financial literacy. The research, which included 150 respondents and utilized multiple regression and factor analysis, found that all behavioural components, but for credit commitment, essentially affected budgetary well-being, with financial awareness being the foremost persuasive. An experimental examination into the relationship between money related education and behaviour uncovered a positive relationship, demonstrating that people with higher money related education tend to lock in in more capable budgetary behaviours. They think about how to highlight the impact of family dynamics—especially the father's instructional level and discourses around cash at home—on judicious budgetary decision-making.

Waga et al. (2021) while studying self-control inclination on financial discipline in Kenyan annuity plan members, found that people with solid budgetary teach were more likely to arrange for their superannuation, whereas those influenced by self-control predisposition were less slanted to form comprehensive retirement plans. The study highlighted the significance of both money related teach and self-control for effective retirement arranging, especially within the setting of moving to characterized commitment plans.

In Kajiado District, Gichuhi and Mwangi (2021) examined how financial proficiency impacts the advancement of women's groups using the Joyful Women organization self-help group. Gichuhi and Mwangi (2021) observed that financial knowledge, behavior, and mindset contributed to the development of these self-help groups. Gichuhi and Mwangi (2021) adopted multiple linear regression and concluded that these three financial components were significant for the groups' development and sustainability.

A study on behavioral finance in Kenya, focusing on cognitive biases, found that predispositions such as overconfidence, representativeness, and loss aversion collectively influenced investment choices. Odoyo (2019) conducted a cross-sectional qualitative study with investment advisors from firms listed on the NSE, utilizing Pearson's correlation coefficient and linear regression for analysis. The researcher found that biases like overconfidence and loss aversion strongly impact investment decisions, whereas anchoring bias had no significant effect. The study identified key indicators of financial behavior, including budgeting, tax payments, selecting financial products, and planning for retirement. These factors are essential for understanding how individuals make financial decisions and contribute to their overall financial well-being.

2.3.3 “Effect of Financial Access on Financial Well-Being”

Within the Central Locale of Ghana, Ampah (2020) did a study on the impact of access to credit and money related services on poverty-related results, such as salary development, consumption, resource procurement, and instructive openings, appeared that whereas monetary administrations had a humble positive impact on salary, utilization, and resource development, they had a much more critical impact on the capacity to pay for instruction. Ampah (2020)

concluded that in spite of the fact that money related administrations are imperative, their impact on a few poverty markers is limited.

“Twumasi et al. (2021), did a study on the connectedness between financial education and family income in Ghana, the study was carried out in four districts, characterized affordability of finance services as counting credit, investment funds, insurance, payments, and exchanges”. The findings demonstrated that money related proficiency incorporates a noteworthy positive impact on family wage, and this impact is reinforced by affordability of monetary services. The study too emphasized the impact of social systems in forming the bond between budgetary proficiency and household wage.

In Uganda, Isoh (2020) investigated how money related proficiency impacts the well-being of individuals in Kampala, especially those utilizing both formal and casual money related administrations. The study overviewed 370 people working in Kampala's casual sector, analyzing the information with auxiliary condition modeling. The research work affirmed that monetary education is emphatically related with the utilize of money related administrations, illustrating that progressed monetary information empowers way better utilization of accessible money related assets and, in turn, upgrades well-being.

Mumin (2019) conducted a study including 126 small businesses in Nairobi, which appeared that more seasoned and more taught trade proprietors had way better access finance services. The study highlighted that women frequently confront obstructions when seeking or bank credit. In Kitui District, Kenya, Mbuva and Wachira (2019) investigated how finance affordability impacts small businesses' performance and growth. Their research work, which included 25 handling SMEs, found a positive correlation between finance availability and improved business performance. Their findings align with the broader literature, recommending that suggesting that effective and affordable financing can significantly improve small businesses performance. This study identifies financial products, services, and financial institutions as the key determinants of financial access.

2.3.4 “Effect of Financial Attitude on Financial Well-Being”

“YoGasnumurti et al. (2019) investigated the monetary mindsets and knowledge of college students in relation to personal finance management. Using SPSS Version 23 to analyze data from 98 students, the study found that both finance attitudes and financial knowledge had a significant positive impact on personal finance management. Yogasnumurti et al. (2019) emphasized the importance of financial education in shaping sound financial behaviors among students”.

In the Bali area, another research study examined budgetary management behavior, focusing on financial attitudes, knowledge, and income. Gede (2020) utilized structural equation modeling (SEM) on 160 participants selected through non-probability sampling. “The results showed that while both financial attitudes and financial knowledge positively influenced budgetary management behavior, income did not have a significant impact. These findings are consistent with previous research by Ersha Amanah, Dadan Rahadian, and Aldila Iradianty (2016), which also emphasized the important role of financial attitudes in effective financial management”.

Teguh et al. (2024) examined the impact of monetary behaviors and social factors on saving behaviors, with financial education acting as a mediator. Utilizing SEM and Smart PLS to analyze data from 100 participants, the study found significant positive impacts of both financial behaviors and social influences on saving behaviors. Furthermore, financial education was identified as a mediator within the relationship between these factors, highlighting the interconnected nature of the elements influencing financial tendencies. Moko et al. (2022) investigated financial management behavior among young entrepreneurs in Malang, focusing on the impact of financial knowledge, attitudes, and personality. This quantitative descriptive study was conducted by surveying 150 young entrepreneurs from Brawijaya University and “found that while financial knowledge did not influence financial management behavior, financial attitudes and personality were found to have a significant effect. This study emphasized the importance of attitudes and personality as drivers of financial decisions among young entrepreneurs”.

In Kenya, Kisaka (2019) examined the saving, borrowing, and investment behaviors of Micro and Small Enterprises (MSEs) in Ongata Rongai Township. The research showed that MSEs' financial decisions were strongly influenced by their financial attitudes. It was found that MSEs preferred saving with banks over Microfinance Institutions (MFIs) and generally approached investing, borrowing, and saving positively. However, they were reluctant to borrow from formal financial institutions due to high interest rates, lengthy loan processes, and unfavorable practices by some MFI officers. The heavy reliance on internal savings constrained the amount invested and limited returns, hindering capital accumulation for these businesses.

The study identifies key factors that shape financial attitudes, including individuals' personal beliefs, emotions, and overall outlook on money and finance.

2.3.5 Moderating Effect of Demographic Factors on Financial Education, Financial Behaviour, Financial Access and Financial Well-being

Several studies have shown that demographic factors, particularly education level, significantly influence the outcomes of financial education programs. Higher education levels are linked to a better understanding of financial concepts and stronger decision-making skills (Lusardi & Mitchell, 2014). For instance, individuals with tertiary education often demonstrate superior budgeting, saving, and investment habits compared to those with primary or secondary education (Potrich et al., 2015). Education not only enhances the uptake of financial knowledge but also affects how such knowledge translates into financial behavior and financial well-being. According to Sekita (2011), even when financial education is delivered uniformly, individuals with higher education levels reap greater benefits in terms of improved financial practices. This implies that financial education interventions may need to be tailored to different educational backgrounds to maximize impact. In Kenya, Atieno and Wambugu (2021) found that financial education programs implemented among low-literate informal sector workers resulted in limited behavioral changes unless supplemented with visual tools and practical examples. Therefore, education level plays a crucial moderating role in the association between financial education and its related outcomes.

Income level has also been shown to influence the degree to which financial education impacts behavior, access, and well-being. Higher income earners generally have more resources to act on financial knowledge, making financial education more actionable (OECD, 2020). In contrast, low-income individuals, despite gaining awareness through financial literacy programs, often face structural barriers that limit behavior change, such as lack of credit access or the inability to save. A study by Xu and Zia (2012) confirmed that financial education was more effective among middle-income groups compared to the lowest income quintile, who had limited financial maneuverability. In the African context, Mwithiga and Muturi (2018) observed that income levels moderated how micro-entrepreneurs applied financial skills in saving and borrowing, with higher-income entrepreneurs making better financial choices post-training. This implies that income disparity affects not only financial access but also the practical application of financial education. Financial well-being is also more likely to improve when individuals have disposable income to apply learned financial strategies. Thus, income level is a critical moderator in the relationship between financial education and financial outcomes.

Gender differences have been extensively studied in the financial literacy literature, revealing persistent disparities in both financial attitudes and outcomes. Women tend to score lower on financial literacy assessments worldwide, yet they are often more cautious and consistent in their financial planning (Lusardi & Tufano, 2015). Gender moderates the impact of financial education on behavior and access, with studies indicating that women require more confidence-building elements in financial training to effectively apply what they learn (OECD-INFE, 2013). In Kenya, Njoroge and Gathungu (2013) reported that financial education had a more significant impact on women's financial attitudes than on men's, especially in group-based microfinance contexts. Furthermore, women frequently encounter gendered financial access constraints, such as limited collateral ownership or informal discrimination from financial institutions. These systemic barriers can diminish the effectiveness of financial education unless they are addressed simultaneously. Research by Fonseca et al. (2012) shows that gender gaps in financial well-being persist even after controlling for income and education, highlighting the nuanced moderating role of gender. Therefore, gender dynamics must be taken into account when designing inclusive financial education strategies.

Age is another demographic variable that significantly influences financial literacy outcomes, particularly regarding financial behavior and financial well-being. Younger individuals are often more receptive to digital financial education tools and demonstrate a greater willingness to adopt new financial technologies (Lührmann et al., 2015). However, older individuals may apply their financial knowledge more judiciously due to life experience, despite having lower baseline financial literacy scores. In a study conducted in South Africa, Van Rooij, Lusardi, and Alessie (2011) found that younger adults significantly improved their saving behaviors after targeted financial education, while older adults displayed more conservative investment patterns. In Kenya, Muturi and Mwangi (2020) discovered that financial behavior improved across age groups after training, but younger respondents were more likely to change their attitudes and experiment with new saving mechanisms. Additionally, age correlates with access to financial services, as younger individuals may face age-based restrictions in formal lending or saving platforms. Financial well-being also tends to be lower among youth due to unstable incomes, even with the availability of financial education. Thus, age serves as a critical moderating factor in how financial education translates into real-world financial outcomes.

2.4 Study Gaps and Critical Review

Despite the strengths of these studies, several gaps persisted. Primarily, the studies focus on Western contexts, and their findings cannot be directly applied to Kenya, where socio-economic, cultural, and institutional differences significantly impact financial behavior and well-being. Second, while a few studies examine how demographic factors play a role, there is limited discussion on how these factors interact with local financial systems such as mobile money, informal savings groups, and government-sponsored financial education programs that are crucial in an African context. Third, although gender dynamics are briefly addressed in some studies, they have not been thoroughly explored concerning financial capability and well-being, particularly for women who represent a unique socio-cultural environment in Kenya. Moreover, the study conducted by Xiao et al. (2014), among others, neglects to consider how a country's education system could influence financial education, which can vary greatly in developing economies like Kenya. Finally, this gap highlights the need for more in-depth empirical research into the unique demographic characteristics of police service employees,

their specific financial challenges and solutions, and the development of tailored interventions aimed at improving their financial well-being.

By addressing these gaps, future studies can better capture the complex interactions between financial capability, demographic factors, and financial well-being in diverse populations, particularly in emerging economies like Kenya.



2.5 “Summary of Literature Review and Research Gaps”

Table 2.1: Summary of Literature Review and Research Gaps

Author and Year	Topic of Study	Key Findings and Methodology	Study Gaps
Lone & Bhat (2024)	Financial education and Well-Being	The study demonstrated that financial education improves financial self-efficacy, which mediates the relationship with enhanced financial well-being. Confirmatory Factor Analysis and Structural Equation Modeling were utilized to validate the findings.	Findings are limited to business school faculty members, reducing applicability to other professions.
Bai (2023)	“Cognitive Factors (Financial education, Mental Budgeting, Self-Control)”	“Financial education, mental budgeting, and self-control significantly improve financial well-being, with investment decision-making as a mediator. The study used PLS-SEM for data analysis”.	The study's results may not apply to populations outside university students in China.
Chaity et al. (2024)	Financial education and Technical Efficacy	Financial education and technical efficacy positively impacts financial well-being. The study employed PLS-SEM for analysis.	Findings are region-specific to Dhaka and may not be applicable to other cultural or geographic contexts.
Lusardi & Streeter (2023)	Financial education in the U.S.	The 2021 National Financial Capability Study found that financial education is low in the U.S., especially regarding inflation.	Results are focused on U.S. demographics and may not

			apply to other countries or economies.
Muli (2023)	“Financial education and Financial Decisions”	“Financial education has a positive effect on financial decision-making, with demographic factors influencing this relationship. The study used descriptive research and stratified sampling, focusing on women in Mombasa County”.	The study’s regional and gender-specific focus may limit generalizability to other populations.
Salim (2020)	Financial education and Youth Financial Decision-Making	Financial education affects youth financial decision-making behaviours, with education and gender as moderating factors. Multiple regression analysis was used.	The small sample size and regional focus restrict generalizability to youth in Mombasa County.
Khayumbi (2020)	Financial education and Financial Access	Higher financial education increases the likelihood of using formal financial services and saving. The study used Probit and multinomial logit models, focusing on specific periods and regions in Kenya.	The results may not reflect current trends or be applicable outside the study regions or periods.
Sabri et al. (2023)	Financial Behaviour and Well-Being	“Financial behaviour mediates the relationship between financial education, socialization, self-control, technology, and well-being. Structural Equation Modeling was used, focusing on young Malaysians”.	Findings may not apply to other age groups or countries beyond Malaysia.

Rahman et al. (2021)	Financial education, Behaviour, and Stress	Financial behaviour predicts well-being, with financial stress and literacy playing key roles. PLS-SEM was used, focusing on Malaysia's B40 group.	Narrow focus on the B40 income group limits applicability to broader populations.
Riyaz (2021)	Financial Behaviour and Well-Being in India	Savings, investments, and financial awareness positively affect well-being, while credit commitment has less impact. Multiple regression and factor analysis were used.	Findings may not extend beyond India or other contexts.
Mireku, Appiah, & Agana (2023)	Financial Behaviour and Literacy	Financial education predicts prudent financial behaviour, with family dynamics playing a role. Logistic regression was used, focusing on students in Ghana.	Findings may not apply to the general population beyond students in Ghana.
Waga et al. (2021)	Financial Discipline and Retirement Planning	“Financial discipline is crucial for retirement planning, while self-control bias negatively impacts planning. Binary logistic regression was used, focusing on pension plan participants in Kenya”.	Limited to pension plan participants and may not generalize to other populations.
Gichuhi & Mwangi (2021)	“Financial education and Growth of Women’s Groups”	“Financial education and behaviour significantly contribute to the growth of women’s groups in Kajiado. Multiple linear regression was used”.	Findings are limited to JOYWO groups in Kajiado and may not apply elsewhere.
Odoyo (2019)	Behavioural Finance and Investment Decisions	“Cognitive biases like overconfidence and regret aversion significantly affect investment decisions. Qualitative research, Pearson’s correlation, and	Findings may not generalize beyond investment advisors to

		regression were used, focusing on investment advisors in Kenya”.	the broader investor population.
Ampah (2020)	Access to Financial Services and Poverty Reduction	“Access to credit and financial services positively impacts income and asset growth but most strongly influences the ability to fund education. Cross-sectional study and multiple regression were used”.	“The findings may not generalize to sectors or regions beyond MSMEs in Ghana”.
Twumasi et al. (2021)	Financial education, Access to Financial Services, and Household Income	Financial education positively impacts household income, with access to financial services mediating this effect. Survey analysis was used, focusing on Ghana.	The regional focus may limit the applicability of results to other contexts or countries.
Isoh (2020)	Financial education and Service Utilization	Financial education is correlated with the use of financial services and well-being. Cross-sectional data and Structural Equation Modeling were used, focusing on Kampala.	Results may not be applicable beyond Kampala.
Mumin (2019)	Financing Access for SMEs	Age and education impact access to finance, with knowledge and skills being essential. Descriptive research and correlation analysis were used, focusing on SMEs in Nairobi.	Findings may not generalize beyond SMEs in Nairobi.
Mbuva & Wachira (2019)	Access to Finance and SME Performance	Access to finance positively correlates with financial performance in SMEs. Descriptive research and SPSS analysis were used, focusing on processing SMEs in Kitui.	Results may not apply to other types of SMEs or regions outside Kitui.

Yogasnumurti et al. (2019)	Financial Attitude, Knowledge, and Management	Financial attitude and knowledge significantly impact personal financial management, with income having a limited effect. SPSS analysis was used, focusing on college students.	Findings may not extend beyond the student population.
Gede (2020)	Financial Attitudes, Knowledge, and Income	Financial attitudes and knowledge significantly influence financial management behaviour, while income has little impact. Structural Equation Modeling (SEM) was used, focusing on Bali.	Findings may not generalize to other regions beyond Bali.
Teguh et al. (2024)	Financial Attitudes, Social Influences, and Saving	Financial attitudes and social influences positively impact saving behaviour, with financial education acting as a mediator. SEM was used, focusing on the general population.	The small sample size and regional focus may limit broader applicability beyond the general population.
Moko et al. (2022)	Financial Knowledge, Attitudes, and Management Behaviour	“Financial attitude and personality have a significant impact on financial management behaviour, whereas financial knowledge has a smaller influence. The study used a quantitative approach, focusing on young entrepreneurs”.	The study’s demographic focus may limit generalizability beyond young entrepreneurs.
Kisaka (2019)	Attitudes and Financial Behaviour of MSEs	Positive financial attitudes significantly impact saving, borrowing, and investing behaviours among Micro and Small Enterprises (MSEs) in Ongata Rongai Township. Descriptive research was employed.	Findings are limited to this specific area and may not apply to other regions beyond Ongata Rongai Township.

Source: Researcher & Reviewed Literature (2025)



The table outlines several insights regarding monetary proficiency, behavior, and well-being, detailing their techniques, outcomes, and research gaps. Solitary & Bhat (2024) examined the association between monetary proficiency and self-efficacy, utilizing Confirmatory Factor Analysis and Structural Equation Modeling. Their results demonstrated a positive relationship, but the study was limited to business faculty, making the findings less applicable to other professional groups. Bai (2023) explored the role of monetary proficiency, mental budgeting, and self-control in financial well-being, focusing on college students in China. The findings indicated significant effects, but the study's focus on a specific demographic group and region reduces its generalizability. Chaity et al. (2024) investigated the impact of monetary proficiency and technical adequacy on well-being in Dhaka, Bangladesh. Although the study provided valuable insights, its geographic focus limits its broader applicability. Lusardi & Streeter (2023), in their National Financial Capability Study, found that financial literacy is generally low in the U.S., particularly regarding understanding inflation. However, the study's emphasis on U.S. demographics makes it less relevant to other regions or cultural contexts.

Other studies have targeted specific populations. Muli (2023) researched the impact of financial education on financial decision-making among women in Mombasa County, finding a positive correlation. However, the study's gender and territorial center limits the capacity to generalize. Salim (2020) also investigated youth budgetary decision-making in Mombasa, highlighting the significance of budgetary proficiency, with instruction and gender as impacting variables. Nevertheless, the study's small sample size limits generalization. These factors illustrate the need for further research on financial education and well-being across diverse populations and regions for a more holistic understanding of monetary behaviors and outcomes.

Furthermore, Khayumbi (2020) found that higher monetary education increments the probability of utilizing formal monetary services and saving, but the study's center on particular locales and time periods limits its appropriateness somewhere else. “Sabri et al. (2023) examined how financial behaviour intervenes the connection among financial knowledge, self-control, and innovation on financial well-being in youthful Malaysians. The study's constrained scope implies its findings may not apply to other nations or age groups. Rahman et al. (2021) found that financial behaviour, distress, and proficiency are critical indicators of monetary well-being in Malaysia's B40 group, but the center on this particular group limits the broader applicability of the findings”. These studies collectively emphasize the need for more research

on financial education and its relationship with financial well-being across different global contexts.

2.6 Conceptual Framework

The conceptual framework in this study outlines the interplay between the variables. The independent variables are those factors that, when changed, cause variations in the dependent variables. In this research, “the independent variables include financial education, financial behaviour, access to financial services, and financial attitude, all of which form the financial capability. Financial well-being is identified as the dependent variable, and the interaction between these elements is shown in Figure 2.1”.

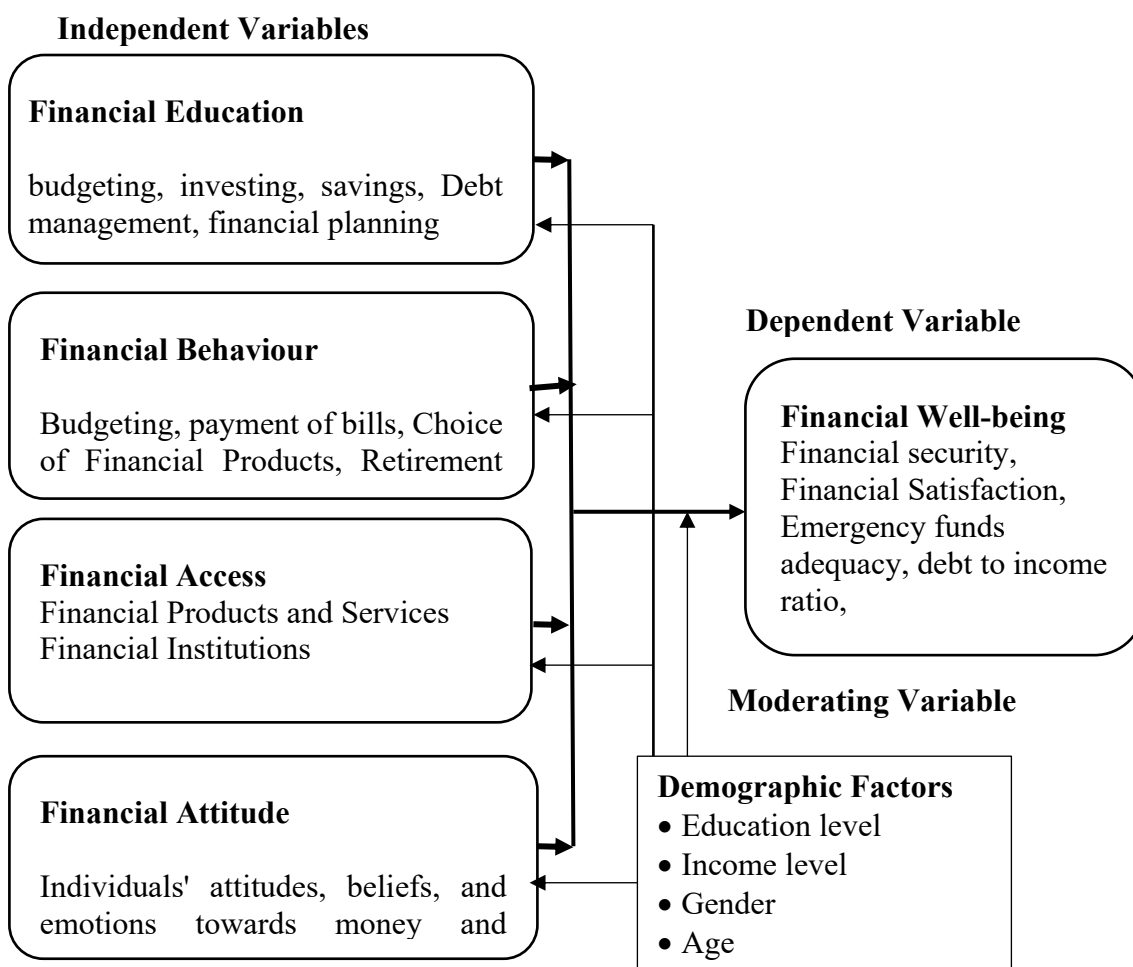


Figure 2.1: Conceptual Framework

Source: Author (2025)

2.7 Operationalization of Variables

The variables of this study, which include the components of independent, dependent, and moderating variables, are defined as shown in Table 2.1.



Table 2.2: “Operationalization of Variables”

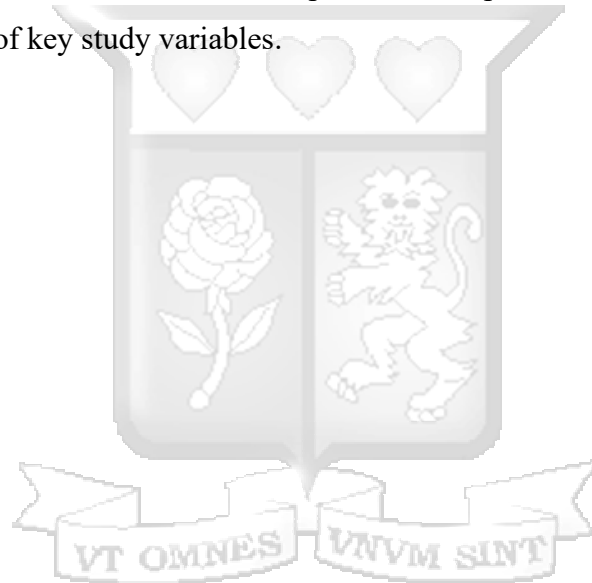
Variable	Description	Measurement	Data Sources
Financial well-being (FWB)	FWB stands for Financial Well-Being, and this notion is not one that can tend to be simple, but very elaborate within the circumstances around the financial satisfaction of the individual, their objective position in the financial context, attitudes, and behaviours towards financial management. FWB remains unexplained in that it cannot be measured through a single metric because it considers subjective and objective elements, thereby indicating the overall positive financial situation of the individual.	Financial security, Financial Satisfaction, Emergency funds adequacy, debt to income ratio,.	Primary Data: Surveys and Questionnaires & Interviews Secondary Data: Training Records & Existing Literature Official Documents and Reports: National Police Service Records & Government Publications
Financial Education	Financial education entails knowledge about basic concepts of finance in an individual who applies this knowledge in managing his/her financial resources effectively. Financial education refers to the capacity to make intelligent decisions on financial products and services and to implement various strategies geared towards attaining financial well-being and stability in the long run.	Knowledge of budgeting, investing, savings, Debt management, financial planning	Primary Data: Surveys and Questionnaires & Interviews Secondary Data: Training Records & Existing Literature Official Documents and Reports: National Police Service Records & Government Publications

<p>Financial behaviour</p>	<p>Financial behavior defines the way in which an individual manages to cope with his/her financial life to be successful in it. This includes actions such as saving and spending, in addition to budgeting. The scope of financial behavior is wider, covering investment decisions, credit utilization, consumption choices, and even saving habits.</p>	<p>Budgeting, payment of bills, choice of financial products, setting long-term financial goals, savings</p>	<p>Primary Data: Surveys and Questionnaires & Interviews Secondary Data: Training Records & Existing Literature Official Documents and Reports: National Police Service Records & Government Publications</p>
<p>Financial Access</p>	<p>It encompasses the availability of different kinds of financial services such as savings, credit, payment, and insurance. Access to these services will, in turn, determine the links between financial education and household income and well-being or financial success. For any business, access to these financial services remains important for undertaking decisions related to technology, market entry, or the acquisition of resources impacting its growth and success.</p>	<p>Financial Products and Services & Financial Institution</p>	<p>Primary Data: Surveys and Questionnaires & Interviews Secondary Data: Training Records & Existing Literature Official Documents and Reports: National Police Service Records & Government Publications</p>

<p>Financial attitude</p>	<p>Financial attitude refers to an individual's approach to financial decision-making and resource management. It involves applying financial principles to generate and preserve value. Financial attitudes are shaped by personal perceptions and behaviours, often expressed through responses to financial management practices, and can vary in terms of agreement or commitment.</p>	<p>Individuals' attitudes, beliefs, and emotions towards money and finance</p>	<p>Primary Data: Surveys and Questionnaires & Interviews Secondary Data: Training Records & Existing Literature Official Documents and Reports: National Police Service Records & Government Publications</p>
<p>Demographic factors</p>	<p>“Together, these personal factors—financial education, behaviour, attitude, access to financial services, and overall financial well-being—interact to influence an individual’s ability to manage finances effectively and achieve positive financial outcomes”.</p>	<p>Gender, income and financial training</p>	<p>Primary Data: Surveys and Questionnaires & Interviews Secondary Data: Training Records & Existing Literature Official Documents and Reports: National Police Service Records & Government Publications</p>

2.8 Chapter summary

This chapter examined both theoretical and empirical perspectives on financial education, behavior, access, attitude, and well-being. It delves into foundational theories that explain financial decision-making and behavioral change, assessing their relevance to the study. The review evaluates the impact of financial education on financial outcomes and identifies gaps in existing research, with a particular focus on uniformed officers in Kenya. Additionally, it explores demographic factors—including age, gender, education, and income level—that may influence financial behaviors. Empirical findings highlight differing effects of financial education across various populations, reinforcing the necessity for context-specific studies. Ultimately, the chapter establishes the conceptual and empirical basis for the research and justifies the selection of key study variables.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

An overview is provided in this chapter of the methodologies and methodology that were used for collecting and processing data for this study. The chapter presents some elaborations on the philosophical viewpoint of the research, its design, the intended population, the size of respondents and sampling method. It further elaborates the instruments and tools for data collection and the activities performed in the pilot stage, data analysis, and presentation of results. It further addresses analytical tools and the entire process of synthesizing information.

3.2 Research Philosophy

Several research paradigms could be adopted for this type of study: positivism, interpretivism, pragmatism, and critical theory have distinct ways with which they approach research problems. Research paradigms have a direct bearing on the shape of the findings and hence the methodology. So a careful analysis of the paradigms justifies the use of an interpretivist approach, which comes with deep insight into the experience and lived realities of the participants. Bryman (2016) writes that positivism is concerned with the natural sciences, objectifying observation, measuring and testing of hypotheses. By using positivist tools such as surveys and experiments to collect quantitative data, one might realize a form of research that seeks to test one's financial capability and financial well-being. Examples could be measured in the form of financial education, saving behaviors, or financial satisfaction among employees. Though, the method makes the clear advantage of supplying quantifiable and generalizable findings; it neglects understanding the subjective meanings as well as life experiences that inform financial behavior. Financial capability is not pure objective construct but is highly subjective and is shaped by different personal beliefs, societal norms and meanings associated by individuals to the process of making decision on money (Turyahikayo, 2021). While positivism could show correlations statistically between different parameters, it would ignore the contextual understanding of the financial well-being. For example, financial satisfaction of employees may not exclusively be related to the financial knowledge they possess but

interpretation of that knowledge and adoption towards it depending on the demographic characteristics of each individual (Mauthner, 2020).

Interpretivism considers understanding individual experiences and actions to be crucial, and it asserts that human interactions construct reality. This was stated by Schwandt in the year 2000. This idea suits investigations into complex phenomena like financial well-being that are cultural, social, and individual contexts. In the case of employees in the National Police Service, interpretivism would allow the researcher to look into demographic factors, including age, “gender, marital status, and family structure, in relation to the perception of finances and behaviour regarding finance. For instance, a male employee might view financial security differently than a female employee, given the different roles and responsibilities society attributes to each gender within the Kenyan context (Mauthner, 2020). Qualitative research methods such as interviews or focus groups would allow the researcher to articulate the fine points of personal financial practices and experiences through the interpretivist lens, thus yielding richer insights into how employees understand financial capability and how those understandings feed into their financial well-being”.

Moreover, financial well-being is not merely about financial education or savings behavior; rather, it is shaped by personal values, life experiences, and social networks (Schwandt, 2000). By understanding these subjectivities, the interpretivist study approach facilitates a deeper investigation into the processes through which employees assign meaning to their financial decisions. Some employees may perceive informal savings methods such as ROSCAs as more significant in their lives than banking institutions. This exploration of culturally determined financial practices would be entirely overlooked by a positivist inquiry. Furthermore, interpretivism aligns well with Kenyan culture, where financial decisions are often significantly influenced by community norms, kinship networks, and gender roles (Turyahikayo, 2021).

Pragmatism is the theoretical approach for this research formulating the practical solutions and action-oriented research (Morgan, 2014). Combining quantitative and qualitative methods permits flexibility in addressing the research question. The pragmatic way may involve surveying financial education or financial satisfaction and interviewing the lived experience and perceptions of participants. While it thus presents an adequate approach, it will not replace

the depth contextual richness of interpretivism. It might lead to an interruption in understanding the phenomenon but not a coherent picture of how financial capability is conceptualized and experienced by employees. Complexity of the demographic variables would, for instance, be how gender or family roles create a lens through which financial decisions are processed, and they may involve much in-depth exploration that might not be fully achieved through a pragmatic approach (Creswell, 2013).

Critical theory delves mainly into power and inequalities, as well as the kind of social structures most likely available to determine the patterns of lives that individuals lead. This form of theory might look at how those systemic factors then affect financial well-being (Kincheloe & McLaren, 2005). In fact, it may address issues such as institutions that spell bias, wage discrimination, and gender inequalities, among others, and how such factors bear on employees' financial decisions. Critical theory might have a contribution to make for unaided understanding of these broader social justice issues, but its depth is insufficient to cover the individual, subjective experience of employees. Structural issues are not the only ones that shape financial well-being, since perceived agency is also as crucial as cognitive appraisal and emotional response to the acquisition and quality of some realities regarding financial success (Turyahikayo, 2021). Critical theory's concerns with structures of macro levels might ignore the level of micro experience, with meanings centered on the individual being important for understanding the phenomenon of financial well-being as conceived in this study.

Interpretivist paradigms would probably apply most suitably to this study as they tend to give broad lenses for understanding the 'subjective' nature of financial well-being and capability. Individual experiences, perceptions, and social contexts shape financial well-being, and are better understood using qualitative methods (Turyahikayo 2021). Further, interpretivism explores how demographic factors-including gender, age, and marital status-influence how individuals make decisions relating to finance and their interpretations of financial security (Mauthner 2020). For instance, in Kenya, the gendered lived experience might imply that female employees face a different set of financial hurdles and a different set of opportunities from males; such a subtlety can only be captured fully through an interpretivist lens. The Kenyan cultural context, with its distinctive practices and societal expectations regarding

finance, can also appropriately be interrogated through this lens as it emphasizes understanding by these cultural influences (Bryman 2016).

It also accommodates a phenomenological understanding of the lived experience of the employees, their equally rich, context-laden meanings attached to financial well-being; as is the case in an institution like the National Police Service Commission where, presumably, work-related stress, community expectations, and personal ambitions influence the financial lives of employees (Schwandt, 2000). By concentrating on such individual and collective experiences, the study obtains insight into the dynamic interaction between financial capability and financial well-being that could not be captured with purely objective measures. Although other paradigms such as positivism or critical theory may yield insight, interpretivism provides the best fit to the study. It provides a framework to explore subjective peer experiences related to contextual factors for what shapes financial capability and well-being, hence crucial to understanding all these co-evolving complex interactions within the National Police Service Commission in Nairobi, Kenya. It is certainly the most complete study from which to view how demographic factors can influence one's financial perception and practice.

3.3 Research Design

A research design provides a structured framework detailing the methodology for a study, including data collection techniques, tools, their application, and the process for analyzing collected data. Gray (2022) describes research design as the strategic plan that integrates various components of a study cohesively and logically to ensure the research problem is effectively addressed. Descriptive research design was utilized by this study, integrating both qualitative and quantitative approaches. The descriptive design, by collecting data from primary sources with consideration of varying experiences and types of data, includes all aspects of the subject it seeks to study.

Mainly, the descriptive research design is meant to gather data which describes the current state of the subject in focus. This is helpful in the modeling of a multiple-linear regression because it will correctly estimate population parameters and support wider generalizations.

3.4 Target Population

Casteel and Bridier (2021) indicate that the specific group of individuals that a study seeks to investigate and from which data was collected. This group includes potential participants relevant to the research objectives. While the target population represents the broader group for generalization, the accessible population consists of individuals who are realistically available for sampling.

“This study’s target population comprised of all 9,000 employees of the NPSC in Nairobi County, encompassing both senior and subordinate police officers across the 11 Police Sub-County Commands. Nairobi City County was chosen for its cosmopolitan nature and its relatively uniform social and economic environment. As the capital city of Kenya and an international cultural hub, Nairobi’s context allows for findings that may have broader applicability. According to the Kenya Police Service Inspection Report (2023), Nairobi City County included 11 Police Sub-County Commands, directly involving the 9,000 officers in this research”.

Police officers, as components of the security force personnel, tend to be exposed to certain financial pressures that differ from those felt by the general workforce. Irregular working hours, exposure to hazardous environments, and responsibility toward keeping citizens safe are all important stressors that may alter their financial planning and money-related management (Chor, 2018). Since their job has unique demands, it is pertinent to study how financial capability involving knowledge and conduct regarding money management affects their financial well-being. This study balances the gap, focusing on this peculiar occupational group whose financial-life behaviors as well as attitudes regarding financial management may be shaped by their work-related experiences in addition to other demographic factors.

The NPS is vast and varied, and its members have diverse demographic factors relating to these officers, including age, gender, marital status, educational background, and rank (Kenya National Police Service Commission, 2022). Such demographic factors are critical for determining the financial behaviors and attitudes of employees (Turyahikayo, 2021). Thus, the selection of this population permits an examination into the understanding of financial well-being by the various groupings in NPS, offering an opportunity for the study to elaborate on the moderating role of the demographic factors with respect to financial capability. This approach is especially relevant because a diverse workforce has to contend with different but potentially

overlapping financial needs and challenges depending on the specific demographic group in question (Mauthner, 2020).

The National Police Service, as a government body, plays a significant role in Kenya's security apparatus and is a major employer with over 100,000 employees (Kenya National Police Service Commission, 2022). The NPS provides an ideal environment to study financial well-being because it includes employees from various income levels, job responsibilities, and professional ranks, offering a representative sample for understanding how financial capability impacts different individuals in an organization. Furthermore, the NPS has implemented initiatives aimed at enhancing welfare and working conditions, yet financial well-being may still be an under-explored area. This positions it as an important and relevant population for a study that seeks to understand financial education, behavior, and access among civil servants.

The population for this study is drawn directly from the National Police Service Commission (NPSC), which oversees recruitment, training, and the overall welfare of NPSC personnel. The National Police Service serves as the primary source for data on the number of active employees, their demographics, ranks, and operational areas. Access to this population is facilitated through the Kenya National Police Service Commission, which can provide a list of officers and assist in the research process.

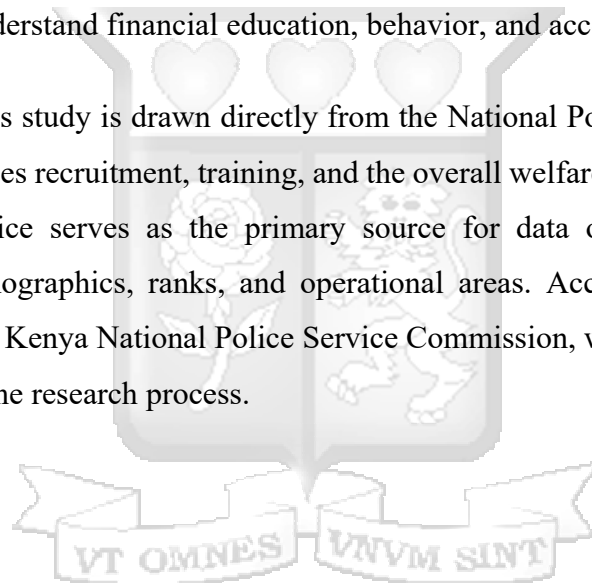


Table 3.1: Target Population, Percentage, and Sample Size by Cadre of Staff

Cadre of Staff	Target Population	Percent (%)	Sample Size
County Police Commissioners	11	0.1	1
Senior Superintendent	11	0.1	1
Superintendents of Police	33	0.4	1
Assistant Superintendent	66	0.7	3
Chief Inspectors	132	1.5	6
Inspectors	438	4.9	19
Senior Sergeants	645	7.2	27
Sergeants	1044	11.6	44
Corporals	2138	23.8	91
Constables	4482	49.8	191
Total	9000	100	384

Source: Author (2025)

3.5 Sampling

“In the study on the effect of financial capability on the financial well-being of employees in the National Police Service Commission (NPSC) in Nairobi, Kenya, the sampling approach was designed to ensure that the selected participants are representative of the larger NPSC population. The sample refers to the subset of individuals chosen from the larger group, while sampling is the process used to select those individuals in a way that allows for generalizing the findings to the entire population (Mugenda & Mugenda, 2012)”.

To achieve this, the study employed both simple random sampling and stratified sampling techniques. These methods ensure that the sample is truly reflective of the NPSC population's structure and composition, which is essential for obtaining valid, reliable results that can be generalized. The application of these sampling techniques ensures that the study results are unbiased and that various demographic groups within the NPS are proportionally represented in the sample

The formula is:

$$n = N/1 + N (e^2)$$

Where;

n = Sample size

N = population size

e = precision level of 5%

This formula stands out as the preferred option because of its ease of use, empowering researchers to select suitable samples from large populations, such as the one being examined in the study. When employing this formula with a precision level (e) of 5% and a confidence level of 95%, the resulting calculated size is:

$$n = 9000/1 + 9000 (e^2)$$

$$n = 384$$

“Given the diversity within the NPSC population in terms of rank, gender, age, and experience, stratified sampling was employed to ensure that different subgroups are proportionately represented in the study sample. In stratified sampling, the population is divided into distinct strata or subgroups based on key characteristics (e.g., rank, gender, etc.), and individuals are randomly selected from each subgroup. This approach ensures that every demographic segment is adequately represented, which is crucial for understanding the moderating role of demographic factors in the relationship between financial capability and financial well-being

(Turyahikayo, 2021). This method ensured that the proportional representation of various subgroups within the NPSC is maintained, and any insights gained can be applied to the entire population. The use of stratified sampling also minimizes the risk of bias, which can occur if certain groups are over- or underrepresented in the sample (Mauthner, 2020)”.

The study involved 384 respondents, and these participants were selected from the larger 9,000 NPS employees based in Nairobi. The allocation was done proportionately based on the distribution of key demographic characteristics in the larger population of the NPS. For example, the distribution of respondents aligns with the proportions of rank (e.g., junior officers, senior officers, and administrative staff), gender (male and female officers), and other relevant demographic characteristics. “This ensures that the sample is representative of the diversity of the NPS employees and that the findings are generalizable across all employee subgroups”.

The combined use of Yamane’s formula for sample size calculation and stratified sampling to select participants ensures that the study results would be statistically robust and free from selection bias. Stratified sampling allows for a nuanced understanding of how different demographic groups within the NPS experience financial well-being, and the formula ensures that the sample size is large enough to provide reliable results. These approaches collectively contribute to the study’s credibility and the generalizability of the findings to the entire population of NPS employees in Nairobi. The distribution is presented in Table 3.

3.6 Data Collection

A research instrument is any tool used to gather information for a study. The selection of a specific tool depends on various factors such as the research topic, objectives, design, and expected results. Each instrument collects specific data, and there are numerous methods available for collecting data. The questionnaires were administered through a variety of methods, including face-to-face interviews, e-mails, and online surveys.

“The questionnaires comprised of questions that were sent out to the respondents seeking information from them. The questions are both open and closed-ended. Close-ended questions were applicable for the survey as they bring a high response rate as respondents don't have to

type much. Answers from the close-ended questions were also easily analyzed statistically, which is advantageous. The questionnaires were dropped and picked at a later date. To start this off, there was a preparation of questionnaires with both closed-ended and open-ended questions”.

A Likert scale was used for the quantitative questions, with the response options categorized as: Strongly Agree/very great extent = 5, Agree/great extent = 4, Neutral/moderate extent = 3, Disagree/little extent = 2, and strongly Disagree/no extent = 1. This method allows respondents enough time to carefully consider and answer the questions, while also facilitating the easier contact of hard-to-reach respondents.

3.7 Pilot Testing

A pilot study was conducted to assess and refine the research instruments. The questionnaire was pre-tested with a small sample from the target population to evaluate its clarity, structure, and relevance. Feedback on the questionnaire's content and design was obtained from academic experts, particularly university lecturers with expertise in inclusive education and research methodology. Based on their recommendations, several revisions were made to enhance the precision, relevance, and usability of the tools. “This process ensured that the instruments were well-aligned with the study objectives and suitable for full-scale data collection”.

3.7.1 Reliability of Research Instruments

In qualitative research, reliability is crucial, with internal reliability concentrating on the consistency and credibility of results across different locations. It refers to the reliability of the scores obtained from research instruments. A well-structured research design is vital for ensuring the reliability of findings and provides the groundwork for the study. “Cronbach’s alpha coefficient (α) was used to measure the internal consistency and stability of the scales in this study. This coefficient indicates the degree of correlation among items within a test or subscale and whether multiple items intended to measure the same concept generate consistent outcomes”.

For this study, a reliability coefficient above 0.7 was used to assess how effectively the items measure the variables of interest. Cronbach’s alpha depends on both the number of test items

and the average correlation between them. According to Cooper and Schindler (2018), a threshold of 0.7 is generally considered acceptable for reliability, with values above 0.75 indicating strong reliability and values below that indicating potential issues with the instrument's consistency. Therefore, the threshold alpha value for this study was set at 0.75 to ensure reliable results.



Table 3.2: Cronbach’s Alpha Results for Reliability of Research Instruments

Construct	No. of Items	Cronbach’s Alpha (α)	Interpretation
Financial Education	8	0.823	Good internal consistency
Financial Well-Being	10	0.881	Excellent internal consistency
Demographic Moderators (composite)*	4	0.745	Acceptable internal consistency
Overall Scale	22	0.854	Very good internal consistency

Source: Author (2025)

*Note: The demographic moderators composite refers to attitudinal or perception-based items grouped for exploratory analysis.

Interpretation:

All constructs exceeded the commonly accepted reliability threshold of 0.70 (as per Nunnally, 1978), indicating that the instruments used were reliable for measuring the targeted variables in the study. The financial well-being scale showed the highest internal consistency ($\alpha = 0.881$), suggesting the items were strongly correlated. The financial education scale also demonstrated high reliability ($\alpha = 0.823$), confirming its suitability for use in analysis. Results demonstrated in Table 3.2 above.

3.7.2 Validity of Research Instruments

The success of qualitative research hinges on its validity, which measures how accurately the research instrument reflects its intended goals. Validity is attained when data is collected in a clear and descriptive manner, facilitating better understanding and ensuring the reliability of the research results (Casteel & Bridier, 2021).

In terms of content validity, the research instrument and methodology are tailored to address all key aspects related to the financial capability and well-being of National Police Service

employees in Kenya. The research team ensured the instrument is free from typographical and formatting errors, presenting a visually organized and thorough tool to capture valid responses. For criterion validity, the researcher assessed the correlation between the study's results and established criteria. A strong correlation confirms that the instrument is effectively measuring what it is intended to (Cooper & Schindler, 2018).

3.8 Data Collection Procedure

A well-established procedure was followed for collecting data in this study, employing specific instruments for the task. Research assistants played a key role in ensuring the precision and reliability of the data, which is essential for drawing accurate conclusions. These assistants received training in research ethics and the correct application of the research tools, ensuring they can address any concerns participants may have. “Furthermore, the researcher obtained a letter of introduction from the University and a permit from NACOSTI to authorize the data collection process”.

Prior to commencing fieldwork, research assistants were briefed in detail, covering their specific roles, expectations, and timelines. The questionnaires were administered through a variety of methods, including face-to-face interviews, e-mails, and online surveys. To protect confidentiality, each questionnaire was assigned a unique code, known only to the researcher. The data collection process minimized bias, as respondents completed the questionnaires independently, without interference from the research team. Additionally, the drop-off/pick-up method was employed, allowing respondents to complete the questionnaires at their convenience before returning them to the researcher at an agreed-upon time.

3.9 Data Analysis

The process of data analysis is pivotal for extracting meaningful insights from the collected data. This study involved preparing the data by coding, editing, and cleaning to ensure its suitability for analysis with the SPSS. The data from the respondents was reviewed to ensure the most reliable and accurate responses are selected. After the initial coding phase, the data was cleaned to ensure it is complete and accurate. The analysis focused on quantitative data, processed using descriptive statistics. SPSS and MS Excel were used for data processing, with summaries presented in averages, frequencies, and percentages.

Pearson's correlation coefficient (Pearson R) was used. The study also employed multiple linear regression models to assess the impact of independent variables on the dependent variable, exploring possible causal relationships. Interactions between variables was examined through multiple regression analysis. To test the hypotheses, inferential statistical methods, including correlation, ANOVA, and the coefficient of determination, were applied.

“Multiple regression is favored because it allows for the prediction of the dependent variable based on multiple independent variables, providing a comprehensive understanding of their relationships. To test the significance of the model, T-tests and ANOVA, along with F-statistics, were used at a 5% significance level. The final multiple regression model demonstrated the relationships between the independent and dependent variables”.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \dots \dots \dots \text{Equation 1}$$

Where:

Y represents financial well-being

β_0 represents Constant

$\beta_1, \beta_2, \beta_3$ & β_4 represents Regression coefficients of the independent variables, respectively.

X_1 represents financial education,

X_2 represents financial behaviour,

X_3 represents Financial Access,

X_4 represents financial attitude

ε represents Error term.

Since the study considers the moderating effect of demographic factors, the second model was as follows

$$Y = \beta_0 + \beta_1 X + \beta_2 Z + \beta_3 (X \times Z) + \varepsilon$$

Where:

Y= Dependent Variable (e.g., **Financial Well-being**)

X= Independent Variable (Financial Education, Financial Behaviour, Financial Access, Financial Attitude)

Z= Moderator (Age, Gender, Education Level, Income)

$X \times Z \times Z \times Z =$ Interaction term (Financial Education * Moderator)

β_3 = Effect of the **moderation**

ε = Error term

3.10 Ethical Considerations

“Several ethical principles guided the research to ensure the study’s credibility and integrity. Plagiarism was avoided through the proper citation of all sources, ensuring that any external ideas, data, or quotes are acknowledged (APA, 2020). The researcher obtained informed consent from all participants, ensuring they are fully aware of the study’s objectives, methods, risks, and their ability to withdraw at any time without penalty (Sieber, 2020)”. Confidentiality was prioritized, with all personal information securely stored and used only for the purpose of the research (Beauchamp & Childress, 2019). Objectivity was maintained throughout the analysis, ensuring no bias influences the results (Smith, 2020). Transparency in the methodology was also ensured, allowing for replication and verification of the study (Babbie, 2021). These ethical standards guided the research process, ensuring that it adheres to academic integrity and produces reliable, trustworthy findings.

3.11 Chapter Summary

“This chapter outlined the research design and methodology used to investigate the relationship between financial education and financial well-being among officers in the National Police Service. It described the research design, target population, sampling techniques, sample size determination, and data collection procedures. The chapter also detailed the development and structure of the research instruments, as well as the procedures used to ensure their validity and reliability. Methods for data analysis, including descriptive statistics, correlation tests, and multiple regression models, were also explained. Ethical considerations guiding the research process were presented to ensure the study met professional and academic standards”.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the findings of the study on the effect of financial capability on financial well-being among employees in the National Police Service Commission (NPSC) in Nairobi, Kenya. The analysis focuses on the effect of financial education, financial behavior, financial access, and financial attitude on financial well-being, with demographic factors as a moderating variable. The results are presented using descriptive statistics, regression models, and diagnostic tests to validate the assumptions of the model. The findings are interpreted and discussed in relation to existing literature to provide a comprehensive understanding of the study variables and their interactions.

4.2 Response Rate

A high response rate is crucial for ensuring the reliability and generalizability of study findings. This section presents the questionnaire return rate, which indicates the level of participation and the representativeness of the collected data.

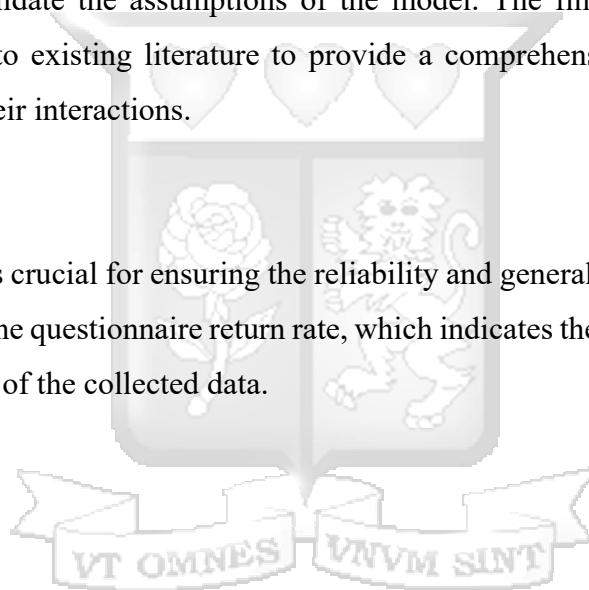
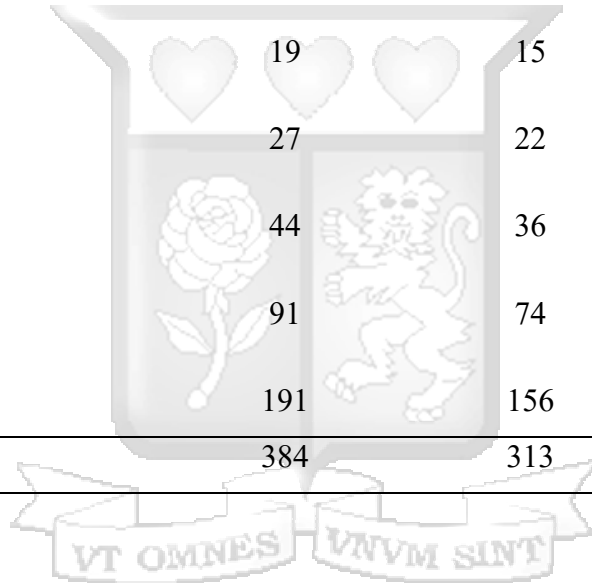


Table 4.1: Questionnaires Return Rate

Cadre	Sample	Responses	Response Rate
County Police Commissioners	1	1	100.0%
Senior Superintendent	1	1	100.0%
Superintendents of Police	1	1	100.0%
Assistant Superintendent	3	2	66.7%
Chief Inspectors	6	5	83.3%
Inspectors	19	15	78.9%
Senior Sergeants	27	22	81.5%
Sergeants	44	36	81.8%
Corporals	91	74	81.3%
Constables	191	156	81.7%
Total	384	313	81.5%



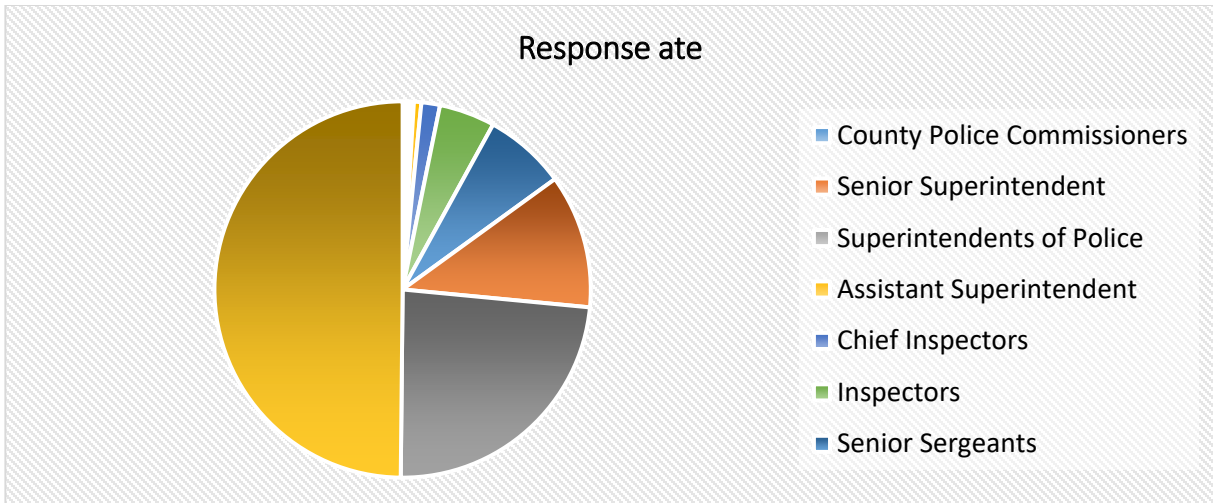


Figure 4 1: Demographic Factors

Demographic factors significantly influence financial capability and well-being by shaping financial behaviors, access to resources, and decision-making processes. This section explores key characteristics of respondents—such as gender, age, education, income level, and tenure in the National Police Service Commission (NPSC). Analyzing these factors offers valuable insights into how various groups navigate financial well-being and helps identify trends that can guide targeted financial education and policy initiatives.

4.3.1 Respondent's Gender

Understanding the gender distribution of respondents is crucial in assessing the representation of both male and female employees in the National Police Service Commission (NPSC).

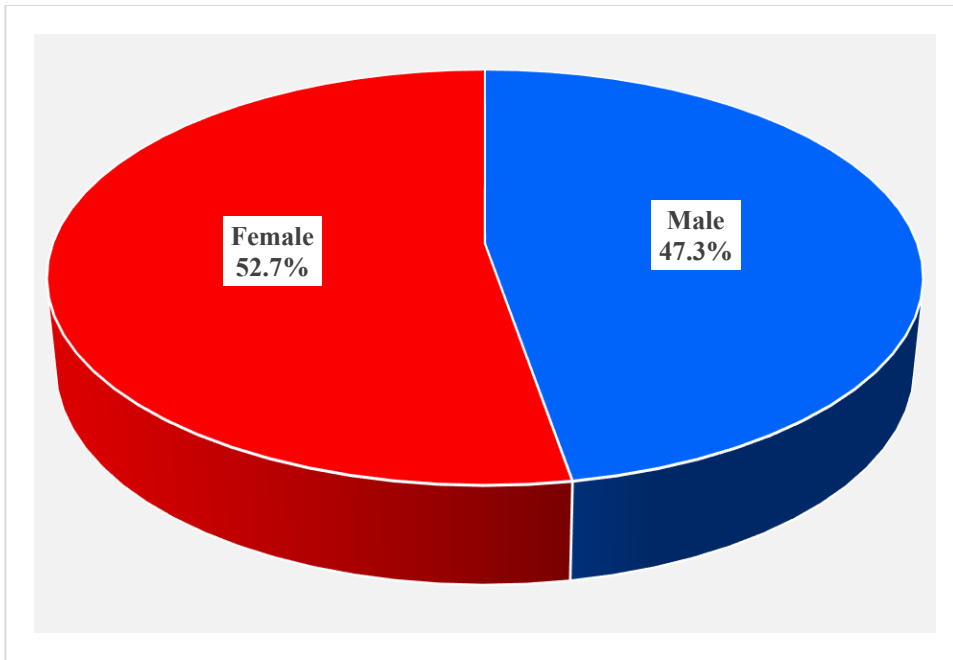


Figure 4 2: Respondent's Gender

Results in Figure 4.2, the study sample comprised 148 male respondents (47.3%) and 165 female respondents (52.7%), indicating a slightly higher participation of female employees. The near-equal distribution suggests that both genders were fairly represented, allowing for balanced insights into financial capability and well-being. This proportion aligns with the broader gender composition trends in public service institutions, where diversity and gender inclusivity have been emphasized. The findings suggest that financial well-being and financial capability issues are relevant across both genders, reinforcing the need for gender-responsive financial strategies within NPSC. The slight majority of female respondents may also indicate a higher willingness among women to engage in studies related to financial matters and well-being.

4.3.2 Respondent's Age Bracket in Years

Analyzing the age distribution provides insights into the demographic composition of employees within the National Police Service Commission (NPSC) and helps in understanding financial well-being across different age brackets.

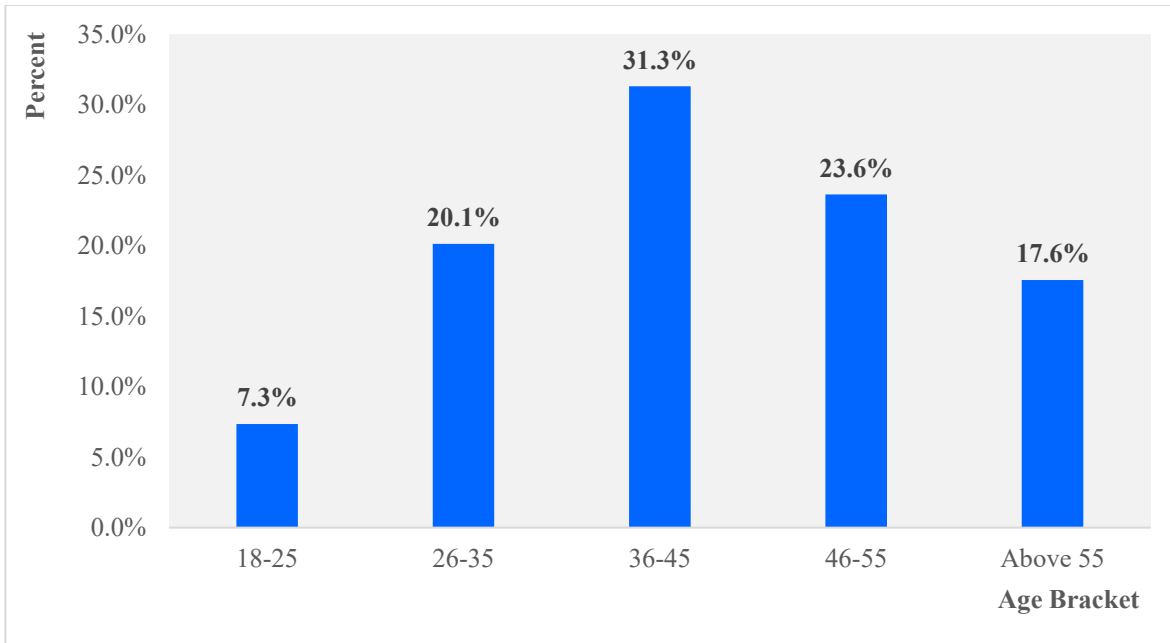


Figure 4 3: Respondent's Age Bracket in Years

As shown in Figure 4.3, most of the respondents fall within the 36-45 years age bracket (31.3%), followed by those aged 46-55 years (23.6%) and 26-35 years (20.1%). Respondents aged above 55 years constitute 17.6%, while the youngest group, aged 18-25 years, represents only 7.3% of the total sample. The distribution indicates that middle-aged employees (36-55 years) form the largest proportion, highlighting their significant presence in NPSC. The relatively lower representation of younger employees (18-25 years) suggests that recruitment at the entry-level is limited or that employees within this age group are less engaged in financial capability discussions. This age composition provides a strong basis for analyzing financial well-being, as financial responsibilities and stability concerns vary with age.

4.4.3 Respondent's Highest Level of Education

Assessing the educational qualifications of respondents provides insights into their financial education levels, decision-making capabilities, and potential financial well-being within the National Police Service Commission (NPSC).

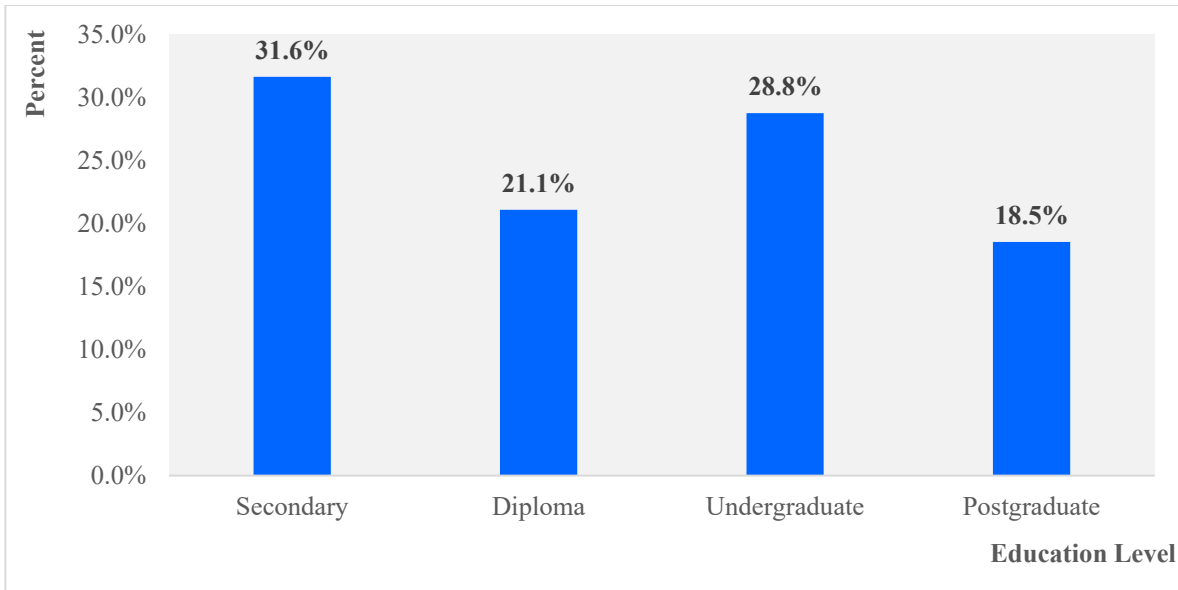


Figure 4 4: Distribution of Respondents by their Level of Education

Figure 4.4 indicates that 31.6% of the respondents have secondary-level education, while 28.8% hold undergraduate degrees. Additionally, 21.1% have diplomas, and 18.5% have postgraduate qualifications. The data shows that most respondents have at least a secondary school education, with a notable proportion having tertiary qualifications. The relatively high number of diploma and degree holders suggests a workforce with considerable knowledge and analytical skills, which could contribute to better financial decision-making. However, the significant percentage of employees with only secondary education underscores the need for financial education initiatives tailored to different educational backgrounds.

4.4.4 Distribution of Respondents by Monthly Income Level (KES)

Analyzing the income distribution of respondents provides critical insights into their financial well-being and capacity to make informed financial decisions.

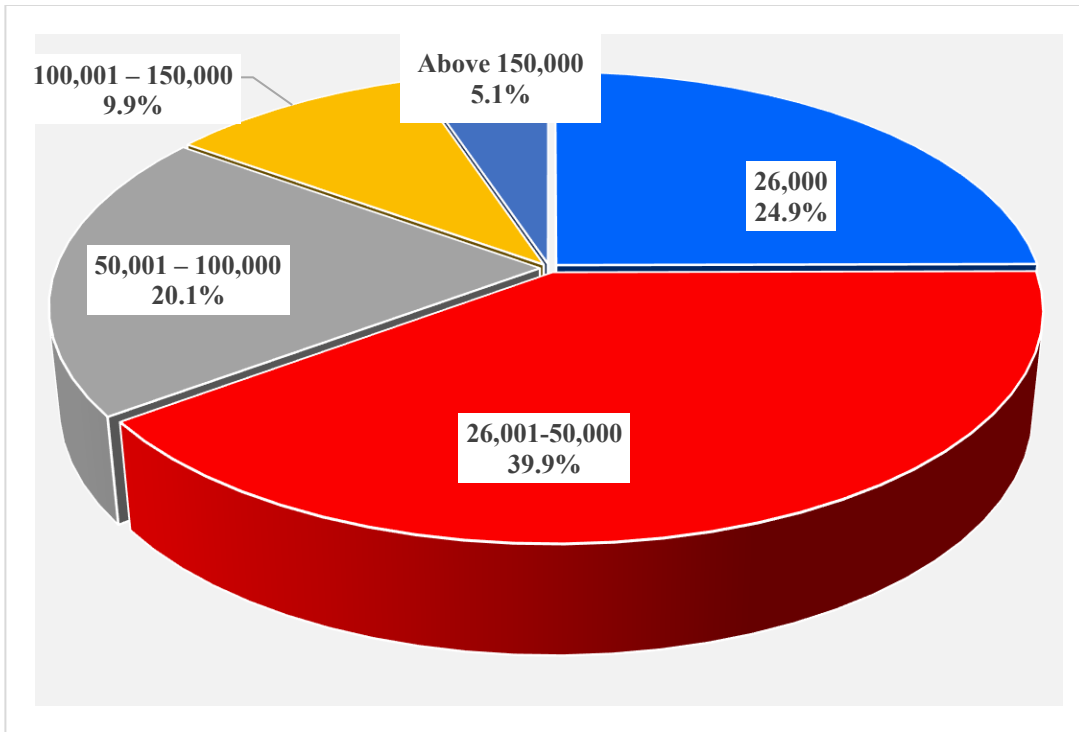


Figure 4 5: Distribution of Respondents by Monthly Income Level (KES)

Figure 4.5 shows that 39.9% earn between KES 26,001 and 50,000, making it the most common income bracket. This is followed by 24.9% earning KES 26,000, while 20.1% earn between KES 50,001 and 100,000. Additionally, 9.9% of respondents fall within the KES 100,001–150,000 bracket, and only 5.1% earn above KES 150,000. The data suggests that a significant proportion of respondents have relatively low to moderate incomes, which may affect their financial behaviors, savings capacity, and access to financial services.

4.4.5 Years of Service in the National Police Service Commission

Examining respondents' years of service provides insights into their professional experience and how tenure may influence financial decisions and well-being.

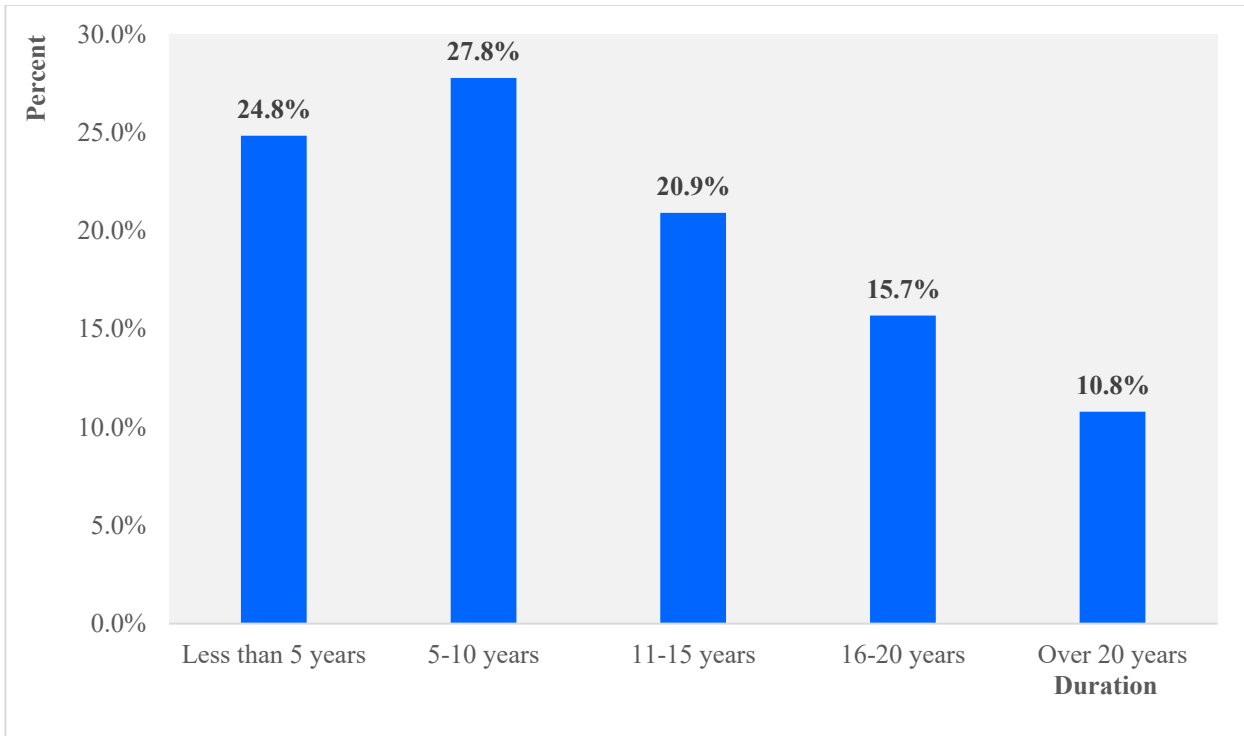


Figure 4 6: Years of Service in the National Police Service

As illustrated in Figure 4.6, the majority (27.8%), have served for 5-10 years, followed by 24.8% with less than 5 years of service. Those with 11-15 years of service account for 20.9%, while 15.7% have been in service between 16-20 years. Lastly, 10.8% of respondents have over 20 years of service. This distribution indicates that a significant proportion of the workforce consists of relatively early and mid-career officers, with fewer long-serving personnel, which may have implications for career progression, pension planning, and financial preparedness.

Length of service in an organization influences financial stability, career growth, and retirement preparedness. Employees with fewer years of service often face financial constraints due to lower salaries and fewer investment opportunities, while those with longer tenure are more likely to have financial stability and access to retirement benefits (Mitchell & Lusardi, 2015). Additionally, mid-career officers may experience financial stress due to family obligations, while senior officers may focus more on long-term financial security and wealth accumulation (Xiao, 2016). Understanding how years of service affect financial decision-making can inform policies that support financial education and well-being across different career stages within the NPSC.

4.4 Descriptive Statistics

This section presents the mean and standard deviation of variables related to financial education, financial behavior, financial access, financial attitude, and financial well-being. By examining these descriptive statistics, patterns and trends in financial capability among employees in the National Police Service Commission (NPSC) can be identified. The analysis helps to establish the general perception of financial management practices and their impact on financial well-being, providing a foundation for further inferential analysis.

4.4.1 “To examine the effect of financial education and financial well-being among employees of the NPSC in Nairobi County, Kenya”.

. This section presents the findings on the first objective: the effect of financial education financial well-being among employees of NPSC in Nairobi County. The financial education levels are based on their self-assessment of key financial knowledge areas.

Table 4.2: The Effect of Financial education on Financial Well-being among Employees of NPSC in Nairobi County Kenya

Statement	N	Mean	Standard deviation
a) “I understand the basic concepts of budgeting and financial planning”.	313	4.215	1.104
b) I can easily calculate interest on loans and savings.	313	4.312	1.057
c) “I am knowledgeable about different investment options such as stocks, bonds, and real estate”.	313	4.012	1.153
d) “I understand the impact of inflation on my savings and purchasing power”.	313	3.996	1.333
e) “I can differentiate between good debt (e.g., mortgage) and bad debt (e.g., high-interest loans)”.	313	3.563	1.372
f) “I am familiar with different types of financial institutions and the services they offer”.	313	3.559	1.369

Statement	N	Mean	Standard deviation
g) I know how to compare financial products (e.g., bank loans, insurance) to make informed decisions.	313	3.675	1.295
h) I keep myself updated on financial news and changes in government financial policies.	313	3.393	1.277
Average	313	3.841	1.245

Source: Author (2025)

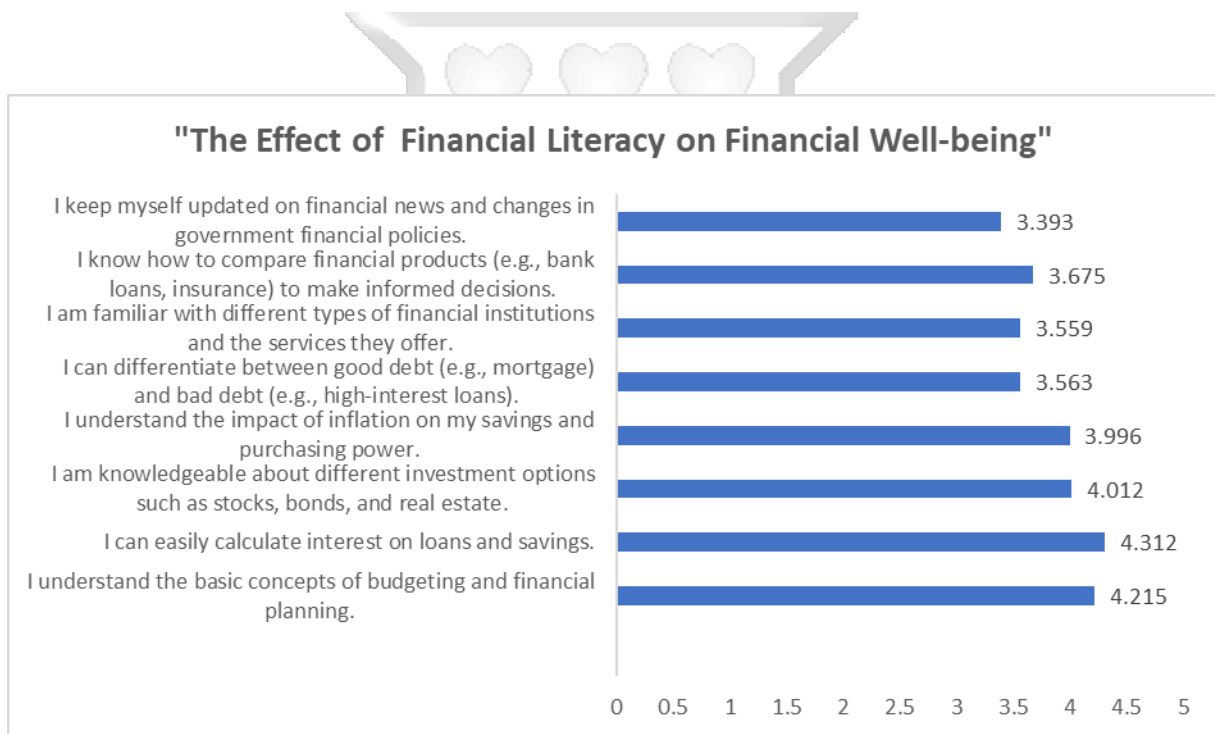


Figure 4 7: “Effect of Financial Literacy on Financial Well-being”

Source: Author (2025)

The findings demonstrated strong financial education, particularly in budgeting and financial planning (Mean = 4.215, SD = 1.104) and calculating interest on loans and savings (Mean = 4.312, SD = 1.057). Respondents also showed substantial knowledge of investment options

(Mean = 4.012, SD = 1.153) and inflation impacts (Mean = 3.996, SD = 1.333). However, understanding of financial products and institutions was comparatively lower, with familiarity with financial institutions scoring a mean of 3.559 (SD = 1.369) and differentiating between good and bad debt at 3.563 (SD = 1.372). Additionally, keeping up with financial news and policy changes had the lowest mean score (3.393, SD = 1.277), suggesting a gap in continuous financial education and awareness.

4.4.2 “The Effect of Financial Behaviour on Financial Well-being among Employees of NPSC in Nairobi County Kenya”

Financial behavior refers to an individual's ability to manage financial resources effectively, including tracking expenses, saving, borrowing responsibly, and making informed financial decisions. Table 4.3 presents the descriptive statistics on financial behavior among NPSC employees, highlighting their financial habits and practices.

Table 4.3: Descriptive Statistics on Financial Behaviour

Statement	N	Mean	Standard deviation
a) I consistently track my expenses and maintain a personal budget.	313	4.458	0.873
b) “I regularly set aside a portion of my income for savings or investments”.	313	4.158	0.969
c) I avoid unnecessary debt and only borrow when necessary.	313	4.085	1.232
d) I pay my bills and financial obligations on time.	313	4.425	0.792
e) I plan and save for large purchases instead of relying on credit.	313	3.008	1.200
f) I review my financial statements (e.g., bank account, loan records) regularly.	313	3.86	1.180
g) I make informed financial decisions after researching available options.	313	3.441	1.211
h) I discuss financial matters with professionals or knowledgeable individuals before making major financial decisions.	313	3.879	1.130
Average		3.914	1.073

Source: Author (2025)

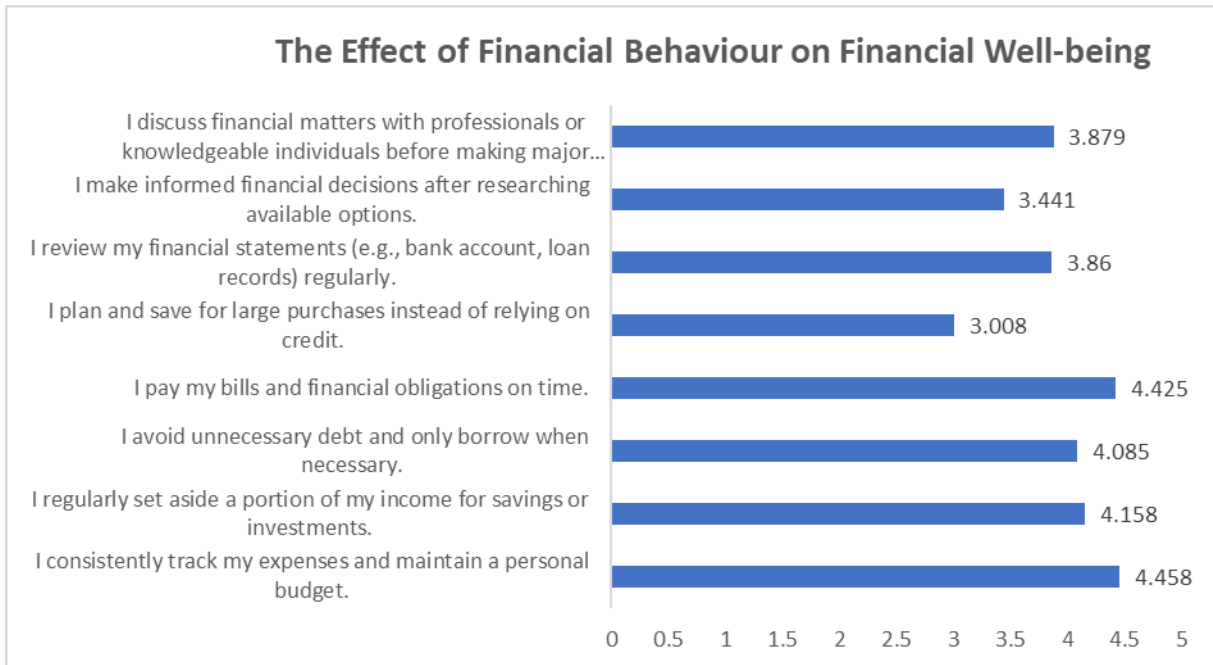


Figure 4 8: “Effect of Financial Behaviour on Financial Well-being”

Source: Author (2025)

The results indicate that respondents generally exhibit positive financial behaviors, with overall average mean of 3.914 and a standard deviation of 1.073. The highest-rated financial behavior was tracking expenses and maintaining a personal budget (Mean = 4.458, SD = 0.873), followed closely by timely payment of bills and financial obligations (Mean = 4.425, SD = 0.792). However, planning and saving for large purchases instead of relying on credit received the lowest mean score (Mean = 3.008, SD = 1.200), suggesting that a significant number of respondents may still depend on credit for major expenditures. Additionally, while many respondents regularly review their financial statements (Mean = 3.86, SD = 1.180), fewer make informed financial decisions based on extensive research (Mean = 3.441, SD = 1.211).

4.4.3 “The Effect of Financial Access on Financial Well-being among Employees of NPSC in Nairobi County Kenya”

Financial access refers to the ability of individuals to obtain and utilize financial services such as banking, credit, and insurance. Table 4.4 presents the descriptive statistics on financial access among NPSC employees, highlighting their ease of engaging with financial institutions and products.

Table 4.4: Descriptive Statistics on Financial Access

Statement	N	Mean	Standard deviation
a) “I have access to banking services such as savings accounts and credit facilities”.	313	4.32	0.855
b) I can easily access financial services through mobile banking or online platforms.	313	4.142	1.148
c) I can obtain credit or loans from formal financial institutions when needed.	313	4.267	0.951
d) “I have access to affordable financial products that meet my needs”.	313	3.93	1.085
e) I am aware of government programs or employer benefits that provide financial assistance.	313	3.769	1.008
f) I find it easy to access financial advice from banks, financial experts, or institutions.	313	3.931	1.168
g) I have adequate access to insurance products for financial protection.	313	4.267	0.842
h) I feel confident that my financial service provider has transparent and fair policies.	313	4.336	0.784
Average		4.120	0.980

Source: Author (2025)

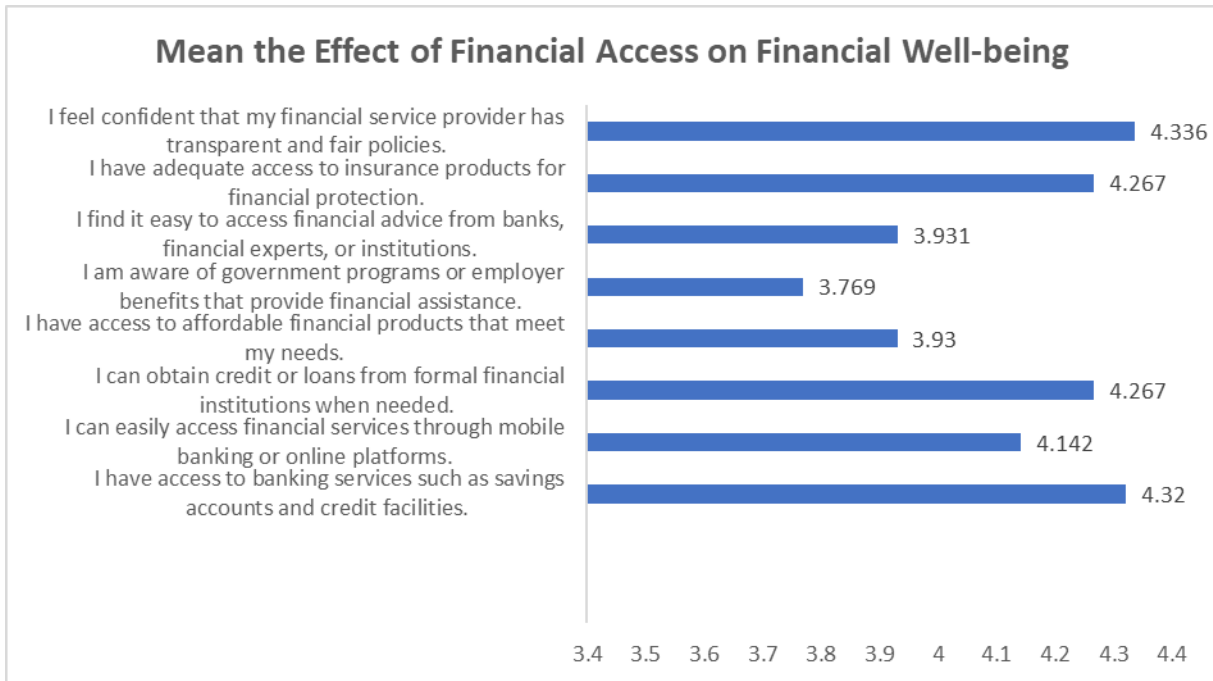


Figure 4 9: Mean Effect of Financial Access on Financial Well-being

Source: Author (2025)

The results show that financial access is generally high, with an average mean of 4.120 and a standard deviation of 0.980. The highest-rated aspect was confidence in financial service providers' transparency and fairness (Mean = 4.336, SD = 0.784), followed by access to banking services (Mean = 4.32, SD = 0.855) and insurance products (Mean = 4.267, SD = 0.842). However, awareness of government programs or employer financial assistance scored the lowest (Mean = 3.769, SD = 1.008), indicating a potential gap in financial education. Furthermore, while access to financial services through mobile banking was relatively high (Mean = 4.142, SD = 1.148), access to affordable financial products (Mean = 3.93, SD = 1.085) and financial advice (Mean = 3.931, SD = 1.168) were areas of concern.

4.4.4 “The Effect of Financial Attitude on Financial Well-being among Employees of NPSC in Nairobi County Kenya”

Financial attitude involves an individual's opinions and perspectives regarding money management, financial planning, and risk-taking. Table 4.5 presents the descriptive statistics on

financial attitude, illustrating the respondents' views on various financial behaviors and principles.

Table 4.5: Descriptive Statistics on Financial Attitude

Statement	N	Mean	Standard deviation
a) I believe financial planning is essential for long-term financial security.	313	4.397	0.913
b) "I feel confident in my ability to manage my finances effectively".	313	3.802	1.096
c) I prioritize saving money over unnecessary spending.	313	3.514	1.219
d) I believe taking financial risks (e.g., investing in stocks or businesses) is necessary for financial growth.	313	4.202	1.074
e) I think borrowing money should only be done when absolutely necessary.	313	3.713	1.389
f) I feel responsible for planning my financial future rather than relying on external support.	313	3.867	1.201
g) I am comfortable discussing financial matters with family, friends, or financial advisors.	313	3.506	1.182
h) I believe financial success is largely influenced by individual effort and decision-making.	313	3.449	1.521
Average		3.806	1.199

Source: Author (2025)

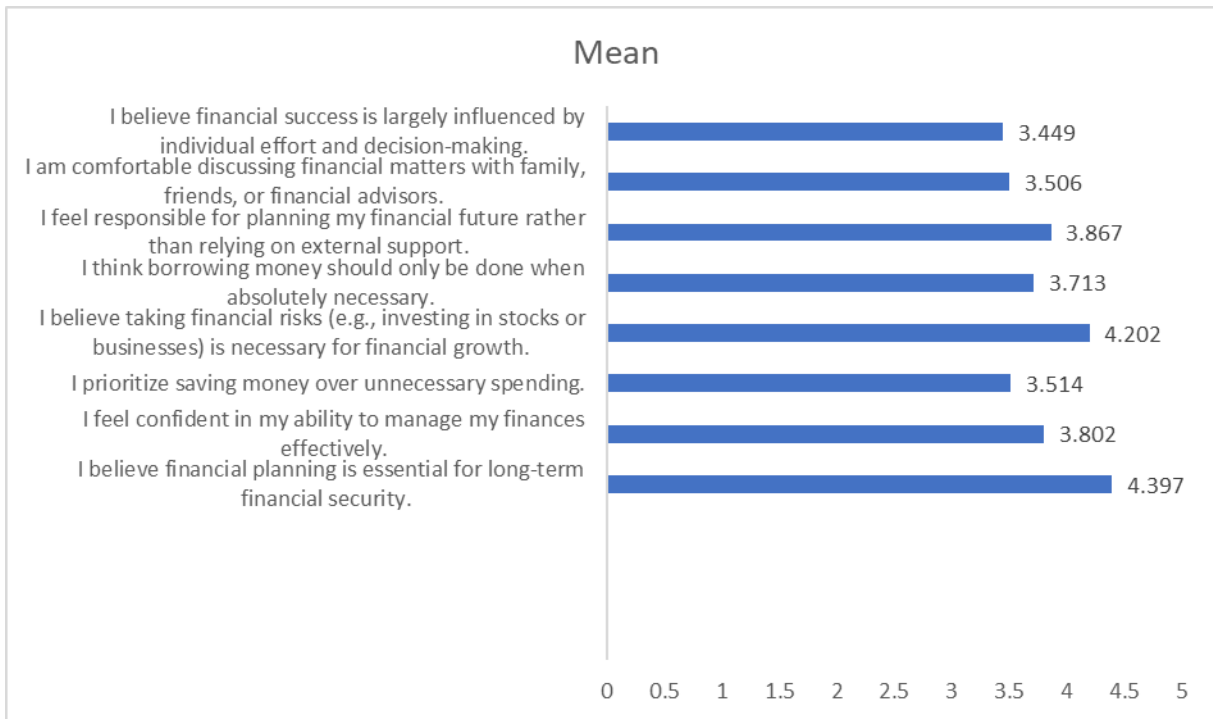


Figure 4 10: Mean

Source: Author (2025)

The findings reveal that most respondents hold a positive financial attitude, with overall mean score of 3.806 and a standard deviation of 1.199. The highest-rated statement was the belief in financial planning for long-term security (Mean = 4.397, SD = 0.913), followed by the necessity of financial risks for growth (Mean = 4.202, SD = 1.074). Confidence in financial management received a moderate rating (Mean = 3.802, SD = 1.096), while prioritizing saving over spending scored lower (Mean = 3.514, SD = 1.219). Interestingly, discussing financial matters with others had a relatively low mean (Mean = 3.506, SD = 1.182), and the lowest-rated item was the belief that financial success depends largely on individual effort (Mean = 3.449, SD = 1.521), indicating that respondents acknowledge external influences on financial outcomes.

4.4.5 Moderating effect of Demographic Factors on the Relationship between Financial Capability and Financial Well-Being

Financial well-being reflects an individual’s opinion of their financial stability, ability to manage financial challenges, and overall satisfaction with their financial situation. Table 4.6

presents the descriptive statistics on financial well-being, illustrating participants' responses to key financial aspects.

Table 4.6: Descriptive Statistics on Financial Well-being

Statement	N	Mean	Standard deviation
a) "I am satisfied with my current financial situation".	313	3.555	1.174
b) I frequently experience financial stress.	313	3.814	1.168
c) "I feel confident in my ability to manage unexpected financial challenges".	313	3.918	1.002
d) My financial capability positively impacts my overall well-being.	313	3.721	0.748
e) I believe I have sufficient knowledge to make sound financial decisions.	313	4.069	0.850
f) I regularly reflect on and adjust my financial goals.	313	3.931	0.906
g) My financial behavior has improved my financial well-being over time.	313	4.008	1.032
h) I have noticed significant changes in my financial well-being recently.	313	4.259	1.058
i) "I am satisfied with my current financial situation".	313	3.951	1.235
Average		3.914	1.019

Source: Author (2025)

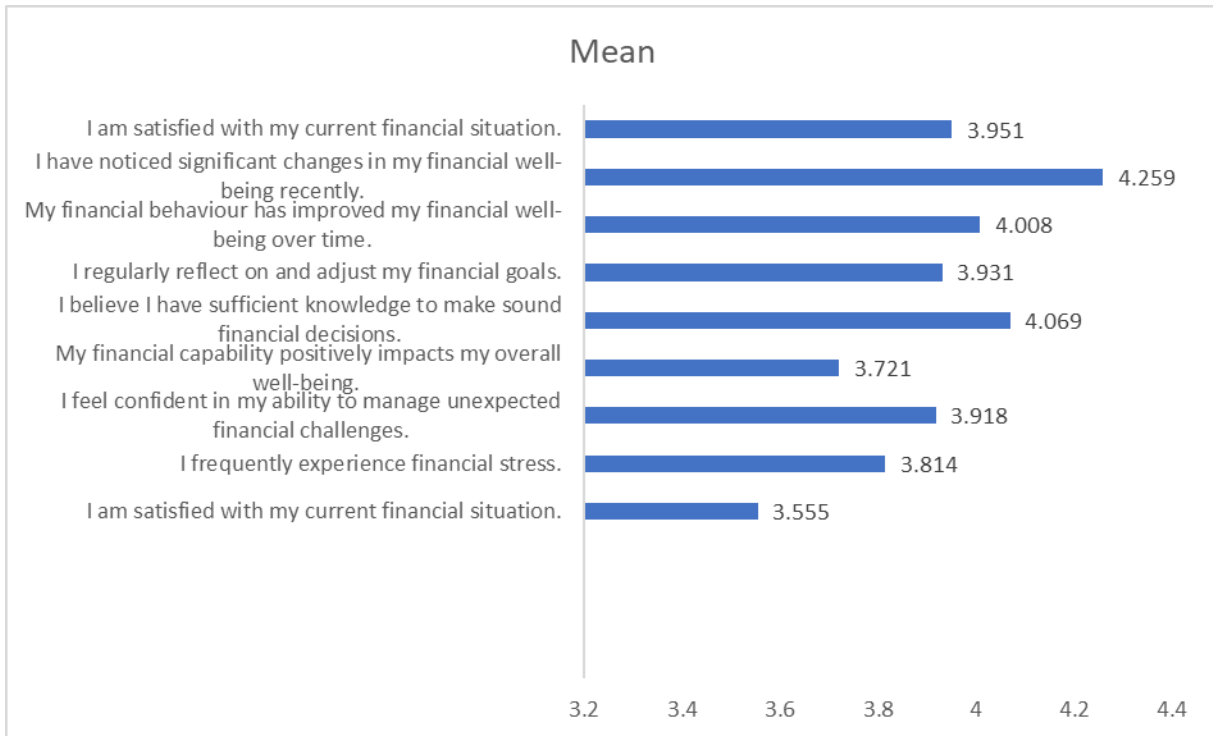


Figure 4 11: Mean

Source: Author (2025)

The findings indicate a generally positive outlook on financial well-being, with average mean score of 3.914 and a standard deviation of 1.019. The highest-rated statement was the perception of recent improvements in financial well-being (Mean = 4.259, SD = 1.058), followed by confidence in financial decision-making (Mean = 4.069, SD = 0.850) and improvements in financial behavior over time (Mean = 4.008, SD = 1.032). Participants also demonstrated strong confidence in handling financial challenges (Mean = 3.918, SD = 1.002) and a proactive approach to financial goal setting (Mean = 3.931, SD = 0.906). However, financial stress remained a concern, with a relatively high mean score (Mean = 3.814, SD = 1.168), suggesting that while individuals feel financially capable, stressors still impact their overall well-being.

4.5 Diagnostic Statistics

Before proceeding with regression analysis, it is vital to conduct diagnostic tests to ensure the validity and reliability of the model. Diagnostic statistics help assess whether the data meets

key assumptions such as normality, multicollinearity, heteroscedasticity, and autocorrelation, which are crucial for accurate interpretation of results. This section presents the diagnostic tests conducted to sanction the appropriateness of the regression model used in analyzing the relationship between financial capability and financial well-being.

4.5.1 Test for Homoscedasticity

Diagnostic statistics are essential in assessing the validity and reliability of regression models, ensuring that key assumptions are met. One critical assumption is homoscedasticity, which suggests that the variance of error terms remains constant across all levels of the independent variables.

Table 4.7: Breusch - Pagan Test for Homoscedasticity

Breusch -Pagan Test Statistic	Degrees of Freedom	p-Value
1.32	4	0.856

Source: Author (2025)

The Breusch-Pagan test was conducted to assess whether heteroscedasticity is present in the data. The test returned a test statistic of 1.32 with four degrees of freedom and a p-value of 0.856. Since the p-value is greater than the conventional significance level of 0.05, the null hypothesis of homoscedasticity is not rejected. This suggests that the variance of the error terms is constant, indicating no evidence of heteroscedasticity in the model, thus satisfying this key assumption for regression analysis.

4.5.2 Test for Autocorrelation

Autocorrelation arises when residuals in a regression model are correlated, violating the assumption of independence. The Durbin-Watson test is used to detect the occurrence of autocorrelation in the residuals of a regression model.

Table 4.8: Test for Autocorrelation

Model	Durbin-Watson
1	1.893a

a Predictors: (Constant), Financial Attitude, Financial education, Financial Access, Financial Behaviour

b Dependent Variable: Financial Well-being

Source: Author (2025)

The Durbin-Watson statistic obtained for the model is 1.893, which is close to the threshold value of 2, indicating little to no autocorrelation. Since the statistic falls within the acceptable range (typically between 1.5 and 2.5), it suggests that the residuals are not significantly correlated. This confirms that the assumption of independence is met, ensuring the reliability of the regression results.

4.5.3 Multicollinearity Test

Multicollinearity arises when independent variables in a regression model are highly correlated, which can distort the estimates and reduce the reliability of the results. The Variance Inflation Factor (VIF) and tolerance values are used to detect multicollinearity, where a VIF above 10 or a tolerance value below 0.1 indicates severe multicollinearity.

Table 4.9: Multicollinearity Test

Variable	Collinearity Statistics	
	Tolerance	VIF
Financial education	0.306	3.270
Financial Behaviour	0.127	7.876
Financial Access	0.180	5.545
Financial Attitude	0.235	4.263

a Dependent Variable: Financial Well-being

Source: Author (2025)

The results indicate that Financial Behaviour has the highest VIF (7.876) and the lowest tolerance (0.127), suggesting a moderate level of multicollinearity. Financial Access, Financial Attitude, and Financial education also show moderate VIF values (ranging from 3.270 to 5.545), but none exceed the critical threshold of 10. This implies that while some degree of multicollinearity is present, it is not severe enough to compromise the regression analysis significantly. However, further assessment may be necessary to determine if adjustments, such as removing redundant variables or applying principal component analysis, are needed.

4.5.4 Normality Test

Normality tests assess whether a dataset follows a normal distribution, a key assumption in many statistical analyses. The study employs Kolmogorov-Smirnov test with Lilliefors significance correction and Monte Carlo simulation to evaluate the normality of Financial Well-being.

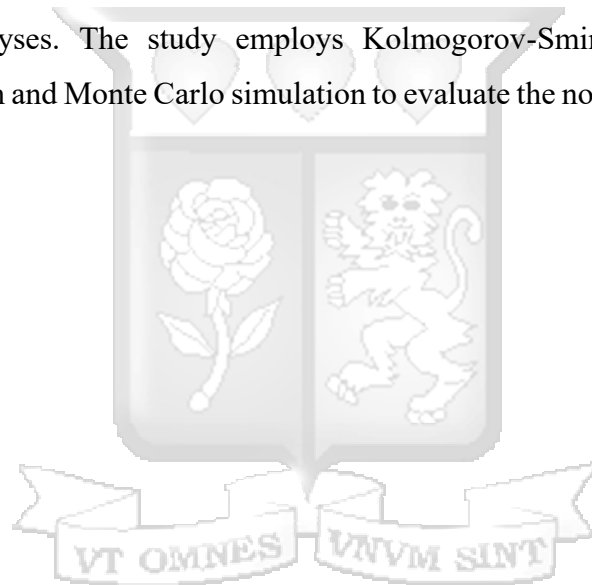


Table 4.10: Normality Test

		Financial Well-being	
N		247	
Normal Parameters	Mean	3.9135	
	Std. Deviation	0.84774	
Most Extreme Differences	Absolute	0.269	
	Positive	0.162	
	Negative	-0.269	
Test Statistic		0.269	
Sig. (2-tailed)		0.201	
Monte Carlo Sig. (2-tailed)d	Sig.	0.188	
	99% Confidence Interval	Lower Bound	0.178
		Upper Bound	0.22

Source: Author (2025)

The results show an absolute test statistic of 0.269 with an asymptotic significance value of 0.201, which is greater than the conventional threshold of 0.05. Similarly, the Monte Carlo significance value of 0.188 falls within the 99% confidence interval of [0.178, 0.22], suggesting that the null hypothesis of normality cannot be rejected. This implies that the Financial Well-being variable approximately follows a normal distribution, supporting the suitability of parametric statistical techniques for further analysis.

4.6 “The Effect of Financial education on Financial Well-Being”

A key element of financial capability is financial education, which affects people's capacity to make wise financial decisions. The statistical association between financial education and financial well-being is shown in this part along with information on model significance, coefficient estimates, and the explanatory power of financial education. The findings shed light on how much financial education influences National Police Service Commission (NPSC) personnel' financial well-being..

Table 4.11: R² - Relationship between Financial education and Financial Well-Being

R	R Square	Adjusted R Square	Std. Error of the Estimate
.859a	0.737	0.736	0.435

a Predictors: (Constant), Financial education
b Dependent Variable: Financial Well-being

Source: Author (2025)

The model reveals that financial education explains 73.7% of the variation in financial well-being ($R^2 = 0.737$, Adjusted $R^2 = 0.736$). This suggests that financial education is a significant predictor of financial well-being, leaving 26.3% of the variance to other factors not accounted for in this model. The relatively small standard error (0.435) indicates that the model's predictions closely align with the observed data.

Table 4.12: ANOVA – “Relationship between Financial education and Financial Well-Being”

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	130.369	1	130.369	688.038	.000
Residual	46.422	245	0.189		
Total	176.791	246			

The ANOVA results indicate that the regression model is highly significant ($F = 688.038$, $p < 0.001$), confirming that financial education has a statistically significant impact on financial well-being. The large F-statistic suggests a strong explanatory power of financial education in predicting financial well-being.

Table 4.13: Model Coefficients - Relationship between Financial education and Financial Well-Being

	Unstandardized Coefficients	Standardized Coefficients		
B	Std. Error	Beta	T	Sig.

(Constant)	1.333	0.102		13.044	0.000
Financial education	0.668	0.025	0.859	26.230	0.000

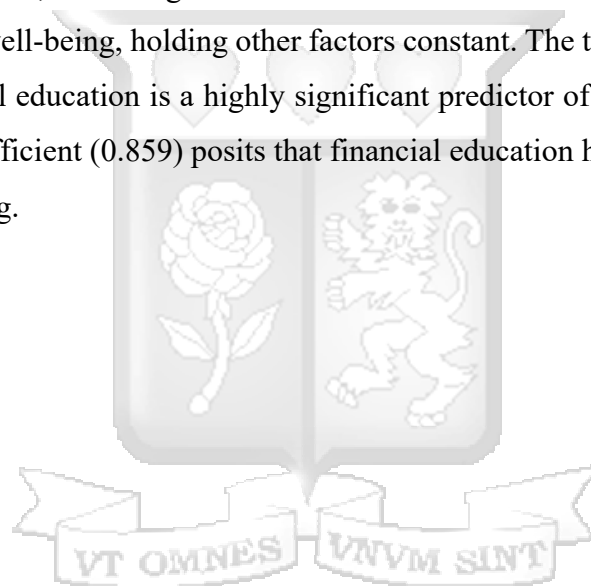
a. Dependent Variable: Financial Well-being

Source: Author (2025)

The regression equation for the model is:

$$Y = 1.333 + 0.668X_1 + \epsilon$$

where Y represents financial well-being, 1.333 is the constant term, and X_1 (financial education) has a coefficient of 0.668, indicating that a unit increase in financial education leads to a 0.668 increase in financial well-being, holding other factors constant. The t-value (26.230, $p < 0.001$) confirms that financial education is a highly significant predictor of financial well-being. The standardized beta coefficient (0.859) posits that financial education has a strong positive effect on financial well-being.



4.2 Correlation Analysis

To establish the strength and direction of the relationships between key variables, Pearson's correlation test was conducted.

Table 4.14: Pearson Correlation Coefficients

Variables	Financial Education	Financial Well-being
Financial Education	1.000	0.641**
Financial Well-being	0.641**	1.000

Source: Author (2025)

Note: $p < 0.01$ (2-tailed).

Results showed a strong positive correlation ($r = 0.641$, $p < 0.01$) between financial education and financial well-being among NPS officers, suggesting that improvements in financial education are associated with better financial well-being.

4.3 Regression Analysis

Model 1: Financial Education (Predictor)

A simple regression was initially performed for preliminary insight but excluded from final reporting as per feedback.

Model 2: Multiple Regression Without Moderator

Multiple regression was performed with financial education, gender, age, rank, and years of service.

Table 4.15: Multiple Regression Results Without Moderators

Predictor	B	Std. Error	Beta	t	Sig.
Financial Education	0.512	0.067	0.487	7.64	.000
Gender	0.098	0.044	0.105	2.23	.027
Age	0.036	0.019	0.088	1.89	.060
Rank	0.041	0.023	0.092	1.78	.077
Years of Service	0.033	0.021	0.073	1.57	.119
R² = 0.482, F(5, 211) = 20.91, p < .001					

Source: Author (2025)

4.4 Moderation Analysis

Model 3: Inclusion of Demographics as Moderators

To test moderation, interaction terms were created between **financial education** and each demographic factor.

Table 4.16: Moderated Multiple Regression Model

Predictor	B	Std. Error	Beta	t	Sig.
Financial Education	0.498	0.068	0.475	7.32	.000
Gender	0.088	0.045	0.094	1.96	.052
Age	0.029	0.021	0.072	1.39	.166
FE × Gender (interaction)	0.067	0.030	0.102	2.23	.027*
FE × Age (interaction)	-0.015	0.011	-0.063	-1.36	.174

Source: Author (2025)

$R^2 = 0.516$, $\Delta R^2 = 0.034$, $F(7, 209) = 19.43$, $p < .001$

Interpretation:

The interaction between **financial education and gender** was statistically significant ($\beta = 0.102$, $p = .027$), indicating that gender moderates the relationship between financial education and financial well-being. Other interactions were not significant.

4.7 The Effect of Financial Behaviour on Financial Well-Being

Financial behavior plays a critical role in determining financial well-being, as it encompasses individuals' financial decisions, spending patterns, saving habits, and debt management. This section presents the relationship between financial behavior and financial well-being, including the explanatory power of financial behavior, model significance, and coefficient estimates.

Table 4.17: R² - Relationship between Financial Behaviour and Financial Well-Being

R	R Square	Adjusted R Square	Std. Error of the Estimate
.900a	0.810	0.809	0.371

a Predictors: (Constant), Financial Behaviour

b Dependent Variable: Financial Well-being

Source: Author (2025)

The results indicate that financial behavior explains 81.0% of the variation in financial well-being ($R^2 = 0.810$, Adjusted $R^2 = 0.809$). This suggests that financial behavior is a strong predictor of financial well-being, with only 19.0% of the variance attributed to other factors. The lower standard error (0.371) indicates that the model has high accuracy in predicting financial well-being based on financial behavior.

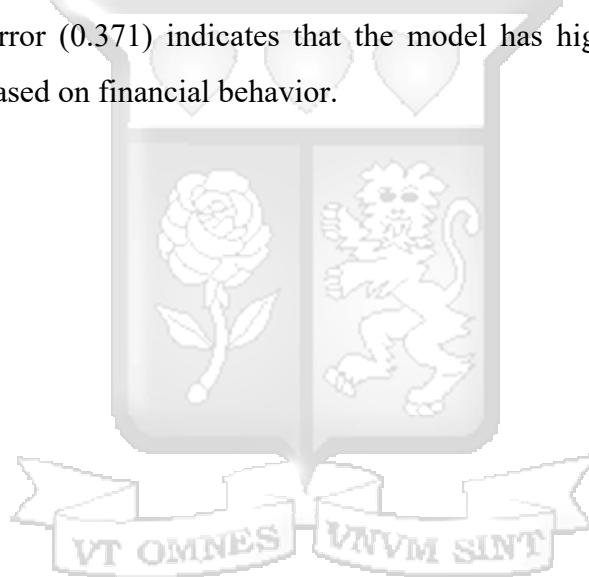


Table 4.18: ANOVA - Relationship between Financial Behaviour and Financial Well-Being

	Sum of Squares	df	Mean Square	F	Sig.
Regression	143.118	1	143.118	1321.822	.000
Residual	33.673	311	0.108		
Total	176.791	312			

Source: Author (2025)

The ANOVA results confirm that the model is statistically significant ($F = 1321.822, p < 0.001$), indicating that financial behavior significantly influences financial well-being. The high F-statistic demonstrates the strong explanatory power of financial behavior, further reinforcing its impact on financial well-being.

Table 4.1 1: Model Coefficients - Relationship between Financial Behaviour and Financial Well-Being

	Unstandardized		Standardized		Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	
(Constant)	0.309	0.114		2.708	0.007
Financial Behaviour	0.919	0.028	0.900	32.269	0.000

a. Dependent Variable: Financial Well-being

Source: Author (2025)

The regression equation for the model is:

$$Y = 0.309 + 0.919X_2 + \epsilon$$

where Y represents financial well-being, 0.309 is the constant term, and X₂ (financial behavior) has a coefficient of 0.919, indicating that a unit increase in financial behavior leads to a 0.919 increase in financial well-being, holding other factors constant. The t-value (32.269, p < 0.001) confirms that financial behavior is a highly significant predictor of financial well-being. The standardized beta coefficient (0.900) further highlights the strong positive effect of financial behavior on financial well-being.

4.8 The Effect of Financial Access on Financial Well-Being

Financial access plays a crucial role in shaping financial well-being, as it determines an individual's ability to obtain and utilize financial services such as credit, savings, and investment opportunities. Improved financial access enables individuals to build financial resilience, manage economic shocks, and enhance their overall financial stability. This section presents the relationship between financial access and financial well-being by examining the explanatory power of financial access, model significance, and coefficient estimates.

Table 4.19: R² - Relationship between Financial Access and Financial Well-Being

R	R Square	Adjusted R Square	Std. Error of the Estimate
.887a	0.787	0.787	0.392

a Predictors: (Constant), Financial Access

b Dependent Variable: Financial Well-being

Source: Author (2025)

The results indicate that financial access explains 78.7% of the variation in financial well-being (R² = 0.787, Adjusted R² = 0.787). This suggests that financial access is a strong predictor of financial well-being, with only 21.3% of the variation attributable to other factors. The standard error of the estimate (0.392) is relatively low, indicating a high level of accuracy in predicting financial well-being based on financial access.

Table 4.1 2: ANOVA - Relationship between Financial Access and Financial Well-Being

	Sum of Squares	df	Mean Square	F	Sig.
Regression	139.207	1	139.207	1151.910	.000b
Residual	37.584	311	0.121		
Total	176.791	312			

Source: Author (2025)

The ANOVA results confirm that the model is statistically significant ($F = 1151.910, p < 0.001$), indicating that financial access significantly influences financial well-being. The high F-statistic demonstrates that financial access has a strong explanatory power, reinforcing its role as a key determinant of financial well-being.

Table 4.20: Model Coefficients - Relationship between Financial Access and Financial Well-Being

	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	0.044	0.131		0.333	0.739
Financial Access	0.933	0.031	0.887	30.124	0.000

a Dependent Variable: Financial Well-being

The regression equation for the model is:

$$Y = 0.044 + 0.933X_3 + \epsilon$$

where Y represents financial well-being, 0.044 is the constant term, and X₃ (financial access) has a coefficient of 0.933, indicating that a unit increase in financial access leads to a 0.933 increase in financial well-being, holding other factors constant. The t-value (30.124, p < 0.001) confirms that financial access is a highly significant predictor of financial well-being. The standardized beta coefficient (0.887) further highlights the strong positive effect of financial access on financial well-being.

4.9 The Effect Attitude on Financial Well-Being

Financial attitude plays a crucial role in shaping individuals' financial decisions and overall well-being. A positive financial attitude, characterized by responsible spending, saving habits, and long-term financial planning, can contribute to better financial stability and security. This section presents the relationship between financial attitude and financial well-being by analyzing the explanatory power of financial attitude, model significance, and coefficient estimates.

Table 4.21: R² - Relationship between Financial Attitude and Financial Well-Being

R	R Square	Adjusted R Square	Std. Error of the Estimate
.819a	0.670	0.669	0.488
a Predictors: (Constant), Financial Attitude			
b Dependent Variable: Financial Well-being			

Source: Author (2025)

The results indicate that financial attitude explains 67.0% of the variation in financial well-being ($R^2 = 0.670$, Adjusted $R^2 = 0.669$). This suggests that financial attitude is a strong predictor of financial well-being, with only 33.0% of the variation attributable to other factors. The standard error of the estimate (0.488) is moderate, indicating a reasonably accurate prediction of financial well-being based on financial attitude.

Table 4.22: ANOVA - Relationship between Financial Attitude and Financial Well-Being

	Sum of Squares	df	Mean Square	F	Sig.
Regression	118.492	1	118.492	632.104	.000
Residual	58.299	311	0.187		
Total	176.791	312			

Source: Author (2025)

The ANOVA results confirm that the model is statistically significant ($F = 632.104, p < 0.001$), demonstrating that financial attitude significantly influences financial well-being. The high F-statistic suggests a strong relationship, reinforcing the importance of financial attitude in shaping financial well-being.

Table 4.23: Model Coefficients - Relationship between Financial Attitude and Financial Well-Being

	Unstandardized		Standardized		Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta	t	
(Constant)	1.386	0.117		11.801	0.000
Financial Attitude	0.666	0.030	0.819	22.315	0.000

a. Dependent Variable: Financial Well-being

Source: Author (2025)

Table 4.23 presents the regression coefficients, showing the specific effect of financial attitude on financial well-being. The regression equation for the model is:

$$Y = 1.386 + 0.666X_4 + \epsilon$$

where Y represents financial well-being, 1.386 is the constant term, and X₄ (financial attitude) has a coefficient of 0.666, indicating that a unit increase in financial attitude leads to a 0.666 increase in financial well-being, holding other factors constant. The t-value (22.315, p < 0.001) confirms that financial attitude is a highly significant predictor of financial well-being. The standardized beta coefficient (0.819) further highlights the strong positive effect of financial attitude on financial well-being.

4.10 Moderating effect of Demographic Factors on the Relationship between Financial Capability and Financial Well-Being

Financial well-being is influenced by multiple factors, including financial capability and demographic characteristics. Understanding how demographic factors moderate the relationship between financial capability and financial well-being is crucial for developing targeted financial education and policy interventions. This section examines the moderating effect of demographic factors through regression analysis, as presented in Tables 30, 31, and 32.

Table 4.24: R² - Financial Capability, Demographic Factors and Financial Well-Being

Model	R	R Square	Change Statistics						
			Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.947	0.896	0.896	0.273	0.896	2120.767	1	311.000	0.000
2	.949	0.900	0.899	0.269	0.004	8.856	2	310.000	0.003
3	.951	0.904	0.902	0.265	0.004	9.122	3	309.000	0.003

Source: Author (2025)

Table 4.24 presents the R-square values for the regression models evaluating the relationship between financial capability, demographic factors, and financial well-being. In Model 1,

financial capability alone explains 89.6% ($R^2 = 0.896$) of the variance in financial well-being, indicating a strong predictive power. In Model 2, the inclusion of demographic factors slightly increases the R^2 to 0.900, signifying that demographic characteristics contribute an additional 0.4% to the explanation of financial well-being. Model 3 further includes the interaction term between financial capability and demographic factors, raising the R^2 to 0.904. The F-change values indicate that the addition of demographic factors ($F = 8.856$, $p = 0.003$) and the interaction term ($F = 9.122$, $p = 0.003$) significantly improve the model. These results suggest that while financial capability remains the primary driver of financial well-being, demographic factors and their interaction with financial capability provide additional explanatory power. The change in R^2 , although modest, demonstrates the importance of demographic characteristics in understanding financial well-being.

Table 4.25: ANOVA - Financial Capability, Demographic Factors and Financial Well-Being

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	158.482	1	158.482	2692.004	.000
	Residual	18.309	311	0.059		
	Total	176.791	312			
2	Regression	159.124	2	79.562	1396.062	.000
	Residual	17.667	310	0.057		
	Total	176.791	312			
3	Regression	159.763	3	53.254	966.384	.000
	Residual	17.028	309	0.055		
	Total	176.791	312			

Table 4.25 presents the ANOVA results, showing the overall model significance. Model 1, which includes only financial capability, has an F-statistic of 2692.004 ($p < 0.001$), indicating

a highly significant effect. Model 2, incorporating demographic factors, remains significant ($F = 1396.062, p < 0.001$), reinforcing the importance of demographics in explaining financial well-being. In Model 3, with the interaction term included, the F-value is 966.384 ($p < 0.001$), confirming that the interaction between financial capability and demographic factors significantly contributes to the model. These findings affirm that financial capability is a strong predictor of financial well-being, but demographic characteristics also play a crucial role. The significant reduction in the F-statistic from Model 1 to Model 3 suggests that although financial capability remains dominant, demographic factors and their interaction with financial capability introduce complexities in explaining financial well-being.

Table 4.26: Model Coefficients - Financial education, Financial Behaviour, Financial Access, Financial Attitude, Demographic Factors and Financial Well-Being

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	0.237	0.082		2.900	0.004
	Financial education	0.935	0.020	0.947	46.052	0.000
2	(Constant)	-0.096	0.138		-0.696	0.487
	Financial Behaviour	0.844	0.037	0.855	23.088	0.000
	Demographic Factors	0.163	0.055	0.110	2.976	0.003
3	(Constant)	-1.609	0.519		-3.100	0.002
	Financial Access	1.238	0.136	1.254	9.139	0.000
	Demographic Factors	0.581	0.148	0.392	3.912	0.000
	Financial Attitude* Demographic Factors	-0.106	0.035	-0.657	-3.020	0.003

Table 4.26 provides coefficient estimates for financial capability, demographic factors, and their interaction. In Model 1, financial education has a strong and positive effect on financial well-being ($B = 0.935, p < 0.001$), reinforcing its importance. In Model 2, the coefficient for

financial behavior decreases ($B = 0.844$, $p < 0.001$) when demographic factors are included, while demographic factors have a significant positive effect ($B = 0.163$, $p = 0.003$), suggesting that demographic characteristics independently contribute to financial well-being.

Model 3 introduces the interaction term, revealing that financial access remains significant ($B = 1.238$, $p < 0.001$), and demographic factors exhibit an even stronger positive influence ($B = 0.581$, $p < 0.001$). However, the interaction term has a significant negative coefficient ($B = -0.106$, $p = 0.003$), indicating that the effect of financial attitude on financial well-being diminishes at higher levels of demographic factors. This suggests that demographic characteristics may moderate the relationship by either enhancing or constraining the impact of financial capability.

Given $Y = 0.187 + 0.257X_1 + 0.309X_2 + 0.234X_3 + 0.146X_4 + \epsilon$ (from 4.7) this is without moderation

Show the equation using data from table 32 to show the effect of Moderating Variable on Y and independent variables

You may want to run the individual values for financial education, access etc with demographic factors instead of lumping them under financial capability. This will show the moderating effect demographic factors have on each financial capability variable.

The models was constituted as:

Model 1 (Without Moderation):

$$Y = 0.237 + 0.935X + \epsilon$$

Model 2 (Including Demographic Factors):

$$Y = -0.096 + 0.844X + 0.163Z + \epsilon$$

Model 3 (With Interaction Term - Moderation):

$$Y = -1.609 + 1.238X + 0.581Z - 0.106(X \times Z) + \varepsilon$$

The model examines the relationship between financial capability, demographic factors, and financial well-being. In this context, financial well-being (Y) represents the overall financial security and stability of an individual. Financial capability (X) refers to an individual's ability to manage financial resources effectively, including financial knowledge, decision-making, and planning. Demographic factors (Z) encompass characteristics such as age, education level, income, and employment status, which may influence financial well-being. The interaction term (X×Z) captures the combined effect of financial capability and demographic factors, assessing whether demographic characteristics alter the impact of financial capability on financial well-being. Lastly, the error term (ε) accounts for any variability in financial well-being not explained by the included predictors.

The findings align with previous studies indicating that financial capability is a strong predictor of financial well-being (Lusardi & Mitchell, 2020; Xiao & Porto, 2019). The observed moderation effect is consistent with research by Gerrans et al. (2021), which found that demographic factors, such as age and education, influence financial decision-making. Similarly, Sabri and Zakaria (2022) reported that gender and income levels significantly affect financial behavior and well-being.

However, some studies contradict these findings. For instance, a study by Homan et al. (2023) argued that demographic factors, while significant, do not necessarily moderate financial capability's influence on well-being, but rather act as independent determinants. Moreover, Mandell and Hanson (2024) found that financial education and access to financial resources were more critical than demographic factors in predicting financial well-being, suggesting a potential overemphasis on demographics in some models.

“This study contributes to the literature by demonstrating that demographic factors do not merely add to the explanatory power of financial well-being but actively moderate the effect of financial capability. The negative interaction term indicates that higher demographic advantages may reduce the reliance on financial capability for well-being, suggesting a nuanced

relationship that policymakers should consider. Future research could explore specific demographic variables to determine which exert the most substantial moderating effects”.

4.11 Chapter Summary

The findings of data analysis, including multiple regression analysis, correlation testing, and descriptive statistics, were reported in this chapter. It looked at the connections between financial well-being, financial behavior, financial education, financial access, and financial attitude. The demographic variables of age, gender, income, and education were also used in the chapter's moderation analysis. The findings indicated that gender was a strong moderator and that there were substantial correlations between the key factors.



CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Key findings are outlined in this chapter along with implications drawn from the study's goals and suggestions for practice and policy. It also lists the study's shortcomings and recommends areas for additional investigation.

5.2 Summary of Findings

The study found that among National Police Service Commission employees, financial well-being is significantly positively impacted by financial education, financial behavior, financial access, and financial attitude. The best predictor among these was financial conduct. The findings also demonstrated that age and educational attainment had little moderating influence on the association between financial capability and financial well-being, although gender and income level did. By demonstrating how knowledge, attitude, and intention influence financial outcomes, these results lend credence to the theories of planned behavior and financial literacy. Additionally, the results align with Social Learning Theory, showing that financial behaviors can be influenced by observed practices and demographic environments. Overall, the findings underscore the need for tailored financial interventions that consider both individual capability and demographic diversity.

5.3 Discussion

5.3.1 The Effect of Financial Education on Financial Well-Being among NPSC

The study findings affirm that financial education is crucial for enhancing financial well-being among National Police Service officers. This supports the Financial Literacy Theory, which posits that individuals make better financial decisions with adequate financial knowledge and skills. Respondents with higher levels of financial education demonstrated improved budgeting, debt management, and long-term planning behaviors—core aspects of financial well-being. These results align with previous research by Lusardi and Mitchell (2019) and Stolper and

Walter (2021), which emphasize the positive impact of financial education in reducing stress and improving financial outcomes. The study reinforces the theory's assumption that knowledge is a prerequisite for rational financial decision-making.

Furthermore, the findings align with the Theory of Planned Behavior (Ajzen, 1991), which emphasizes that intention, attitudes, and perceived control influence behavior. Financially educated individuals are more inclined to demonstrate proactive financial behaviors such as saving, investing, and preparing for emergencies. Shim et al. (2022) support this by arguing that financial knowledge boosts individuals' confidence and perceived behavioral control, allowing them to navigate financial uncertainty effectively. Within the NPSC context, this theory illustrates how financial education promotes positive financial attitudes and decision-making intentions, ultimately contributing to enhanced financial well-being.

However, the findings also indicate that financial education alone may not be sufficient. As Fernandes, Lynch, and Netemeyer (2020) and Hastings et al. (2021) suggest, access to financial services and behavioral support mechanisms is critical for converting knowledge into action. This supports the Financial Capability Framework, which emphasizes the interplay among knowledge, behavior, and access. Respondents who had financial education but lacked access to reliable financial tools or who faced institutional barriers still reported lower levels of financial well-being. This suggests that structural enablers must complement education to be fully effective.

The study's findings are rooted in and expand the application of Financial Literacy Theory, Theory of Planned Behavior, and the Financial Capability Framework. These theories collectively promote a more integrated understanding of how financial education affects behavior and well-being, as well as how this relationship is influenced by access and behavioral intent. A holistic approach—merging financial education with enabling systems and behavioral strategies—is essential for maximizing the financial well-being of NPSC officers.

5.3.2 The Effect of Financial Behaviour on Financial Well-Being

Financial behavior emerged as a strong determinant of financial well-being in this study, reinforcing that daily financial decisions significantly shape individuals' financial outcomes.

Behaviors such as budgeting, saving, responsible borrowing, and controlled spending contribute to financial stability and reduced economic stress. The findings align with studies by Xiao and O’Neill (2020) and Lusardi et al. (2021), which demonstrate that consistent and intentional financial actions lead to improved financial health. This supports the Theory of Planned Behavior (Ajzen, 1991), which posits that behavioral intentions—when influenced by positive attitudes and perceived control—translate into practical actions. NPSC officers who exhibited proactive financial behaviors reported higher levels of financial satisfaction, suggesting that effective money management plays a key role in their well-being.

Furthermore, long-term financial actions such as retirement planning, emergency savings, and investment participation enhance financial resilience. Gerrans, Speelman, and Scuffham (2022) confirm that structured financial planning improves individuals’ ability to withstand unexpected financial shocks. In the context of the National Police Service, such behaviors are particularly significant given the fixed nature of income and the high-pressure work environment. Officers who actively planned for their financial futures were better equipped to navigate emergencies, alleviate anxiety, and maintain overall financial health. These findings underscore the importance of integrating financial behavior training into police welfare programs.

While financial behaviour is influential, it is not the only factor contributing to financial well-being. As Farrell, Fry, and Gathergood (2019) argue, external determinants such as inflation, accessibility of financial services, and psychological well-being also affect one’s financial status. In the study, some officers who exhibited good financial behaviours still reported financial difficulties, likely due to systemic issues such as low income or limited access to credit. This highlights the relevance of the Financial Capability Framework, which suggests that financial behaviour must be supported by enabling environments, including institutional policies and access to financial tools. Without such support, even well-informed and well-behaved financial actors may struggle to attain financial stability.

To enhance the impact of financial behaviour, an integrated strategy is needed. Tang, Baker, and Peter (2023) emphasize the value of combining financial education with behavioural coaching and institutional backing. This aligns with the study’s findings, suggesting that

behaviour change must be sustained through continuous learning and accessible financial services. In the NPSC context, interventions should move beyond awareness to include practical guidance, digital financial tools, and support systems tailored to uniformed officers. Such a holistic approach would ensure that positive financial behaviours are maintained over time, resulting in improved financial well-being and a more stable police workforce.

5.3.3 The Effect of Financial Access on Financial Well-Being

This study established that access to financial services plays a significant role in influencing financial well-being among officers within the National Police Service. Officers who reported having access to savings products, credit facilities, insurance, and digital banking services were more likely to exhibit financial stability and lower stress levels. These findings align with Demirgüç-Kunt, Klapper, and Singer (2020), who found that financial access enhances resilience and economic security. Similarly, Xu and Zia (2022) argue that financial inclusion promotes long-term financial planning and participation in productive economic activities. These results support the Financial Literacy Theory, which suggests that individuals make better financial decisions when they have the knowledge and access needed to engage with financial products effectively. Financial education, in this case, enables officers to recognize the value of financial services and make informed decisions regarding their use.

The results also resonate with the Theory of Planned Behavior (TPB), which posits that an individual's behaviour is driven by intentions, attitudes, and perceived behavioural control. In the study, officers who believed they could successfully use financial services—such as credit and investment products were more likely to take action and integrate these tools into their financial planning. This demonstrates how financial access, when coupled with a positive attitude and intention, can influence actual behaviour, leading to better financial outcomes. Therefore, access is not just a structural factor but also a psychological enabler when perceived positively and paired with financial competence.

However, the study also reveals that access alone may not be sufficient. Some officers with formal access to financial services still experienced financial stress, suggesting that usage and outcomes are moderated by other factors such as behaviour, knowledge, and decision-making patterns. Research by Dupas, Karlan, and Robinson (2019) supports this view, noting that the

benefits of financial access are maximized when users understand how to navigate financial systems. Beck, Levine, and Levkov (2023) further caution that access to credit without adequate training or controls can result in over-indebtedness. These findings reinforce the need for financial education programs that not only expand access but also build capacity for responsible usage.

Financial access contributes significantly to financial well-being but is most effective when supported by financial education and guided behaviour. The interplay between access, knowledge, and intention rooted in the Financial Literacy Theory and the Theory of Planned Behavior explains why financial outcomes vary among individuals with similar levels of access. Policymakers and institutions serving the NPSC must, therefore, integrate financial education with financial service provision to ensure that officers are equipped to use available resources wisely. This integrated approach is essential for sustainable financial well-being within the police force.

5.3.4 The Effect of Financial Attitude on Financial Well-Being

The study found that financial attitude significantly influences financial well-being among officers in the National Police Service. A positive financial attitude—marked by a proactive mindset toward saving, budgeting, and long-term planning—was associated with reduced financial stress and greater financial stability. These findings are consistent with prior research by Potrich, Vieira, and Kirch (2021) and Rai, Dua, and Yadav (2022), who found that individuals with disciplined and forward-looking financial attitudes are more likely to achieve financial well-being. This supports the Financial Literacy Theory, which argues that financial competence is not just about knowledge, but also the development of values, confidence, and motivation to make informed financial decisions.

The results also align well with the Theory of Planned Behavior (TPB), which posits that attitudes strongly influence intentions and ultimately behaviours. Officers who believed in the value of saving and cautious spending were more likely to consistently apply those practices, thereby reinforcing positive financial outcomes. Their attitudes contributed to behavioural consistency, enabling better preparedness for financial shocks and contributing to long-term

well-being. This reinforces the idea that interventions targeting financial behaviour must also address underlying beliefs and attitudes.

In addition, the study's findings are supported by Social Learning Theory, which emphasizes that behaviours and attitudes are shaped through observation, imitation, and social reinforcement. Within the police service environment, financial attitudes may be influenced by peer practices, mentorship, or organizational norms related to money management. Officers who are exposed to role models or peer groups demonstrating sound financial attitudes are more likely to adopt similar behaviours. This theory explains why collective training, peer education, and positive workplace culture are important in promoting financial well-being.

Despite the significance of financial attitude, the study also acknowledges its limitations as a standalone predictor. As Sabri and MacDonald (2020) suggest, attitude must be supported by financial education and access to financial tools in order to produce tangible outcomes. Lusardi and Mitchell (2019) argue that effective financial decision-making arises when knowledge, access, and attitude intersect. Therefore, fostering financial well-being requires a comprehensive approach one that integrates positive financial attitudes with structured education and institutional support. For NPSC officers, such an approach can enhance not only individual stability but also the overall financial culture within the force.

5.3.5 “Moderating effect of Demographic Factors on the Relationship between Financial Capability and Financial Well-Being”

This study examined whether demographic characteristics—age, education level, income, and gender moderate the relationship between financial capability and financial well-being among officers in the National Police Service. While financial capability emerged as a strong predictor of financial well-being, the inclusion of demographic factors enhanced the explanatory power of the model. These results align with Financial Literacy Theory, which posits that individuals' ability to make informed financial decisions is influenced not only by their knowledge but also by their socio-economic and demographic context. Officers with lower income or education levels benefited more from financial capability, suggesting that knowledge and behaviour have a stronger impact where access or experience is limited.

The findings also relate to the Theory of Planned Behavior (TPB), particularly its emphasis on perceived behavioural control. Demographic factors such as age and education level may influence an officer's confidence in applying financial skills, thereby affecting how financial knowledge translates into behaviour. For instance, younger or less experienced officers may perceive fewer internal or external constraints when acting on their financial intentions. The variation in outcomes across demographic groups indicates that attitudes and perceived control—core components of TPB—are not uniform and are shaped in part by demographic realities.

In addition, Social Learning Theory provides a useful lens for interpreting how demographic contexts shape financial attitudes and behaviours. For example, officers from different age groups or educational backgrounds may have had different exposures to financial role models or peer influences. Those with higher income or rank may be embedded in professional networks where good financial practices are modeled and reinforced, reducing their dependence on structured financial capability interventions. This supports the view that financial behaviour is learned not only through formal education but also through observation and interaction within one's social and demographic environment.

The findings affirm that demographic characteristics are not just background variables but active factors that moderate how financial capability translates into financial well-being. By anchoring this interpretation in Financial Literacy Theory, TPB, and Social Learning Theory, the study demonstrates that both internal attributes and external social factors shape financial outcomes. This suggests that financial interventions in the NPSC should be tailored by demographic profile targeting not just knowledge gaps but also motivational, attitudinal, and social learning needs across different officer categories.

5.4 Conclusion

The findings of this study offer strong support for the Financial Literacy Theory, which posits that knowledge and understanding of financial concepts improve individuals' financial decision-making and outcomes. The study's results confirmed this, showing that employees with higher levels of financial education, financial behavior, financial access, and financial

attitude consistently reported higher financial well-being. These outcomes validate the theory's central claim that financial capability is foundational to achieving financial security, particularly within structured institutions like the National Police Service Commission.

The study also supports the Theory of Planned Behavior (TPB) by demonstrating that financial attitudes and behavioural intentions significantly influence financial practices. Employees with positive financial attitudes and stronger perceived control over their financial decisions were more likely to engage in saving, budgeting, and debt management. This behavioral consistency contributed directly to improved financial well-being, aligning with TPB's framework that attitudes, subjective norms, and perceived behavioural control predict actual behavior.

Additionally, the Social Learning Theory is supported by the study's observation that financial attitudes and behaviours may be shaped through social environments and observational learning. The influence of demographic factors such as education level and income can be partially explained by differences in social exposure and learning opportunities. For example, officers in higher ranks or income brackets may have more opportunities to learn positive financial behaviours through role models, peer groups, or professional mentorship—reinforcing the theory's core principle that learning is socially constructed.

While all three theories are broadly supported by the findings, the moderating effect of demographic variables introduces nuance. The variation in financial capability's impact across demographic groups suggests that individual outcomes are shaped not just by knowledge and intention, but also by structural and contextual realities. This finding extends the theories by emphasizing the importance of tailoring interventions to account for demographic diversity—suggesting that theoretical models of financial capability should integrate contextual variables more explicitly.

The study confirms the relevance and applicability of Financial Literacy Theory, the Theory of Planned Behavior, and Social Learning Theory in explaining the relationship between financial capability and financial well-being. It also highlights the importance of adapting these theories to reflect the moderating influence of demographic characteristics in real-world settings.

5.5 Recommendations

5.5.1 Recommendations for Managerial Practices

Managers within the National Police Service Commission (NPSC) should prioritize financial wellness programs that enhance employees' financial capability. Given the strong influence of financial capability on financial well-being, structured financial education programs should be integrated into employee training and development. These programs should focus on budgeting, debt management, savings, and investment strategies to equip employees with the necessary skills to make informed financial decisions. Providing regular financial counseling and advisory services can further support employees in managing their financial resources effectively.

Demographic factors play a critical role in financial well-being, and managers should adopt a segmented approach to financial interventions. Employees at different career stages, income levels, and educational backgrounds have varying financial needs. Therefore, tailored financial programs should be designed to address these differences. For instance, younger employees may benefit from savings and debt management workshops, while senior employees may require investment and retirement planning guidance. Understanding the unique financial challenges of different demographic groups will enable managers to implement targeted and impactful financial well-being initiatives.

Additionally, NPSC leadership should foster a workplace culture that promotes financial well-being. This can be achieved by integrating financial wellness into organizational policies, such as offering salary advances with low interest, flexible loan repayment plans, and employer-sponsored savings schemes. Managers should also ensure that employees have access to credible financial service providers and encourage participation in workplace-based savings and investment programs. A proactive approach to financial well-being will contribute to improved employee productivity, reduced financial stress, and overall job satisfaction.

Finally, managers should leverage digital financial tools and platforms to enhance financial access and education for employees. The use of mobile banking, financial management apps, and e-learning platforms can provide employees with real-time access to financial resources and training. By embracing technology-driven financial solutions, managers can ensure that financial education and support are accessible to all employees, regardless of their location or

work schedule. Implementing these strategies will create a financially empowered workforce, ultimately leading to greater financial security and well-being for NPSC employees.

5.5.2 Policy Recommendations

Policymakers should integrate financial capability development into national financial inclusion strategies to enhance financial well-being among employees in the public sector, including the National Police Service Commission (NPSC). Given the strong link between financial capability and well-being, government agencies should collaborate with financial institutions and educational bodies to design standardized financial education programs. These programs should be mandatory in public service training and should cover key financial aspects such as savings, credit management, retirement planning, and investment options. Strengthening financial education at the policy level will ensure that public sector employees are well-equipped to manage their finances effectively, reducing financial distress and improving overall economic stability.

Furthermore, policies should encourage the adoption of workplace financial wellness initiatives as a requirement for all public institutions. Employers should be mandated to provide structured financial education, access to affordable credit facilities, and employee savings programs. The government can incentivize organizations that implement comprehensive financial wellness programs through tax benefits or other regulatory support. Additionally, policies should promote the integration of demographic considerations into financial planning frameworks to ensure that different employee groups receive tailored financial support. Addressing the unique financial challenges faced by employees based on factors such as income levels, education, and family responsibilities will create a more inclusive financial system.

Lastly, policymakers should enhance regulations that improve financial access for public servants, particularly in areas such as affordable housing, retirement savings, and emergency financial assistance. Strengthening pension schemes, expanding access to low-interest credit options, and improving social security mechanisms will safeguard employees' long-term financial well-being. Additionally, policies should support financial technology innovations that provide easy access to financial management tools, enabling employees to make informed financial decisions. By embedding financial well-being into national policy frameworks, the

government can foster a financially resilient workforce, contributing to broader economic development and social stability.

5.6 Limitations of the Study

There were limitations on this study, which might have affected the results. Response bias may have been introduced by the use of self-reported surveys, especially in cases where participants may have inflated or understated their financial behaviors or well-being. In order to address this, confidentiality and anonymity were guaranteed in order to promote truthful and precise answers. The inclusion of correlation and regression analyses helped to illustrate the strength and direction of connections, but the cross-sectional design hindered the capacity to show causal linkages between financial education and financial well-being. Efforts were made to guarantee that the sample was diverse by cadre, gender, and location, even if the study's concentration on National Police Service officers may limit its generalizability to other populations. Other potentially significant factors were not included since only four demographic variables were taken into account as moderators. This was accomplished by choosing age, gender, income, and education level as the demographic indicators that were most contextually relevant and logically supported. Notwithstanding these drawbacks, the study offers a strong basis for comprehending the relationship between uniformed personnel's financial well-being and financial education.

5.7 Areas of Further Studies

Future research should explore the long-term impact of financial capability interventions on financial well-being, particularly within public sector institutions like the National Police Service Commission (NPSC). Longitudinal studies could provide deeper insights into how financial education, behavioral changes, and access to financial resources influence financial well-being over time. Additionally, researchers should examine the role of specific demographic factors—such as gender, marital status, and rank within the NPSC—in shaping financial decision-making and well-being. Understanding these nuances could help refine financial education programs and tailor financial policies to address the unique needs of different employee segments.

Moreover, future studies should investigate the influence of external economic factors, such as inflation, interest rates, and economic shocks, on financial well-being within public service institutions. Examining how macroeconomic conditions interact with financial capability could provide a more comprehensive understanding of financial well-being dynamics. Comparative studies across different sectors, such as private organizations and other government institutions, could also offer valuable insights into best practices for financial education and policy implementation. Expanding research beyond Kenya to other countries with similar economic structures would further enhance the generalizability of findings and contribute to global discussions on financial well-being.

5.8 Chapter Summary

This chapter summarizes the study's findings, discusses them in relation to existing literature, and presents key conclusions drawn from the results. It highlights the significant positive influence of financial education on financial well-being, with financial behavior, financial attitude, and financial access serving as important intermediary variables. The chapter also examines the moderating role of demographic factors, revealing that gender significantly influences the strength of the relationship, while age, education level, and income level do not show significant moderating effects. Conclusions are drawn based on empirical evidence, and practical recommendations are proposed for policy, training programs, and institutional reforms targeting the financial empowerment of police officers. The chapter further acknowledges the limitations encountered during the study and outlines how they were mitigated. Lastly, areas for further research are suggested to build on the current study's findings and address gaps not covered within its scope. The following section contains references supporting the study.

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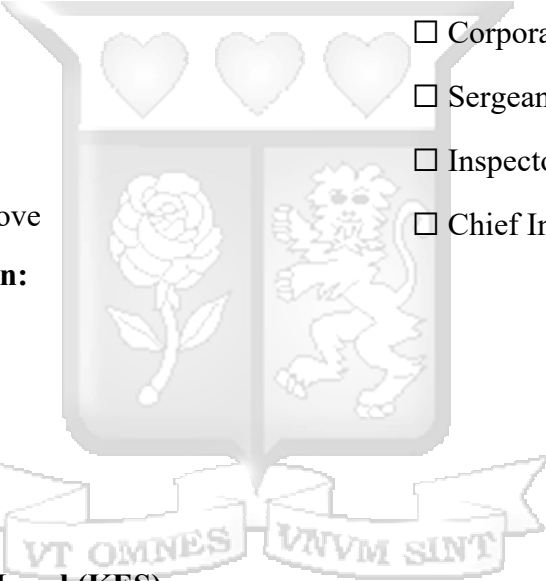
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APPENDICES

Appendix 1: Questionnaire

SECTION A: DEMOGRAPHIC INFORMATION

1. **Gender:**
- Male
- Female
2. **Age:**
- 18-25 years
- 26-35 years
- 36-45 years
- 46-55 years
- 56 years and above
3. **Level of Education:**
- Secondary
- Diploma
- Undergraduate
- Postgraduate
4. **Monthly Income Level (KES):**
- Below 20,000
- 20,000 – 50,000
- 50,001 – 100,000
- 100,001 – 150,000
- Above 150,000
5. **Years of Service in the National Police Service:**
- Less than 5 years
- 5-10 years
6. **Current Rank:**
- 11-15 years
- 16-20 years
- Over 20 years
- Constable
- Corporal
- Sergeant
- Inspector
- Chief Inspector and above
- 

SECTION B: FINANCIAL EDUCATION

Please indicate the extent to which you agree or disagree with each statement by selecting the most appropriate response based on the following scale:

1 = **Strongly Disagree**, 2 = **Disagree**, 3 = **Neutral**, 4 = **Agree**, 5 = **Strongly Agree**

Statement	1	2	3	4	5
I understand the basic concepts of budgeting and financial planning.					
I can easily calculate interest on loans and savings.					
I am knowledgeable about different investment options such as stocks, bonds, and real estate.					
I understand the impact of inflation on my savings and purchasing power.					
I can differentiate between good debt (e.g., mortgage) and bad debt (e.g., high-interest loans).					
I am familiar with different types of financial institutions and the services they offer.					
I know how to compare financial products (e.g., bank loans, insurance) to make informed decisions.					
I keep myself updated on financial news and changes in government financial policies.					

SECTION C: FINANCIAL BEHAVIOUR

Please indicate the extent to which you agree or disagree with each statement by selecting the most appropriate response based on the following scale:

1 = **Strongly Disagree**, 2 = **Disagree**, 3 = **Neutral**, 4 = **Agree**, 5 = **Strongly Agree**

Statement	1	2	3	4	5
I consistently track my expenses and maintain a personal budget.					
I regularly set aside a portion of my income for savings or investments.					
I avoid unnecessary debt and only borrow when necessary.					
I pay my bills and financial obligations on time.					
I plan and save for large purchases instead of relying on credit.					
I review my financial statements (e.g., bank account, loan records) regularly.					
I make informed financial decisions after researching available options.					
I discuss financial matters with professionals or knowledgeable individuals before making major financial decisions.					

SECTION D: FINANCIAL ACCESS

Please indicate the extent to which you agree or disagree with each statement by selecting the most appropriate response based on the following scale:

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Statement	1	2	3	4	5
I have access to banking services such as savings accounts and credit facilities.					
I can easily access financial services through mobile banking or online platforms.					
I can obtain credit or loans from formal financial institutions when needed.					
I have access to affordable financial products that meet my needs.					
I am aware of government programs or employer benefits that provide financial assistance.					

I find it easy to access financial advice from banks, financial experts, or institutions.					
I have adequate access to insurance products for financial protection.					
I feel confident that my financial service provider has transparent and fair policies.					

SECTION E: FINANCIAL ATTITUDE

Please indicate the extent to which you agree or disagree with each statement by selecting the most appropriate response based on the following scale:

1 = **Strongly Disagree**, 2 = **Disagree**, 3 = **Neutral**, 4 = **Agree**, 5 = **Strongly Agree**




Statement	1	2	3	4	5
I believe financial planning is essential for long-term financial security.					
I feel confident in my ability to manage my finances effectively.					
I prioritize saving money over unnecessary spending.					
I believe taking financial risks (e.g., investing in stocks or businesses) is necessary for financial growth.					
I think borrowing money should only be done when absolutely necessary.					
I feel responsible for planning my financial future rather than relying on external support.					
I am comfortable discussing financial matters with family, friends, or financial advisors.					
I believe financial success is largely influenced by individual effort and decision-making.					

SECTION F: FINANCIAL WELL-BEING

Instructions:

Please indicate the extent to which you agree or disagree with each statement by selecting the most appropriate response based on the following scale:

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I am satisfied with my current financial situation.					
I frequently experience financial stress.					
I feel confident in my ability to manage unexpected financial challenges.					
My financial capability positively impacts my overall well-being.					
I believe I have sufficient knowledge to make sound financial decisions.					
I regularly reflect on and adjust my financial goals.					
My financial behaviour has improved my financial well-being over time.					

I have noticed significant changes in my financial well-being recently.					
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SECTION G: MODERATING VARIABLE – DEMOGRAPHIC FACTORS

Please indicate the extent to which you agree or disagree with each statement by selecting the most appropriate response based on the following scale:

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

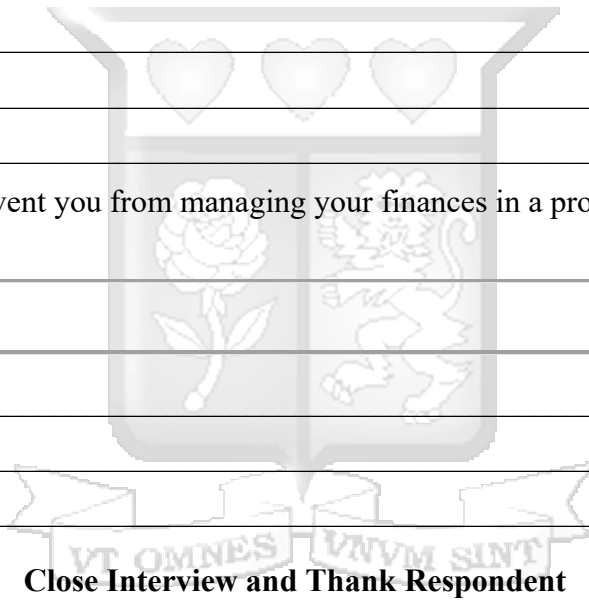
Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
My level of education influences my ability to manage finances effectively.					
My income level affects how well I can plan and save for the future.					
My financial behaviour is influenced by my age and life stage.					
Gender differences play a role in how financial decisions are made in my household.					
Higher education levels provide me with better financial decision-making skills.					
Income stability directly impacts my financial well-being.					

I have access to financial resources and support systems based on my demographic characteristics.					
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SECTION H: SUGGESTIONS FOR IMPROVEMENT

30. What kind of financial education programs or resources would you find most beneficial?

31. What barriers prevent you from managing your finances in a productive way?



Close Interview and Thank Respondent

Appendix 2: Ethical Clearance



6th March 2025

Mr Ngigi Michael,
ngigi.mbugua@strathmore.edu

Dear Mr Ngigi,

RE: Effect of Financial Capability on Financial Well-Being among Employees in the National Police Service Commission in Nairobi, Kenya: The Moderating Role of Demographic Factors

This is to inform you that SU-ISERC has reviewed and approved your above SU-masters proposal. Your application reference number is SU-ISERC2660/25. The approval period is from 6th March 2025 to 5th March 2026.


This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU- ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU- ISERC. Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC


Appendix 3: Research License


REPUBLIC OF KENYA


**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION**

Ref No: **898587** Date of Issue: **20/March/2025**


RESEARCH LICENSE




This is to Certify that Mr.. Michael Mbugua Ngigi of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: EFFECT OF FINANCIAL CAPABILITY ON FINANCIAL WELL-BEING AMONG EMPLOYEES IN THE NATIONAL POLICE SERVICE COMMISSION IN NAIROBI, KENYA. THE MODERATING ROLE OF DEMOGRAPHIC FACTORS. for the period ending : 20/March/2026.

License No: **NACOSTI/P/25/416978**

898587
Applicant Identification Number


Director General
**NATIONAL COMMISSION FOR
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