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EFFECT OF INVESTMENT PLANNING LITERACY ON FINANCIAL HEALTH AMONG UNIVERSITY STUDENTS IN MOUNT KENYA REGION, KENYA

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ABSTRACT

This study investigated the effect of financial investment literacy on the financial health of students in selected public universities in the Mount Kenya region, Kenya. An explanatory cross-sectional research design was adopted. The target population comprised undergraduate students from selected public universities in the Mount Kenya region, and primary data were collected using structured questionnaires. A total of 300 completed questionnaires were analyzed. Closed-ended responses were analyzed using descriptive statistics, Pearson correlation analysis, and multiple regression analysis, while open-ended responses were analyzed using basic content analysis. The findings showed that students had high levels of financial investment literacy. Correlation analysis revealed positive and statistically significant relationships between financial planning literacy and financial health. Regression analysis further showed that the financial investment literacy had a significant effect on students' financial health. The study concluded that financial investment literacy significantly contributes to students' financial health. The study recommended that universities integrate practical financial investment literacy training into student support programs, focusing on investment awareness and fraud prevention. Policymakers should support timely student loan disbursement and promote financial education within university curricula, while financial institutions should develop affordable, transparent, and student-friendly saving and investment products.

Key Words: *Investment Options, Risk-return, Decision-making confidence, Borrowing*

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INTRODUCTION

The financial challenges faced by university students have escalated globally, with student debt emerging as a significant concern in many countries (Russell et al., 2025). As the cost of higher education rises, students increasingly rely on loans to fund their studies. This has led to mounting debt burdens that can have long-term financial consequences. In developed nations like the United States, Fleck (2025) contends that the student loan crisis has reached alarming proportions, with over $1.8 trillion in outstanding student debt (Fleck, 2025). According to a study conducted in the United Kingdom, one in seven (14%) of the participants stated that they were seriously considering quitting college due to financial difficulties, and almost one in five (19%) stated that they were considering returning to live with their parents and transferring to a nearby university in order to save money (Experian, 2025). Similarly, students in many developing countries, including Kenya, face significant financial strain due to limited access to financial resources and insufficient financial literacy. While financial aid programs, such as Kenya's Higher Education Loans Board (HELB), provide support, many students struggle to manage these loans effectively, often resulting in defaults and financial instability (Bomer et al., 2021). Central to this issue is the lack of financial literacy, which hinders students from making informed decisions about budgeting, saving, borrowing, and managing existing debts (Kumar & Srinivasa, 2025). This study explored the role of financial investment literacy in managing student debt among Kenyan university students. By examining how financial investment literacy affects students' financial health, this research informed policies and educational programs that can mitigate students' financial challenges and promote their long-term financial stability.

In Africa, student debt is gaining traction, especially as higher education becomes increasingly accessible to more students (Fish & Meyer, 2023). However, financial literacy among African university students remains alarmingly low. The results of a study by Trivedi and Gupta (2024) indicate that respondents' financial literacy was low (56.08%), which is concerning, and that significant differences were observed across demographic and socioeconomic factors, which affect financial literacy among college students. Only about 27% of people in sub-Saharan Africa are financially literate, indicating a substantial knowledge gap in personal finance skills (WealthPro Africa, 2025). The paucity of financial education across the continent is evident in the fact that average financial literacy in high-income OECD countries exceeds 50%. This widespread financial illiteracy contributes to debt problems, low savings and investment rates, and vulnerability to fraud; financial literacy rates in SSA range from about 20% to about 50%. According to the S&P Global FinLit Survey, Botswana has the highest financial literacy rate in Africa, with over 51% of adults reporting it, while Somalia has one of the lowest rates, at 15% (WealthPro Africa, 2025).

In Kenya, student debt has become a major concern, with many university students depending on loans from the Higher Education Loans Board (HELB) to finance their education (Mwangi, 2025). Despite the availability of financial support, a large proportion of students struggle to manage their finances effectively. A 2023 report by the Central Bank of Kenya found that 40% of university students borrow money not only for tuition fees but also for living expenses, and many resort to mobile loan applications, which often come with high interest rates (Kimaku, 2021). In the 10 months preceding October, when the COVID-19 pandemic led to layoffs, business closures, and a hiring freeze, more than 30,000 additional university graduates fell behind on their Higher Education Loans Board (HELB) financing, according to Namunwa (2020). This trend is indicative of a deeper issue: the lack of financial literacy among university students. According to Seldon (2025), only

49% of students demonstrated understanding of the most crucial investment principles, whereas 65% demonstrated basic budgeting skills. This suggests that while students are skilled at managing daily expenses, they lack a clear understanding of long-term financial growth strategies. Without long-term financial growth strategies, students are more likely to make poor financial decisions, such as taking on high-interest debt without fully understanding its long-term implications.

Financial literacy (the capacity to understand and manage financial concepts, such as budgeting, saving, investing, and debt management) is a contemporary skill that has proven valuable (Bai, 2023). Coupled with continually changing financial systems and an increasingly complex array of options for personal finance, people worldwide must be equipped with the expertise to navigate these complexities. Global studies have demonstrated that financial illiteracy is a significant contributor to poor financial decision-making, thereby contributing to economic instability and poverty (Tatad et al., 2024). It is widely recognized that financial literacy is a crucial resource for financial empowerment, and efforts to enhance financial education have been implemented in most developed countries, including G20 countries.

Statement of the Problem

Financial health among university students has become an increasingly significant concern, particularly in developing countries where rising education costs, limited income opportunities, and expanding access to credit expose students to financial vulnerability. Financial health is reflected in an individual's ability to meet basic needs, manage financial shocks, avoid excessive borrowing, and sustain financial stability. Among university students, persistent financial challenges such as delayed completion of studies, inability to afford essential needs, and reliance on borrowing are widely regarded as indicators of poor financial health.

In Kenya, financial challenges among university students persist despite increased government investment in higher education financing. The Higher Education Loans Board (HELB) remains the primary source of financial support for undergraduate students in public universities. In the 2023/2024 financial year, HELB disbursed over 25 billion Kenya shillings to support university students, with individual loan allocations typically ranging between Kes 35,000 and Kes 60,000 per academic year (Higher Education Loans Board [HELB], 2024). However, budgetary constraints have resulted in funding shortfalls, leaving a substantial number of eligible students either underfunded or completely un-funded, thereby limiting the effectiveness of government interventions.

Empirical studies show that delays in student loan disbursement significantly affect students' academic progression and timely completion of studies. Bomer et al. (2021) found that delayed loan disbursements in Kenyan universities hinder students' ability to pay tuition fees, register for academic units, attend classes consistently, and sit for examinations, often resulting in deferment or prolonged duration of study. Such delays disrupt academic continuity and impose additional financial pressure on students, reflecting compromised financial health even in the presence of institutional support.

Beyond tuition-related challenges, the inability to afford basic needs such as food, accommodation, and transport remains widespread among university students. Studies conducted in Kenyan public universities reveal high levels of student food insecurity, with many students reporting skipped meals, nutritionally inadequate diets, or reliance on peers for food due to financial constraints (Oduor et al., 2022). Similarly, Nordvall et al. (2023) observed that a considerable proportion of university students rely on informal support networks to cope with daily living expenses, indicating insufficient financial buffers and weak financial resilience.

In addition, students frequently resort to borrowing as a coping mechanism during financial emergencies, further underscoring poor financial health. Delayed loan disbursement, rising living costs, and limited personal savings have driven many students to depend on family members, friends, informal lenders, or digital loan applications to meet day-to-day expenses (Wachira, 2025). Reliance on short-term borrowing for basic needs and emergencies reflects limited saving capacity and poor financial preparedness, both of which are key indicators of financial instability.

Despite increased access to student loans and support mechanisms, these persistent challenges suggest that financial investment literacy plays a critical role in how students manage available financial resources. While financial literacy initiatives have been introduced in various forms, there remains limited empirical evidence on how specific dimensions of financial literacy namely financial planning literacy, saving literacy, and investing literacy, affect the financial health of university students in Kenya. This gap in empirical evidence highlights the need for a focused investigation into the relationship between financial literacy and financial health among university students in public universities within the Mount Kenya region.

In conclusion, undergraduate students are considered appropriate for this study because they are at a critical stage of financial independence, often managing limited and irregular income sourced from student loans, parental support, part-time work, and digital financial platforms.

Research Objective

This study investigated the effect of investment literacy on financial health among students of selected public universities in the Mount Kenya region, Kenya.

LITERATURE REVIEW

Theoretical Review

Human Capital Theory

Economist Gary Becker developed human capital theory in the 1960s. It suggests that individuals invest in their education, skills, and knowledge to increase their productivity and overall value in the workforce (Li & Han, 2025). The theory emphasizes that human skills and knowledge are intangible assets that enhance an individual's ability to make effective decisions, solve problems, and execute tasks. This case can be applied to human capital theory because it explains how financial literacy is a form of human capital that helps university students manage their finances effectively and, therefore, exhibit better personal financial management behaviors (Leoni, 2025).

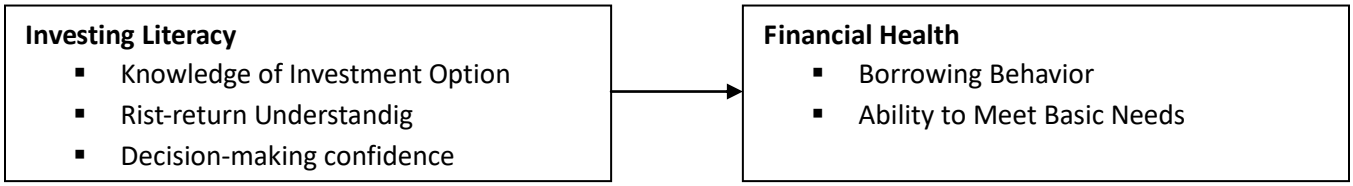
In this study, Human Capital Theory is applied to explain how financial literacy functions as a form of human capital among university students. Financial literacy equips students with the knowledge and skills necessary to manage their personal finances effectively, including budgeting, saving, investing, and debt management (Nogueira et al., 2025). By developing financial literacy, students acquire the competencies needed to make informed financial decisions and adopt responsible financial behaviors, as Mireku et al., (2023) contend. This aligns directly with the study's variables of financial planning literacy**,** saving literacy**,** investing literacy**,** and financial health, as each aspect of financial literacy can be regarded as an investment in human capital that yields tangible financial outcomes.

The theory further emphasizes the concept of return on investment in knowledge. Students who invest time and effort in improving their financial literacy are likely to realize long-term benefits, including greater financial security, reduced financial stress, and enhanced capacity to plan for future financial needs (Katnic et al., 2024). For example, students

who understand financial planning and saving strategies are better able to allocate resources efficiently and prepare for unexpected expenses, demonstrating the practical value of financial literacy as human capital. Similarly, investment literacy empowers students to make informed investment decisions, contributing to long-term financial stability and wealth accumulation (Bai, 2023; Mancone et al., 2024).

However, this study does not assume that all university students possess adequate financial literacy. Instead, Human Capital Theory is applied to explain why variations in financial literacy levels among students result in differences in financial health outcomes. Students with higher levels of financial planning, saving, and investing literacy are expected to demonstrate better financial health than those with lower levels of financial knowledge (Katnic et al., 2024). Thus, Human Capital Theory provides a useful framework for understanding how investments in financial education can enhance students' financial capabilities, resilience, and long-term financial well-being, while recognizing that financial literacy acquisition among students is uneven and influenced by prior exposure, socialization, and access to financial education.

Conceptual Framework



Independent variable **Dependent variable**

Figure 1: conceptual Framework

Source: (Author 2026)

Review of study variables

Investing literacy refers to an individual's understanding of investment concepts, ability to evaluate risk and return, and confidence in making investment decisions. Scholars have operationalized investment literacy using a combination of knowledge-based, confidence-based, and participation-based indicators.

Lusardi and Mitchell (2014) measured investment literacy using knowledge of risk diversification, compound interest, and inflation. Similarly, Koh et al. (2020) operationalized investing literacy by assessing individuals' understanding of financial instruments, diversification principles, and perceived investment competence. Among university students, Makdissi et al. (2024) measured investment literacy using indicators such as familiarity with investment options, understanding of risk–return trade-offs, and ability to compare investment alternatives.

Other studies emphasize confidence and awareness as key dimensions of investing literacy. Seldon (2025) found that students' confidence in evaluating investments and identifying scams significantly influenced their engagement in investment activities. Berlinger et al. (2025) also operationalized investing literacy through self-reported understanding of investment products and confidence in investment decision-making.

In line with these studies, this research operationalizes investing literacy using indicators such as awareness of different investment options, understanding of risk and diversification, ability to

identify investment scams, comprehension of basic financial concepts (inflation, interest, compounding), and confidence in comparing and selecting investment alternatives. These measures are suitable for university students, many of whom may possess investment knowledge even if they have limited actual investment experience.

Financial health refers to an individual's overall financial well-being, including financial satisfaction, stress levels, and ability to meet financial obligations. Previous studies have operationalized financial health using subjective well-being indicators and financial resilience indicators.

Lone and Bhat (2022) operationalized financial health using measures of financial satisfaction, perceived financial stress, and confidence in managing finances. Russell et al. (2025) assessed student financial health using indicators such as ability to meet basic needs, level of financial stress, borrowing behavior, and preparedness for unexpected expenses. Similarly, Yuyun et al. (2024) measured financial health using self-reported financial control, emotional response to finances, and perceived financial security.

In studies focusing on students, frequent borrowing to meet basic expenses and inability to cope with emergencies have been identified as strong indicators of poor financial health (OECD, 2025). These measures capture both emotional and functional aspects of financial well-being.

Accordingly, this study operationalizes financial health using indicators such as financial satisfaction, financial stress, ability to meet basic needs, confidence in managing unexpected expenses, sense of financial control, and reliance on borrowing for basic expenses. This multidimensional approach aligns with prior research and provides a comprehensive assessment of students' financial well-being.

Empirical Literature

Investing literacy has also been empirically linked to financial health, particularly in terms of long-term financial security and confidence. Lusardi and Mitchell (2014) conducted a large-scale quantitative study across several countries and found that individuals with higher levels of investment knowledge such as understanding risk diversification and compound interest exhibited better wealth accumulation and financial well-being. Their study highlighted investment literacy as a critical factor in improving financial outcomes over time.

Among university students, Makdissi et al. (2024) examined the role of investment literacy in shaping financial behavior in Lebanon using survey data and regression analysis. The findings showed that students with higher investment literacy were more confident in making financial decisions and reported better overall financial health. Investment literacy enabled students to understand risk-return trade-offs and avoid fraudulent investment schemes, thereby protecting their financial well-being.

In another study, Seldon (2025) investigated investment awareness among college students using descriptive and inferential statistics. The results indicated that while most students recognized the importance of investing, those with limited investment literacy lacked confidence and were reluctant to engage in investment activities. Low investment literacy was associated with financial anxiety and missed opportunities for long-term financial growth, negatively affecting students perceived financial health.

Berlinger et al. (2025) studied investment literacy among finance students using survey data and behavioral analysis techniques. The study found that students with strong investment literacy demonstrated higher financial self-efficacy and better financial control. Conversely, students with limited investment literacy were more likely to fear financial loss and avoid investment decisions, limiting their financial growth and long-term financial health.

These studies highlight the relevance of investing literacy in shaping financial health outcomes. However, empirical evidence on investment literacy among Kenyan university students remains scarce. Given the increasing exposure of students to digital investment platforms and informal investment schemes, this study addresses a critical gap by examining how investing literacy influences financial health among students in selected public universities in the Mount Kenya region.

METHODOLOGY

This study adopted an explanatory cross-sectional research design. The explanatory design was appropriate because the study examined cause-and-effect relationships between financial literacy dimensions and financial health among university students. The target population for this study comprised of all undergraduate students enrolled in selected public universities in the Mount Kenya region of Kenya. Based on a population of 89,958 students, a sample size of approximately 399 was determined using Yamane's formula. The study employed a proportionate stratified sampling design to determine the number of students to be sampled at each university (Suffian, et al., 2017).

The study collected primary data that was predominantly quantitative. Data was collected using a structured questionnaire administered through Google Forms. The questionnaire consists mainly of Likert-scale items designed to measure financial planning literacy, saving literacy, investing literacy, and financial health. A limited number of open-ended questions was included to allow respondents to provide brief contextual explanations; however, these responses are used only for clarification and do not constitute qualitative analysis. The use of a structured questionnaire enhances standardization, facilitates statistical analysis, and ensures comparability of responses across respondents.

FINDINGS, INTERPRETATIONS AND DISCUSSIONS

Response Rate

The study targeted 399 respondents, out of which 300 completed and returned the questionnaires successfully. The response rate was calculated as follows:

$$\text{Response Rate} = \frac{300}{399} * 100 = 75.19\%$$

The study achieved a response rate of 75.19%, which was considered adequate for statistical analysis and interpretation of findings. According to methodological literature (Munene, 2026), a response rate above 70% is regarded as very good and sufficient for minimizing non-response bias and enhancing the reliability of research findings. The high response rate in this study suggests that the respondents were sufficiently engaged and that the collected data adequately represented the target population of university students in the selected public universities within the Mount Kenya region. Consequently, the data obtained were considered appropriate for both descriptive and inferential statistical analysis.

Descriptive Findings

This section presents the descriptive findings for the key study variables: financial planning literacy, saving literacy, investing literacy, and financial health. The purpose of the section is to summarize respondents' views using means and standard deviations in order to show the general pattern of responses. The descriptive findings help establish the level of financial literacy among university students before conducting inferential analysis. The results are presented according to the study objectives, beginning with financial planning literacy, followed by saving literacy and investing literacy. Financial health is also described as the dependent variable of the study.

Investing Literacy

Investment literacy emerged as an important component of students' financial health because knowledge of investment options, risk management, and financial decision-making influences long-term financial stability and wealth creation. This section presents descriptive statistical findings on respondents' investment literacy based on statements relating to investment knowledge, understanding of risk and return, diversification, and confidence in making investment decisions. Measures of central tendency and dispersion, including means and standard deviations, were used to evaluate the level of investment literacy among university students in selected public universities within the Mount Kenya region. The findings provide insight into how investment knowledge and attitudes contribute to students' financial health and future financial preparedness.

Table 11: Descriptive Statistics for Investing Literacy

Investing Literacy Statement	N	Min.	Max.	Mean	SD
I am familiar with different investment options.	300	1	6	2.56	1.361
I understand that investments involve both risk and return.	300	1	6	2.97	1.765
I understand the importance of diversifying investments.	300	1	5	2.21	1.154
I understand basic concepts such as interest and inflation.	300	1	5	2.33	1.297
I can compare investment options before choosing one.	300	1	5	2.39	1.303
I feel confident making investment-related decisions.	300	1	5	2.39	1.250
I seek information before investing money.	300	1	6	2.93	1.771
I can identify investment opportunities that are unrealistic or risky.	300	1	5	2.52	1.350
Valid N (listwise)	300				

Source: Research Data (2026)

Table 1 showed that respondents had low to moderate investing literacy. The highest mean was recorded for understanding that investments involve both risk and return (M = 2.97, SD = 1.765), followed by seeking information before investing money (M = 2.93, SD = 1.771). This suggests that some students were aware of investment risks and the need for information before investing. However, lower mean scores were recorded for understanding diversification (M = 2.21, SD = 1.154), understanding interest and inflation (M = 2.33, SD = 1.297), comparing investment options (M = 2.39, SD = 1.303), and confidence in making investment-related decisions (M = 2.39, SD = 1.250).

Table 2: Descriptive Statistics for Financial Health

Financial Health Statement	N	Min.	Max.	Mean	SD
I am satisfied with my current financial situation as a student.	300	1	5	2.55	1.384
I can meet my basic needs without difficulty.	300	1	5	2.35	1.306
I feel in control of my finances most of the time.	300	1	5	2.41	1.246
I can handle unexpected expenses.	300	1	5	2.21	1.213
I frequently feel stressed about my financial situation.	300	1	5	2.32	1.170
I avoid borrowing money for daily expenses.	300	1	5	2.49	1.399
I manage my financial obligations effectively.	300	1	5	2.40	1.264
I feel confident about my financial future.	300	1	5	2.30	1.248
My financial situation allows me to focus on my studies.	300	1	6	2.98	1.673
Valid N (listwise)	300				

Source: Research Data (2026)

Table 32: Pearson Correlation Matrix for Investment Literacy Dimensions and Financial Health

Variable	3	4
Investing Literacy	1	
Financial Health	.603**	1

Source: Research Data (2026)

Table 3 presents the Pearson correlation coefficients between the dimensions of investment literacy and financial health. Pearson's correlation analysis was conducted to determine the direction and strength of the linear relationships among the study variables. The findings indicate that the independent variable (investment literacy) was positively and significantly correlated with financial health at the 1% level of significance. Investing literacy had the strongest positive correlation with financial health (Pearson correlation coefficient = .603, Sig. = < .001).

Regression Findings on investment literacy on financial health

The third objective of the study was to investigate the effect of investing literacy on financial health among university students in the Mount Kenya region, Kenya. A simple linear regression was conducted between investing literacy and financial health. The model summary showed a positive relationship, with R = .555 and R Square = .308, as shown in Table 4.

Table 4: Model Summary for Investing Literacy and Financial Health

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.555	.308	.305	.54462

Source: Research Data (2026)

The model summary indicates that investing literacy had a positive relationship with financial health, with an R value of .555. The R Square value of .308 shows that investing literacy explained 30.8% of the variation in financial health among the respondents. The Adjusted R Square of .305 indicates that the explanatory power of the model remained stable after adjustment. Additionally, the standard error of the estimate was .54462, indicating a relatively small prediction error. Overall, investing literacy was found to be an important predictor of students' financial health.

Table 5: ANOVA Results for Investing Literacy and Financial Health

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	39.303	1	39.303	132.508	< .001
Residual	88.390	298	.297		
Total	127.693	299			

Source: Research Data (2026)

The ANOVA results indicate that the simple linear regression model was statistically significant. The regression sum of squares was 39.303, while the residual sum of squares was 88.390, resulting in a total sum of squares of 127.693. The model produced an F-value of 132.508 with a significance value of < .001. This finding indicates that investing literacy significantly predicted financial health among university students. Therefore, the regression model was appropriate for explaining the relationship between investing literacy and financial health.

Table 6: Regression Coefficients for Investing Literacy and Financial Health

Predictor	B	Std. Error	Beta	t	Sig.	95% CI for B
Constant	1.516	.099	—	15.333	< .001	[1.322, 1.711]
Investing Literacy	.425	.037	.555	11.511	< .001	[.352, .498]

Source: Research Data (2026)

The coefficients table shows that investing literacy had a positive and statistically significant effect on financial health. The unstandardized coefficient was B = .425, indicating that a one-unit increase in investing literacy was associated with an average increase of 0.425 units in financial health. The standardized coefficient (Beta = .555) indicates a moderately strong positive contribution to financial health. The t-value of 11.511 and significance value of < .001 confirm that investing literacy was a significant predictor of financial health among university students.

Regression Equation

$FH = 1.516 + 0.425IL + \varepsilon$

Qualitative findings

Interest in Low-Risk and Small Business Options

The investment responses showed that students were interested in practical and low-risk investment options such as money market funds, SACCOs, fixed deposits, Treasury bills, poultry farming, farming, and small campus businesses. This indicates that students were not completely uninterested in investing; rather, they preferred options perceived as safe, affordable, and suitable for limited student income. However, investment participation was restricted by low income, lack of investment knowledge, fear of losses, distrust of platforms, concern about scams, lack of mentors, and the belief that investing is mainly for employed adults. Critically, these findings reveal a gap between investment interest and investment confidence. Students may possess basic awareness of investment options but lack the competence to evaluate risk, returns, and legitimacy. Therefore, investment literacy interventions should focus on beginner-friendly investment education, fraud awareness, risk assessment, and practical exposure to safe investment pathways suitable for students.

Financial Health Theme: Financial Stress and Difficulty Meeting Needs

The financial health responses showed that many students experienced financial stress linked to lack of money, rising living costs, delayed financial support, emergencies, borrowing, and difficulty meeting basic needs. Students frequently mentioned food, rent, transport, data, academic materials, family demands, and medical emergencies as sources of financial pressure. These responses suggest that financial health among students was fragile and often dependent on irregular sources of support. Critically, the findings show that poor financial health was not only an individual financial management issue but also a broader affordability and income instability problem. While financial literacy can improve budgeting, saving, and investment decisions, it cannot fully compensate for insufficient income and high living costs. Therefore, improving students' financial health requires a combined approach involving financial education, timely funding, affordable student services, emergency support, and responsible borrowing guidance.

Discussion of Findings

Investing Literacy and Financial Health

The third objective investigated the effect of investing literacy on financial health. The findings showed that investing literacy was the strongest

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predictor of financial health. Descriptive results indicated that students had some awareness of risk and return and the need to seek information before investing, but they had weaker understanding of diversification, inflation, interest, and comparison of investment options. Qualitative findings showed that students preferred low-risk and practical investments such as money market funds, SACCOs, fixed deposits, Treasury bills, poultry farming, and small businesses. These findings agree with Lusardi and Mitchell (2014), who stated that investment literacy involves understanding risk diversification, inflation, and financial decision-making. The results also support Makdissi et al. (2024), who found that investment literacy improves financial confidence among university students. However, the findings also reflect Seldon (2025), who found that limited investment literacy reduces investment confidence and participation. In this study, students were interested in investing but were held back by fear of losses, scams, limited income, and lack of mentors. Therefore, investment literacy improves financial health when students receive safe, practical, and beginner-friendly investment guidance.

Financial Health

The dependent variable was financial health. The findings showed that students experienced weak to moderate financial health. Descriptive findings indicated that many students struggled to handle unexpected expenses, meet basic needs, manage financial obligations, and feel confident about their financial future. Qualitative responses supported this by showing that financial stress was linked to lack of money, rising living costs, delayed support, emergencies, borrowing, and difficulty meeting daily needs. Demographic findings also strengthened this result because many students relied on parent or guardian support, HELB, and part-time jobs, while most received modest monthly income. These findings agree with Lone and Bhat (2022), who measured financial health using financial satisfaction, stress, and confidence. They also agree with Russell et al. (2025), who linked student financial health to ability to meet basic needs, borrowing behaviour, and preparedness for unexpected expenses. Therefore, financial health among students is influenced by financial literacy, but it is also shaped by income adequacy, timely support, and the wider cost of living.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This study investigated the effect of investing literacy on financial health. The descriptive findings showed that students had low to moderate investing literacy. Students showed some understanding of investment risk and return and the importance of seeking information before investing, but they had weaker knowledge of diversification, interest, inflation, and comparison of investment options. Correlation results showed a positive relationship between investing literacy and financial health, meaning that students with higher investing literacy tended to have better financial health. Regression analysis found that investing literacy had a positive and statistically significant effect on financial health and emerged as the strongest individual predictor among the three financial literacy dimensions. In combination, financial planning literacy, saving literacy, and investing literacy significantly predicted financial health. Open-ended responses showed that students preferred low-risk options such as money market funds, SACCOs, fixed deposits, Treasury bills, poultry farming, and small businesses, but fear of losses, scams, low income, and limited guidance reduced investment participation.

The study concluded that investing literacy has a meaningful effect on students' financial health. Students with better understanding of investment options, risk, return, diversification, and financial decision-making are more likely to develop confidence in their financial future. However, many students remain hesitant to invest because of limited

income, fear of losses, scams, lack of trusted guidance, and inadequate knowledge of suitable investment options. The findings suggest that students are not opposed to investing but prefer low-risk and practical options such as money market funds, SACCOs, fixed deposits, Treasury bills, and small businesses. Therefore, investment literacy enhances financial health when students receive realistic, safe, and beginner-friendly investment education.

Since the study concluded that students were interested in investing but lacked confidence, knowledge, and trusted guidance, universities should provide beginner-friendly investment education focused on safe and realistic investment options. Training should cover money market funds, SACCOs, Treasury bills, fixed deposits, and small student businesses. Students should also be taught how to assess risk, compare investment options, identify scams, and avoid unrealistic schemes. Universities should partner with credible financial institutions and regulators to offer practical investment clinics that build confidence and protect students from financial exploitation.

Suggestions for Further Research

Further research should examine the effect of financial literacy on financial health among students in private universities in Kenya. The current study focused on selected public universities in the Mount Kenya region. However, students in private universities may experience different financial realities due to differences in tuition fees, family income levels, institutional support systems, and access to financial services. A comparative study between public and private universities would provide a broader understanding of how institutional context influences financial literacy and financial health among university students.

Future studies should also consider using a longitudinal research design. The current study adopted a cross-sectional design, which captured respondents' financial literacy and financial health at one point in time. A longitudinal study would allow future researchers to examine how students' financial literacy changes across different years of study and how those changes influence financial health over time. This would help determine whether financial literacy interventions have lasting effects on students' financial behavior and well-being.

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