FINANCIAL LITERACY AND MEMBERS' INVESTMENT DECISIONS. A CASE OF MUUNGANO KIKAVU CHINI SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN HAI DISTRICT, TANZANIA.

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Abstract

Saving and Credit Cooperative Societies (SACCOS) play a crucial role in advancing financial inclusion and facilitating investment among low- and middle-income populations in Tanzania. However, the extent to which members' financial literacy influences their investment decisions within these institutions remains inadequately documented. Guided by Dual Process Theory and the Theory of Planned Behaviour, this study examined the effects of financial knowledge, financial attitude and financial behaviour on investment decisions among members of Muungano Kikavu Chini SACCOS in Hai District. A cross-sectional design was employed, involving 220 respondents selected through purposive and simple random sampling. Data were collected using structured questionnaires, interviews and documentary reviews, and analysed through binary logistic regression complemented by thematic analysis. The results show that financial knowledge and financial behaviour have a positive and statistically significant influence on members' investment decisions, whereas financial attitude exhibits a positive but insignificant effect. These findings suggest that, while favourable perceptions toward investment exist, actual investment behaviour is primarily shaped by members' understanding of financial concepts and their ability to consistently practise sound financial habits. Qualitative insights further illustrate that socio-economic characteristics, including age, gender and economic activity, interact with literacy levels to shape investment patterns. The study contributes new empirical evidence on behavioural determinants of investment choices within the cooperative sector, highlighting the importance of strengthening financial knowledge and promoting disciplined financial behaviour. It concludes that targeted financial education, behaviour-enhancing interventions and context-appropriate financial products are essential for improving investment participation and deepening financial inclusion among SACCOS members.

Keywords: Financial literacy, members' investment decision, financial inclusion, SACCOS, Tanzania.

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INTRODUCTION

In the current global economic environment, individuals are increasingly required to make informed and proactive financial decisions to cope with rising living costs and economic uncertainty (Lotto, 2020). Effective investment decisions, however, rely heavily on adequate levels of financial literacy, which equips individuals with the knowledge and skills to evaluate financial options and manage risks (Awais, 2016). Research consistently demonstrates that financial literacy enhances confidence in financial decision-making and improves investment outcomes, particularly within member-based financial institutions such as Savings and Credit Cooperative Societies (SACCOS) (Barno et al., 2021). Despite global progress in financial literacy initiatives, substantial discrepancies remain across countries. For example, although advanced economies have seen increased access to formal financial services, nearly 12% of adults in the European Union still lack a basic bank account, highlighting persistent barriers to financial inclusion (European Commission, 2022). Similarly, in India, only 40% of SACCOS members demonstrate basic financial literacy, mirroring broader gaps across the population (RBI, 2023). This trend is also evident in Sub-Saharan Africa, where financial literacy levels average 35%, below the global average of 40%, limiting individuals' ability to utilize available financial products effectively (AFI, 2021). In East Africa, SACCOS remain vital financial intermediaries, yet only 30% of members possess essential financial knowledge, constraining the region's financial inclusion efforts (FSDA, 2019; 2023). This challenge is equally evident in Tanzania. Despite national efforts to broaden financial inclusion, aligned with the Sustainable Development Goals (SDGs) and enshrined in strategies like the National Financial Education Framework, only 38% of Tanzanian adults are considered financially literate (FinScope, 2022). This gap directly hampers individuals' ability to make informed investment decisions. Similarly, only 25% of SACCOS members possess basic financial literacy (FSDT, 2020), with many relying on informal sources such as family or radio for financial advice. As a result, low financial literacy has led to ineffective financial decision-making, low savings and deposits, delayed loan repayments, and limited access to investment opportunities within SACCOS. These national trends are evident in Muungano Kikavu Chini SACCOS, where members continue to struggle with financial decision-making despite receiving periodic financial education. Limited financial knowledge and inadequate financial behaviour have contributed to low participation in shares, deposits, savings, and SACCOS project investments. This study therefore focuses specifically on Muungano Kikavu Chini SACCOS to provide a context-based assessment of how its members' financial literacy affects their investment decisions. The narrow scope is justified by the need for an in-depth examination of a single SACCOS with documented challenges related to member training, loan repayment, and low savings mobilisation issues that cannot be meaningfully explored through a broad, nationwide approach. Although several studies in Tanzania, including Lotto (2020) and Mbwambo et al. (2020), have examined financial literacy in relation to household financial behaviour, they have not specifically explored how financial knowledge, financial attitude, and financial behaviour influence investment decisions within SACCOS settings. Similarly, regional studies such as Mwatondo and Wekesa (2020) in Kenya examined financial literacy and SACCOS growth but did not focus on investment behaviour. As a result, there is limited empirical evidence explaining how financial literacy shapes members' investment decisions in Tanzanian SACCOS, particularly at the institutional level. This study addresses this gap by examining how financial knowledge, financial attitude, and financial behaviour affect investment decisions among members of Muungano Kikavu Chini SACCOS in Hai District. By focusing on a single SACCOS, the study provides a detailed understanding of the behavioural and knowledge-related factors influencing members' financial participation. The findings contribute to the literature by offering empirical evidence from a Tanzanian cooperative context and informing targeted financial literacy interventions aimed at improving investment decisions and deepening financial inclusion.

LITERATURE REVIEW

Dual process theory: A founder of dual process theory was William James in the 1970s. He believed that there were two different kinds of thinking: intuitive and cognitive. Dual process theory provides an explanation of how an idea can result from two different processes or arise in two different ways, where the two processes consist of an automatic, unconscious mechanism and a controlled, conscious one. This theory assumes that the decision-making process is influenced by either an intuitive or deliberative approach. The information processing mechanisms may be categorised into type one, which is fast or quicker, and type two, which is slow and conscious as it is analytical. The strength of this theory is that it outlines the interaction between intuitive and deliberative thinking, as intuitive processes are often performed more quickly than deliberative ones. Intuitive processes serve as the basis for the initial information that an individual responds to, and they may not be achieved without following a slow and careful process. Additionally, it enhances understanding that improves the way investment decisions are made (Brezis et al.,2017). Despite these strengths, dual process theory has limitations, particularly when clients make moral judgments involving moral content, as they evaluate behaviour, situations, and courses of action when making investment decisions (Elsbach et al., 2013). Through dual process theory standards of financial knowledge among members in Kikavu Chini SACCOS was observed to see whether it influences their decision making on investments.

Theory of planned behaviour: The purpose of the theory is to predict and understand consumer behaviour. Ajzen (1991) found that a person's behaviour can be predicted by intention, which in turn is influenced by the individual's attitude towards the behaviour belief, subjective norms, and perceived control (Mwathi, 2020). The assumption of this theory is that behaviour can be either deliberate or predictive. The strength of this theory lies in the fact that individuals' behaviours can be changed. Its weakness, however, is that individual behaviour is influenced by other individuals' expectations concerning their behaviour, while control belief suggests that these expectations are obstacles to behavioural performance (Mugo, 2020). SACCOS members are always ready to undertake actions that may be related to their attitudes and behaviour. Although the theory is primarily used in management, it is appropriate for the current study, as it seeks to examine the effects of financial behaviour and financial attitudes on investment decisions among SACCOS Muungano Kivavu Chini members.

Empirical Literature Review

Effect of financial knowledge, attitude, and behaviour on investment decision: A study by Mbwambo et al. (2020) in Mwanza, Tanzania, provides valuable insights into how elements of financial literacy influence investment decisions, a critical component of financial inclusion. Using a cross-sectional design and targeting 271 employees of government institutions selected through multistage sampling, the research employed questionnaires for primary data collection and a binary logistic regression model to analyse the relationship between financial literacy and saving or investment decisions. The findings indicated a significant positive influence of financial attitude and financial knowledge on saving and investment decisions, underscoring that these elements empower individuals to make sound financial choices. Conversely, financial awareness was found to be insignificant in this context. These results highlight the importance of targeted financial education initiatives that build tangible knowledge and cultivate positive attitudes to enable effective participation in financial markets, ultimately contributing to broader financial inclusion. In Malaysia, Yong (2018) examines the relationship between financial behaviour, knowledge, attitude, and financial literacy among working adults, using structural equation modelling. The results show that financial education positively influences financial knowledge, which in turn significantly predicts both financial attitude and behaviour. Uma, Odionye, Aniagolu, and Obiora (2014), in investigating the Nigerian economy as impacted by investments made and savings behaviour, employ ordinary least squares technique, cointegration, and the error correction mechanism. They found that an increase in the culture of saving later results in numerous investments, which further reduce the country's borrowing behaviour. In Kenya, Mwatondo and Wekesa (2020) examined the effect of financial literacy on financial growth in SACCOS in Kwale County. Data were collected using structured questionnaires and analysed with descriptive and inferential statistics. Pearson's correlation test, at a significance level of alpha = 0.05, indicates that financial knowledge and financial training had a significant but weak positive correlation with the financial growth of SACCOS in Kwale County. In contrast, financial attitude and financial behaviour showed a significant and moderate positive correlation with the financial growth of the SACCOS. Regression results revealed that financial knowledge, financial attitude, financial behaviour, and financial training significantly influenced financial growth in SACCOS in Kwale County. In Tanzania, a study by Lotto (2020) examines financial literacy with the aim of improving household investment choices. It employs both bivariate and multivariate analytical techniques. The study finds that financial literacy is positively and significantly associated with household investment choices. More specifically, as households become more financially literate, they shift from investing in informal groups to more formal investment platforms such as investment accounts, agricultural ventures, and personal businesses. Again, Lotto (2020) examines the social demographic factors influencing household financial literacy by employing both bivariate and multivariate analytical techniques. The study reveals that the adult population exhibits a significant financial literacy gap; thus, adults should not be considered a homogenous group. Rather, the gender, age, education, and income levels of households play a crucial role. The study concluded that younger households and those with higher income levels possess greater financial literacy. Likewise, more educated and employed households tend to have higher levels of financial literacy. The reviewed literature, including Studies by Felipe (2017) and Mbwambo (2020), has concentrated more on literate individuals with a higher level of financial education while overlooking those who are uneducated. Additionally, Yong (2018), Uma, Odionye, Aniagolu and Obiora (2014), and Widjaja have examined the effects of financial literacy on people's savings in Malaysia and Indonesian communities, which may exhibit different attitudes and behaviours compared to other regions of the country. Furthermore, in Kenya, the study conducted by Mwatondo and Wekesa (2020) on the effect of financial literacy on financial growth in SACCOS in Kwale County found that financial literacy elements had a significant and positive influence on financial growth in Kwale County's SACCOS, which may possess different characteristics from SACCOS in Tanzania. However, in Tanzania, there has been limited discussion on the importance of financial literacy in investment decision-making, such as Lotto (2020) on understanding the social demographic factors influencing household financial literacy, and financial literacy's role in improving household investment choices. These studies do not illustrate how financial literacy affects investment decisions among SACCOS members, particularly in Muungano Kikavu Chini SACCOS. Therefore, there is a need for further study to enhance knowledge about the impact of members' financial literacy on investment decisions among SACCOS members in Muungano Kikavu Chini, Hai District, Kilimanjaro Region, Tanzania, to address this gap.

METHODS

This study used a cross-sectional research design. The choice of this design is justified because the study aimed to gather both quantitative and qualitative data from respondents at a single point in time to examine the relationship between elements of financial literacy and investment decisions. A cross-sectional design is suitable for studies that intend to describe current conditions, measure existing characteristics within a population, and identify statistical relationships among variables without manipulating the environment. It also enables efficient data collection from a relatively large number of respondents within a limited timeframe and budget, which was appropriate for this study. Although the research included both quantitative and qualitative data, it mainly followed a cross-sectional approach. The qualitative component provided additional context to enrich the quantitative results but did not change the core design of the study. The study was conducted at Muungano Kikavu Chini SACCOS in Hai District, Kilimanjaro Region. The decision to focus on a single SACCOS is justified by documented operational challenges within this cooperative, including low savings mobilisation and limited participation in investment opportunities despite ongoing member education efforts. Studying one SACCOS allowed for an in-depth exploration of context-specific factors that might not be fully captured in a broader multi-SACCOS study. This focus improves the internal validity of the findings by ensuring the assessment is based on a real institutional context with clearly defined challenges related to financial literacy and investment behaviour. The target population consisted of all active members of Muungano Kikavu Chini SACCOS. According to the Members Registration Book for 2022, the SACCOS had a total of 489 active members. Stating the exact population size is crucial for ensuring representativeness, selecting an appropriate sample, and evaluating the suitability of the sampling method procedures. A sample of 220 respondents was selected from the population of 489 members. The sample size was calculated using Yamane's formula for finite populations, with a five per cent margin of error. The study used a combination of purposive and simple random sampling techniques. Management officers who provided key informant information were selected purposively because of their knowledge of SACCOS operations, while ordinary members were selected using simple random sampling to ensure equal representation and minimise selection bias.

Yamane's formula is expressed as:

$$n = \frac{N}{1 + Ne^2}$$

where $n$is the sample size, $N$is the population size and $e$is the margin of error. Substituting the known values:

$$n = \frac{489}{1 + 489(0.05^2)} = 220.$$

Primary data were collected through structured questionnaires and face-to-face interviews. The structured questionnaire was designed to capture quantitative information on financial knowledge, financial attitude, financial behaviour and investment decisions. It was administered in person to ensure high response rates and to assist respondents who required clarification. A pretest was conducted with a small group of members from a neighbouring SACCOS to check the clarity, reliability and internal consistency of the items. Necessary adjustments were made to improve wording and content validity. Qualitative data were obtained through semi-structured interviews with key informants. The interviews provided deeper insights into members' behaviour, perceptions and investment practices, complementing the quantitative findings. Documentary reviews were used to obtain secondary information from books, reports, SACCOS regulations and internal SACCOS documents. The dependent variable was the investment decision, which was measured as a binary outcome. Members were categorised into those who had made an investment in shares, deposits, savings, loans or SACCOS projects and those who had not. The variable was coded as one for members who had made an investment decision and zero for those who had not. The independent variables had three elements of financial literacy: *Financial knowledge* was measured using five-point Likert scale items assessing respondents' understanding of concepts such as interest rates, budgeting, savings, credit management and risks. *Financial attitude* captured respondents' beliefs, feelings and perceptions regarding saving and investment, and was measured using five-point Likert scale statements. *Financial behaviour* assessed how respondents managed their personal finances, including budgeting, managing expenses and saving habits. Measurement relied on Likert scale items reflecting practical financial practices. Composite scores for each variable were computed by averaging Likert-scale responses before entering them into the regression model. Quantitative data were analysed using the Statistical Package for Social Sciences. The analysis included descriptive statistics and a binary logistic regression model, which was used to test the relationship between financial literacy elements and investment decisions.

The binary logistic regression model is specified as follows:

$$\ln\left(\frac{P}{1-P}\right) = \beta_0 + \beta_1 FK + \beta_2 FA + \beta_3 FB + \epsilon$$

where:

$P$is the probability of making an investment decision
$FK$is financial knowledge
$FA$is financial attitude
$FB$is financial behaviour
$\beta_0$is the intercept
$\beta_1, \beta_2, \beta_3$are coefficients for the predictors
$\epsilon$is the error term.

Qualitative data from interviews were analysed through thematic analysis. Interview transcripts were read repeatedly to identify emerging themes related to financial literacy challenges, financial behaviour and investment experiences. The themes were then compared with the quantitative findings to provide deeper interpretation. Although qualitative findings are not presented in a separate section, they were integrated into the discussion of quantitative results to enhance explanation and interpretation.

FINDINGS AND DISCUSSION

4.1 Socio-economic Characteristics of the Respondents: The study involved 220 respondents whose socio-economic characteristics varied across age, gender, marital status, education, SACCOS membership duration, and economic activities as indicated in Table 1. Most respondents were between 29 and 48 years (52.7%), indicating a predominantly economically active population. Females slightly outnumbered males (51.8% vs 48.2%). A majority were married (57.7%), followed by singles (25.9%). In terms of education, most had either secondary education (39.1%) or primary education (34.5%), while 14.5% had university qualifications and 11.8% held diploma or technical training. Over half of the respondents had been SACCOS members for 6 to 10 years (58.6%), suggesting substantial institutional experience, with 23.6% having more than 10 years.

Table 1: Socio-economic Characteristic of respondents (N = 220)

Socio-economic factors	Frequency (f)	Percentage (%)
Age of respondents		
18 – 28	29	13.2
29 – 38	57	25.9
39 – 48	59	26.8
49 – 58	45	20.5
59 – 68	22	10
69 and above	8	3.6
Sex		
Male	106	48.2
Female	114	51.8
Marital Status		
Single	57	25.9
Married	127	57.7
Divorced	16	7.3
Widower	20	9.1
Education level		
Informal	nil	nil
Primary	76	34.5
Secondary	86	39.1
Technical education/ Diploma	26	11.8
University	32	14.5
Duration of members in SACCOS		
Less than 3 years	39	17.7
6 to 10 years	129	58.6
More than 10 years	52	23.6
Economic activities		
Agriculture activities	120	54.5
Small businesses	83	37.7
Other activities	17	7.7

The main economic activities were agriculture (54.5%), followed by small businesses (37.7%), indicating that the SACCOS largely serves members engaged in rural and semi-urban livelihood activities.

4.2 Effects of Financial Literacy Elements on SACCOS Members' Investment Decisions

This section presents the empirical findings on how financial knowledge, financial attitude, and financial behaviour influence investment decisions among Muungano Kikavu Chini SACCOS members. The binary logistic regression model was used to determine the predictive power of these financial literacy components. Before conducting regression analysis, the model's suitability and overall fit were assessed through the Omnibus Tests of Model Coefficients, Model Summary statistics, and the Hosmer–Lemeshow Test.

4.2.1 Model Fitting Information: The Omnibus Tests of Model Coefficients, presented in Table 1, show that the logistic regression model significantly improves prediction accuracy compared to a null model. The chi-square value of 21.523 with 3 degrees of freedom and a significance level of $p = 0.000$ indicates that at least one of the predictors: financial knowledge, financial attitude, or financial behaviour, has a statistically significant relationship with SACCOS members' investment decisions. This confirms the usefulness of the model for further analysis. The Model Summary also demonstrates the explanatory ability of the predictors. The -2 Log Likelihood value of 221.412 indicates an acceptable fit between the model and the observed data. The Cox & Snell R^2 (0.093) and Nagelkerke R^2 (0.139) values suggest that the model explains between 9.3% and 13.9% of the variance in investment decisions. Although these values are modest, they are common in social science research involving behavioural and attitudinal predictors, confirming that financial literacy variables play a meaningful role in shaping investment behaviour among SACCOS members.

Table 2: Model Fitting Information

Omnibus Tests of Model Coefficients

	Chi-square	Df	Sig.
Step	21.523	3	.000
Block	21.523	3	.000
Model	21.523	3	.000

Model summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	221.412a	.093	.139

Hosmer and Lemeshow Test

Step	Chi-square	Df	Sig.
1	5.765	8	.674

Additionally, the Hosmer–Lemeshow Test further validates the model's adequacy. The test produced a chi-square statistic of 5.765 with 8 degrees of freedom and a p-value of 0.674, indicating no significant difference between observed and predicted values. Therefore, the model sufficiently fits the data and is appropriate for interpreting the logistic regression results.

4.2.2 Binary Logistic Regression Results

The logistic regression coefficients, significance levels, and the odds ratios (Exp(B)) are presented in Table 2. The results reveal varying levels of influence of the three components of financial literacy on investment decisions among the respondents.

Table 3: Binary logistic regression results on SACCOS Members' Investment Decisions.

Variables in the Equation	B	S.E.	Wald	df	Sig.	Exp(B)	95%C. I. for EXP(B) Lower	Upper
Financial knowledge	0.962	0.274	12.352	1	0.000	2.617	1.530	4.475
Financial attitude	0.063	0.406	0.024	1	0.876	0.939	0.423	2.080
Financial behaviour	1.165	0.368	10.016	1	0.002	3.205	1.558	6.594
Constant	-8.271	2.147	14.841	1	0.000	0.000		

The results indicate that *financial knowledge* is a statistically significant predictor of investment decisions, with a p-value of 0.000. The Exp(B) value of 2.617 suggests that a one-unit increase in financial knowledge increases the odds of making an investment decision by a factor of 2.617. Similarly, *financial behaviour* demonstrates a significant positive effect on investment decisions, with a p-value of 0.002 and an Exp(B) value of 3.205. This indicates that improvements in financial behaviour substantially increase the likelihood of investing in SACCOS products such as shares, deposits, savings, loans, and SACCOS projects. Conversely, *financial* *attitude* exhibits a positive but statistically insignificant relationship with investment decisions (p = 0.876). The Exp(B) value of 0.939 suggests minimal influence of attitude on investment behaviour among the respondents, implying that attitudes alone do not translate into actual investment decisions.

DISCUSSION

Concerning socio-economic characteristics of respondents, the study demonstrates key factors influencing participation in Muungano Kikavu Chini SACCOS. The largest proportion of members fell within the 39–48 age group, suggesting that those in their most economically active years are more likely to engage with cooperative financial services. Qualitative insights affirmed this observation, as the accountant and manager noted that individuals in this stage of life face substantial financial responsibilities such as family support, household expenses, and long-term planning. As one key informant explained,

"...At this stage of life, individuals have significant financial responsibilities. They are often supporting families, managing mortgages, and dealing with various household and dependent expenses. Our SACCO's services, such as affordable loans and access to emergency funds, become particularly valuable during this life stage, providing the necessary financial support and stability..." (KII04, 12 October 2022).

These findings support earlier literature, such as Sims et al. (2020), which observed that individuals in their 30s and 40s increasingly prioritise structured financial planning and long-term investments. This alignment suggests that the SACCOS is particularly appealing to mature members seeking stability, credit access, and disciplined financial management. Gender distribution also influenced participation patterns, with women making up 51.8% of respondents. Qualitative evidence underscored the barriers women face when accessing formal financial institutions, particularly the lack of collateral required by banks. Loan officers emphasised that women rely on savings-based lending within the SACCOS, stating that,

"...Females are SACCOS members because most of them are in need of small loans which they cannot access from other financial institutions like banks also, they have no collateral such as land, houses that are in need of by banks as a security for the loan. They prefer SACCOS because savings stands as collateral..." (KII02, 12 October 2022).

This reflects global findings by Shilimi (2021) and Otieno (2022), who observed that cooperative financial institutions play a significant role in women's financial autonomy and empowerment by offering inclusive, supportive lending mechanisms. Marital status further shaped financial behaviours, with 57.7% of respondents being married. Married members were perceived to have stronger financial discipline due to shared financial goals and joint decision-making. This resonates with Ugulumu (2020), who highlighted the importance of cooperative institutions in facilitating joint financial planning among couples. Educational background also influenced financial literacy, with most members having secondary or primary education. Despite varied formal education levels, key informants noted that SACCOS-based training and seminars strengthen members' understanding of saving, borrowing, and investment decisions. This indicates that the cooperative not only provides financial services but also builds members' financial capability through ongoing literacy training. Respondents' duration in the SACCOS further illustrates institutional trust, with 58.6% having been members for 6–10 years. Long-term membership enhances understanding of cooperative operations, increases confidence in saving and borrowing, and reinforces financial discipline. This trend mirrors global cooperative patterns, such as those identified by Shilimi (2021), who found medium-term membership (5–10 years) common in credit unions. Finally, members' economic activities, mainly agriculture (54.5%) and small business operations (37.7%), shaped their financial needs and engagement with SACCOS products. Interview insights highlighted that many members rely on the SACCOS for agricultural inputs, equipment, and livestock financing. As one manager explained:

"...Based on interactions with SACCOS members, there is a significant presence of agriculture-related activities. Many members are engaged in farming, including crop cultivation, livestock rearing, and poultry farming. Presence of agriculture-related activities among SACCO members influences them to access loan products for agricultural activities, such as loans for purchasing inputs, equipment, or livestock..." (KII01, 12 October 2022).

These findings align with Naab et al. (2023), who argue that tailored financial products improve entrepreneurs' resilience, risk management, and savings behaviour. Overall, the integration of quantitative and qualitative findings suggests that Muungano Kikavu Chini SACCOS plays a significant role in supporting the financial needs of diverse socio-economic groups, especially those engaged in agriculture and small enterprises, while providing financial education that enhances informed investment decisions. Regarding the relationship between financial knowledge and investment decisions, the study shows that financial knowledge significantly and positively affects investment decisions. Members who have a better understanding of financial concepts, such as loan management, savings, interest rates, investment risks, and budgeting, are more likely to make informed investment choices. This finding is consistent with studies by Mbwambo et al. (2020), Lotto (2020), and Mugo (2016), all of which state that individuals with higher levels of financial knowledge display improved financial decision-making abilities. The outcome is also consistent with the Dual Process Theory, which distinguishes between intuitive (System 1) and analytical (System 2) thinking. Members with higher financial knowledge are better equipped to engage both systems when evaluating investment opportunities. Financial knowledge enables members to quickly identify familiar investment options intuitively while simultaneously engaging in deeper analytical evaluation of risks and returns. This theoretical linkage emphasizes the importance of equipping SACCOS members with financial education to strengthen their ability to make sound, well-reasoned investment decisions that contribute to financial inclusion. Regarding financial behaviour, the study also emerged as a significant predictor of investment decisions. Members who display prudent financial habits—such as budgeting, regular saving, avoiding impulsive expenditures, and planning for future financial needs—were more likely to invest in SACCOS products. These findings corroborate research conducted by Mwenda and Kimani (2021) and Otieno (2020), which demonstrate the role of positive financial behaviour in supporting rational investment choices. The results can be understood within the framework of the Theory of Planned Behaviour, which posits that behaviour is shaped by intentions influenced by attitudes, perceived norms, and perceived behavioural control. In the context of SACCOS members, positive financial behaviour reflects strong behavioural intentions and perceived control over personal financial management. Members who believe they have the capability to manage their finances are more likely to translate this belief into concrete investment actions, reinforcing the link between behaviour and financial inclusion. Although financial attitude had a positive coefficient, its effect on investment decisions was statistically insignificant. This suggests that while members may express favourable attitudes toward investing or saving, such attitudes may not necessarily result in actionable decisions without corresponding knowledge and disciplined behaviour. Similar patterns have been observed in previous studies, which found that attitudes, although important, are often insufficient to drive decision-making without complementary skills and behavioural commitment. In the context of Muungano Kikavu Chini SACCOS, members may appreciate the importance of investing but lack the confidence, financial awareness, or behavioural consistency required to effect these intentions. This finding highlights the necessity of strengthening both knowledge and behaviour to ensure that positive attitudes translate into tangible investment participation. The combined findings from this study show that financial knowledge and financial behaviour are the primary drivers of investment decisions among SACCOS members, while financial attitude plays a supplementary role. This implies that initiatives aimed at deepening financial inclusion must go beyond creating positive perceptions about financial services. Instead, they should concentrate on enhancing practical financial skills, promoting disciplined financial habits, and offering ongoing financial education. As such, SACCOS can more effectively empower members to utilise financial products, engage in productive investments, and achieve improved financial well-being.

CONCLUSION

The purpose of this study was to examine the influence of financial knowledge, financial attitude and financial behaviour on the investment decisions of members of Muungano Kikavu Chini SACCOS. The findings indicate that financial knowledge and financial behaviour significantly shape members' choices to invest in shares, deposits, savings, loans and SACCOS projects, while financial attitude, although positive, showed no statistically significant effect. These results confirm that members who understand financial concepts and who consistently apply sound financial practices are more likely to make informed and confident investment decisions. The study further demonstrates that socio-economic characteristics such as age, gender, marital status and engagement in agriculture or small business interact with literacy levels to influence members' financial actions. By combining quantitative and qualitative evidence, this study contributes new insights into how behavioural and contextual factors operate within the cooperative environment, thereby enriching the application of Dual Process Theory and the Theory of Planned Behaviour to cooperative finance. The study adds to the body of knowledge by showing that positive attitudes alone are insufficient unless accompanied by strong financial knowledge and disciplined behaviour. Overall, the study concludes that strengthening financial literacy, particularly its knowledge and behavioural dimensions, is essential for improving investment participation and advancing financial inclusion within SACCOS settings.

RECOMMENDATIONS

The findings of this study underscore the need for deliberate initiatives to deepen financial literacy among SACCOS members. Muungano Kikavu Chini SACCOS should continue to invest in sustained financial education programmes that enhance members' understanding of budgeting, credit management, savings culture and investment risk assessment. Tailoring products and services to accommodate members with varying levels of financial literacy would further strengthen investment participation, as simpler products may better serve members with limited financial capability, while more advanced products can target financially experienced members. Encouraging positive financial behaviour is equally crucial; therefore, the SACCOS may consider adopting incentive mechanisms such as favourable loan terms or higher returns for members who demonstrate consistent saving, timely loan repayment and responsible financial management. At the same time, members who exhibit weak financial practices would benefit from personalised counselling and behaviour-change interventions designed to build confidence and discipline in financial decision-making. At the policy level, the SACCOS can enhance its effectiveness by aligning its financial education interventions with the National Financial Education Framework and the broader financial inclusion agenda in Tanzania. Strengthening collaboration with financial sector stakeholders would promote uniformity, expand training content and enhance outreach. Given that many members are engaged in agriculture and seasonal economic activities, the development of flexible and agriculture-responsive financial products would improve accessibility and reduce financial vulnerability. In addition, the high participation of women in the SACCOS highlights the importance of gender-responsive strategies that promote equitable access to investment opportunities. The study also highlights the need for further research to deepen understanding of the behavioural, psychological and contextual factors influencing investment decisions in cooperative settings. Future studies could adopt longitudinal research designs to assess changes in financial literacy and investment behaviour over time, or comparative studies involving multiple SACCOS to explore institutional variations. There is also an emerging need to examine digital financial literacy and its implications for savings, borrowing and investment in the era of digitalisation. Strengthening evidence in these areas will provide a more comprehensive foundation for enhancing financial literacy, improving investment participation and advancing sustainable financial inclusion.

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