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Consumer Attitudes towards Credit Reference Bureaus in Botswana:
The Effects of Financial Literacy, Experience with Credit Reference
Bureaus and Personal Values

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DECLARATION

The work contained in this thesis/dissertation was completed by the author at the University of Botswana between January 2013 and May 2015 It is original work except where due reference is made and neither has been nor will be submitted for the award of any other University.

Signed:

Date:

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ABSTRACT

The aim of this study is to investigate consumer attitudes towards Credit Reference Bureaus and how financial literacy, experience with Credit Reference Bureaus and personal values shape those attitudes. Using a survey, 315 questionnaires were collected and analyzed using various statistical methods from Statistical Package for Social Sciences (SPSS) version 22. Dimensionality and reliability were measured using Cronbach's alpha and it was found that existing tools which had been used and tested before had high reliability in comparison to newly formulated tools. Perceptions were examined using Pearson's correlation test and results showed consumer attitudes towards Credit Reference Bureaus were marginal. Perceptions on financial literacy constructs were generally low as well indicating low knowledge levels in financial matters. Using linear regression to test the hypothesis, consumer attitudes towards Credit Reference Bureaus were found to be rather neutral. Various personal values had an effect on consumer attitudes towards these institutions while others did not show any significant effect on attitude formation. Some constructs of financial literacy (money management, keeping financial records, financial involvement and financial knowledge) were found to have an effect on consumer attitudes. Furthermore no significant differences were found on gender and experience with neither Credit Reference Bureaus nor personal values. Significant gender differences were observed in financial literacy constructs. Differences were measured using the T-test.

This study concludes that consumers in Botswana generally have limited knowledge and experience on Credit Reference Bureaus hence the marginal attitudes observed. This has implications on general credit behavior. Creditors and Credit Reference Bureaus have a mammoth task to educate consumers on the role of Credit Reference Bureaus in a credit

market. This move will see creditors improving their credit performances and subsequently profit bottom lines and Credit Reference Bureaus seen as partners in the credit markets by both creditors and consumers. Regulators should formulate credit policies and monitor trends on consumer credit behavior to protect the players in the credit market as well as ensure stability in consumer credit levels.

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CHAPTER 1

INTRODUCTION

1.1 Background

Access to finance is a major challenge in developing economies. The root of this problem lies in information asymmetry between lenders and borrowers (Kimasar & Kwasira, 2012). To tackle this concern, Credit Reference Bureaus have been established to act as information brokers and have since become a significant part of the financial system value chain worldwide (Dankwah, 2012). A Credit Reference Bureau is an organization that collects credit and demographic data for individuals and companies then merge them into a comprehensive credit report (Dankhwa, 2012). In countries where Credit Reference Bureaus have been established, there has been reduction of information asymmetry and this has had positive implications in easing access to credit (Schreiner, 2001).

Sub Sahara Africa is slowly catching on to the trend of information sharing amongst lenders. Research from developing countries such as Brazil (IFC, 2013) and Guatemala (Luoto, McIntosh & Wydick, 2007) has indicated that information sharing improves the credit market competition and general access to credit by consumers. Lenders tend to obtain more information on their clients, structure their products and position them competitively and consumers use good repayment history as leverage to access credit (Larrain, Reisen & von Maltzan, 1997). Prior to that, lending was very challenging as record keeping was not advanced and legal proceedings were tedious and long (Dankhwa, 2012). It is reported that, information sharing through Credit Reference Bureaus started in the early 1960's in West

Africa (Josphat & Kimasar, 2012). Currently many countries have established Credit Reference Bureaus and have also enacted regulations to facilitate their operations as well as to ensure ethical operations as far as these institutions are concerned. For example, Mozambique, Rwanda, Kenya, Senegal, Cote D'ivore, Gambia, Tanzania, Botswana, Ghana, Uganda, South Africa, and Namibia are some of the African countries with Credit Reference Bureaus (Omari, 2012; Njungiri, 2012). While creditors in Sub Sahara Africa are generally well informed on benefits of Credit Reference Bureaus (Jappelli & Pagano, 2002), consumers are often less knowledgeable about their dynamics, functions and how they affect their ability to access finance (DeMagistris, Dunkelberg & Johnson 1978; Perry 2008). This is an area of great concern as its consequence is high levels of unserved credit and adverse credit reports resulting in difficult access to finance.

As one of the fastest growing economies in Africa (Desert, 2008), consumption of debt in Botswana has been unavoidable, It has escalated with the increased banking activity. Between 2006 and 2012 household debts had escalated from 10% to 27% of the loan books annually across all Botswana commercial banks (Jefferis, 2012). Nonperforming loans have also increased by 10.8% between 2010 and 2011 (Bank of Botswana, 2012). This could also be attributed to the change in composition of credit where banks are now disbursing more unsecured loans to households than loans to business. In 1993, 55% of credit was given to business and 39% to households. However, in 2008, 43% of credit was given to businesses and 57% to households. In 2012, the share of household borrowing in Botswana stood at 60.2 % of total loans and borrowings, (Bank of Botswana, 2012). Of this household loan book, the proportion of unsecured personal debt stood at 63% (Bank of Botswana, 2013). These trends of household borrowing are generally high for low income countries standards (Jefferies &

Tacheba, 2010). The increase in household borrowing saw an increase in bad debts and arrears (Bank of Botswana, 2012).

Between 2011 and 2012, nonperforming loans increased by 10.8 % from P813.4 million to P901.4 million. Total arrears had increased from 2.5% in 2002 to 5.2% of loan disbursed in 2008 with most of the increase attributed to household borrowing (Jefferies & Tacheba, 2010). Banks as supporting entities across all industries in Botswana have matured with the economy. For the past two decades the banking sector in Botswana has grown by an average of 11.3% per year (Jefferies, 2009). The growth of the banking sector grew parallel to the banking population they serve. The number of operating banks increased; a sign of growth. In 2001, there were only four commercial banks operating in Botswana namely Barclays Bank, Standard Bank, First National Bank and Stanbic Bank (Bank of Botswana, 2001). Today, ten commercial banks are operating in the country. They include Bank of Baroda, Bank Gaborone, Capital Bank, Bank ABC, Bank of India and State Bank of India. According to the Finmark Trust Report (2009), 49 % of the country's population had access to finance in 2004 and in 2009, 67 % had access. The Finmark report (2009) indicates an increase of 18% in financial access for Botswana. Consumption of debt has increased with this increased banking activity. Household debts and non performing loans have escalated over the years (Jefferis, 2012; Bank of Botswana, 2011). Notwithstanding this growth in consumption of credit, Botswana and other developing countries' financial literacy remain very low. Financial contracts are difficult to comprehend and general practices like interest negotiations are unknown (Rutledge, 2010).

Academic research on Credit Reference Bureaus from a consumer's perspective is relatively limited. To the best of the author's knowledge, studies on consumer attitudes towards Credit Reference Bureaus and the role financial literacy, experience with a Credit Reference Bureau and personal values play in shaping consumer attitudes have never been carried out in Botswana nor published outside the country. Studies on Credit Reference Bureaus mostly assess their relevance in the credit market (Jappelli & Pagano, 1993; Brown & Zehnder, 2007; Dankwah, 2012), importance in access to finance (Gaitho, 2013; Gajigo & Triki, 2012), effects on management and loan recovery of performing and non performing loans (Wairimu, 2013; Kimasar & Kwasira, 2012; Xuehui & Yiming, 2007). However, consumer attitudes in Botswana have been studied on different consumption contexts such as attitudes towards shoplifting (Ama & Ifezue, 2013) and mobile advertising (Ifezue, 2014). The existing literature has also demonstrated that attitudes towards objects, products and services are shaped by several factors such as experience and knowledge (Shavitt & Nelson, 2002), demographics, personality and lifestyles (Hayhoe, Leach, Turner, Bruin, and Lawrence, 2000). Taking these studies into consideration, it is imperative to study how these individual factors can influence attitudes held towards Credit Reference Bureaus .

1.2 Statement of the problem

Botswana's economy has grown greatly over the years, so has the banking industry. However, as the banking population grew, financial literacy remained low (Rutledge, 2010). This played a role in increasing of non-performing loans (Botswana Financial Sector Overview, 2010). To take a proactive stance against the risk of non performing debt, creditors worldwide have resorted to the use of Credit Reference Bureaus to share customer credit information and curb migrating defaulters (Jappelli & Pagano, 2002). In Africa this has been observed in countries such as Kenya, Rwanda, and Zambia (Bagyenda, 2008, Jappelli & Pagano, 2002, Kwambai &

Wandera, 2013, Mugisha, 2013). Botswana is no exception. Information Trust Company (ITC Transunion) was established in Botswana in 1982 and served as an information sharing platform across all industries. In 2007, Credit Reference Bureau Africa (CRBAfrica) started offering credit referencing services to the commercial banks. The banking sector through the Bankers Association facilitated the establishment of credit information sharing amongst commercial banks to control the escalating debts (Gaotlhobogwe, 2010). However, when banks did this, they did not carry out consumer education campaigns to sensitize consumers on this initiative.

Even though every bank's credit application form and agreements mention the use of Credit Reference Bureaus if customers default, there is no record or evidence on public awareness campaigns carried out by the commercial banks regarding this move. As a result, consumers learn about Credit Reference Bureaus through these forms or through direct and indirect experience during the time of default. Alternatively, they learn about Credit Reference Bureaus when they seek facilities with other creditors, an observation made on the author's line of duty. Through daily interaction with these consumers, their experience portrays Credit Reference Bureaus as punishers in the society and could have an effect on the attitude consumers have towards them. Therefore questions arise as to how consumers in Botswana view Credit Reference Bureaus and what roles they perceive these institutions to play. The Government has no credit act or regulation to guide the market on credit matters and Credit Reference Bureaus practices as well as protect consumers against irresponsible creditors. Credit Reference Bureaus in Botswana also do not actively educate consumers on their role in the financial markets. For a holistic healthy credit environment all stakeholders have to take part in shifting the mindsets of consumers.

1.3 Theoretical framework

Credit Reference Bureaus worldwide provide the lending institutions with data to use for evaluation prior to extending a facility (Gaitho, 2013). They compile factual information about an individual and formulate a credit score (Gaitho, 2013). Thus consumers as the recipients of banking services ought to know about the functions, dynamics and role of Credit Reference Bureaus. To assess consumer's attitudes towards Credit Reference Bureaus, this study relies on theories of attitude formation and a fragment of learning theories. Learning theories provide the foundation for factors that affect attitudes towards Credit Reference Bureaus and attitude formation. They are used to provide insight into knowledge acquisition which is one of the key dimensions of attitudes.

1.3.1 Theories of Learning

Learning refers to the acquisition of knowledge through studying or experience. It encompasses change in behaviour as an end product (Ertmer & Newby, 2013). Several theories of learning exist in the literature of consumer behaviour and consumer psychology. Theories of learning have been mainly categorised as cognitive, behavioural and constructivism (Leonard, 2002). The cognitive paradigm posits that knowledge is acquired through the understanding of the human mind which works like a computer processor (Mergel, 1998). It emphasizes the active role of the brain in facilitating learning. The key tenet of this theoretical view is that learning is a process that entails association of new information with existing information through repetition. The end results would be reorganisation of the existing knowledge either by combining the two, or altering existing knowledge to accommodate new knowledge. It emphasises the active role of the learner throughout the learning process (Ertmer & Newby, 2013).

This school of thought places little emphasis on the environment and learning from other people's experience. Learning centres around the learner and the learner's thought process, factors such as effects of culture and values on the learner's thought process are not well considered (Ertmer & Newby, 2013). The theory views motivation to learn as intrinsic and driven by the learner. This is not always the case as some extrinsic factors can affect the drive for learning. The major contributor to this school of thought is Psychologist Jean Piaget.

The behaviourist theories suggest learning is a response to a certain stimuli and that people acquire knowledge by developing automatic responses to stimuli (Schiffman & Kanuk, 2004). Behaviorism equates learning with changes in observable behaviour therefore learning is deemed achieved when an appropriate response follows a certain stimuli. Inappropriate responses maybe attract punishment and appropriate responses positive re enforcement to ensure continuity (Schiffman & Kanuk, 2004). Key players of behaviourism include the stimulus, the response, and the association between the two. Behaviourist theories include Classical conditioning by Ivan Pavlov, Operant condition by B F Skinner. Other psychologists who contributed to this theorem are John Watson and Edward Thorndike. Major limitation with this theory has been lack of acknowledgement in detail the role the mind plays in the learning process. The learner's structure of knowledge prior acquisition of new knowledge is not adequately taken into consideration and therefore the theory cannot be applicable in instances where learning requires analysis, critical thinking and problem solving (Ertmer & Newby, 2013).

The constructivist school of thought on the other hand views learning as an active process where the learner constructs their own reality of the world. New information is linked to prior

knowledge to create a new reality (Leornard, 2002). Based on this assumption, knowledge acquisition depends on a combination of internal and external processes (Bednar et al., 1991). Constructivism has similarities with cognitivism in that they both consider learning as a mental process, However it differs from cognitivism because it considers the learner's own view in interpreting new information according to their own context (Ertmer & Newby, 2013). Limitations of this theory include the lack acknowledgement of learning outcomes that are pre determined and personal interpretations are invalid. While it can work well in learning of social sciences such us sociology and law, in the learning of sciences where results are factual the theory is not suitable (Ertmer & Newby, 2013). Main contributors to this school of thought include Lev Vygotsky and Jerome Bruner (Mergel, 1998).

For this study, a lot of focus will be on the behaviourist ideology; in particular Ivan Pavlov's classical conditioning theory. This has been found to be the suitable theory to underlie attitude formation towards Credit Reference Bureaus due to its stimuli-response association. The study does not attempt to establish the thought process of consumers towards Credit Reference Bureaus hence the cognitive theories will not apply. The constructivist theories have limitations in the sense that as much as consumers can interpret Credit Reference Bureaus in their contexts, these institutions have an existing factual role in the credit market therefore consumer's unique reality may not necessarily be facts. Behaviourism on the other side will depict how experience with Credit Reference Bureaus has shaped consumer attitudes towards these institutions.

The classical learning theory was proposed by psychologist Ivan Pavlov. Classical conditioning theory involves learning a new behaviour through association of experiences

with certain stimuli (Wood et al, 2005). The theory states that learning occurs when two stimulus the conditioned and the unconditioned stimulus are paired. Through the experience of the paired stimuli, the learner gets to associates the conditioned and conditioned stimuli by knowing that the conditioned stimuli always precedes the unconditioned stimuli (Mergel, 1998). Pavlov's experiment modelled non-conscious learning that occurs in human's everyday lives (Wood et al, 2005).

In relation to this study, it is proposed that attitudes towards Credit Reference Bureaus could be as a result of conditioning that took place in an individual's financial life and previous interactions. The conditioning could also be as a result of the experience of someone the consumer knows who's had interactions with Credit Reference Bureaus. Consumers could learn about Credit Reference Bureaus through association with them and their attitudes towards the Credit Reference Bureaus are shaped by those experiences. Therefore, in attempting to understand how consumers form attitudes towards Credit Reference Bureaus, the current study will also investigate the role of knowledge related factors such as experience with a Credit Reference Bureau, financial literacy and personal values on attitudes.

1.3.2 Theories of Attitudes

Attitudes are concerned with feelings of favourableness or unfavourableness that an individual has towards an object (Blackwell et al, 2006). It is a learned inclination to display certain behaviour based on how one evaluated a subject as a result of either liking or disliking the object (Blackwell et al, 2006). Solomon (2002) describes an attitude as a lasting, general evaluation of an object. Both the definitions depict judgement on the consumer's part. Attitudes are composed of three components being knowledge, feelings and intentions. The

knowledge component is evident from learned information that an individual obtained from the environment he/she lives in. The feeling component is emphasised through evaluations. Lastly the intentions are reflected in the inclination to act according to the evaluation (Schiffman & Kanuk, 2004).

Based on these definitions, this study proposes that consumers could learn about Credit Reference Bureaus from past experiences which are translated into their knowledge about them, and develop certain feelings. The feelings in turn could propel their tendencies to use or not to use Credit Reference Bureaus. Thus attitudes are conceptualised on the basis of knowledge, feelings and intentions.

The drive to understand consumer attitudes has propelled psychologists to develop models and theories that demonstrate underlying dimensions of attitudes (Schiffman & Kanuk, 2004). Thus there are many theories on attitude formation and change including the tri component theory, theory of reasoned action and the functionalist theory. For this study, the tri component theory of attitude is used to guide the framework regarding attitude formation and change. The tri component theory and other theories that closely relate to this topic will be discussed to show why the tri component theory was the most preferred.

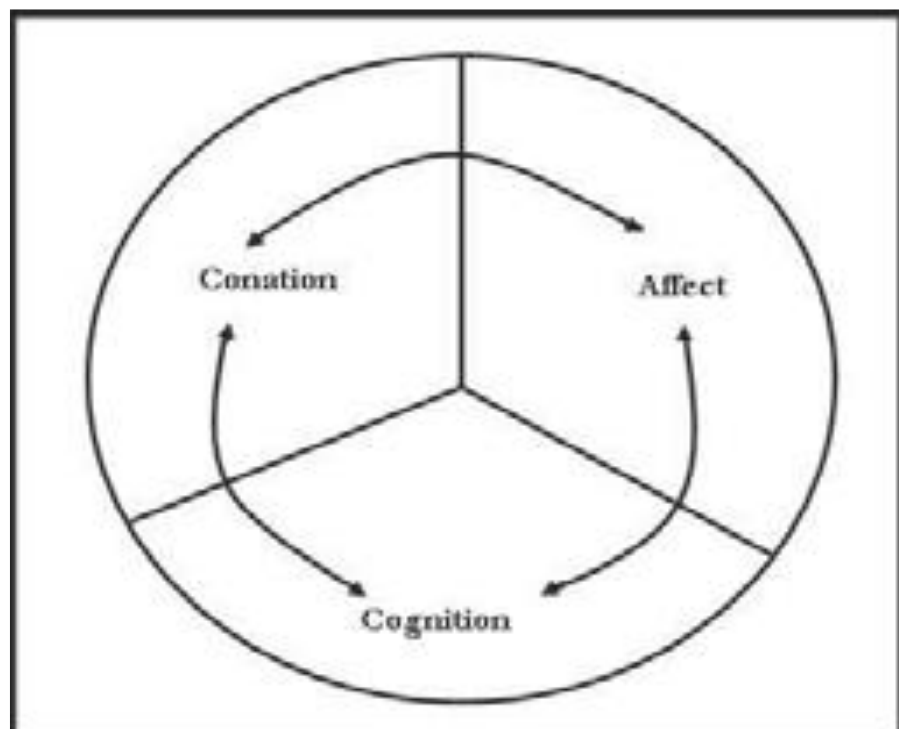
1.3.2.1 The Tri Component Theory

The tri component theory of attitude presented in Figure 1, stipulates that attitudes are made of three components being cognitive, affective and the conative (Pickens, 2005). The cognitive part drives cognitive processes that lead to acquisition of information either through direct

experience with the object or from other sources. The affective component on the other hand includes emotions associated with the object while the conative component involves the degree of possibility that a person will undertake a specific action or behave in a particular way with regard to the attitude object. This theory has been the foundation of studies in attitude and related subjects (Fazio & Olson, 2001). Apart from acting as a field guide on the study of attitudes this theory has been lauded for its clear distinction of the attitude root components making it easy to catalogue the attitude responses to their origin.

The model below shows the tri component model of attitude formation.

Figure 1: Tri-component model of attitude formation

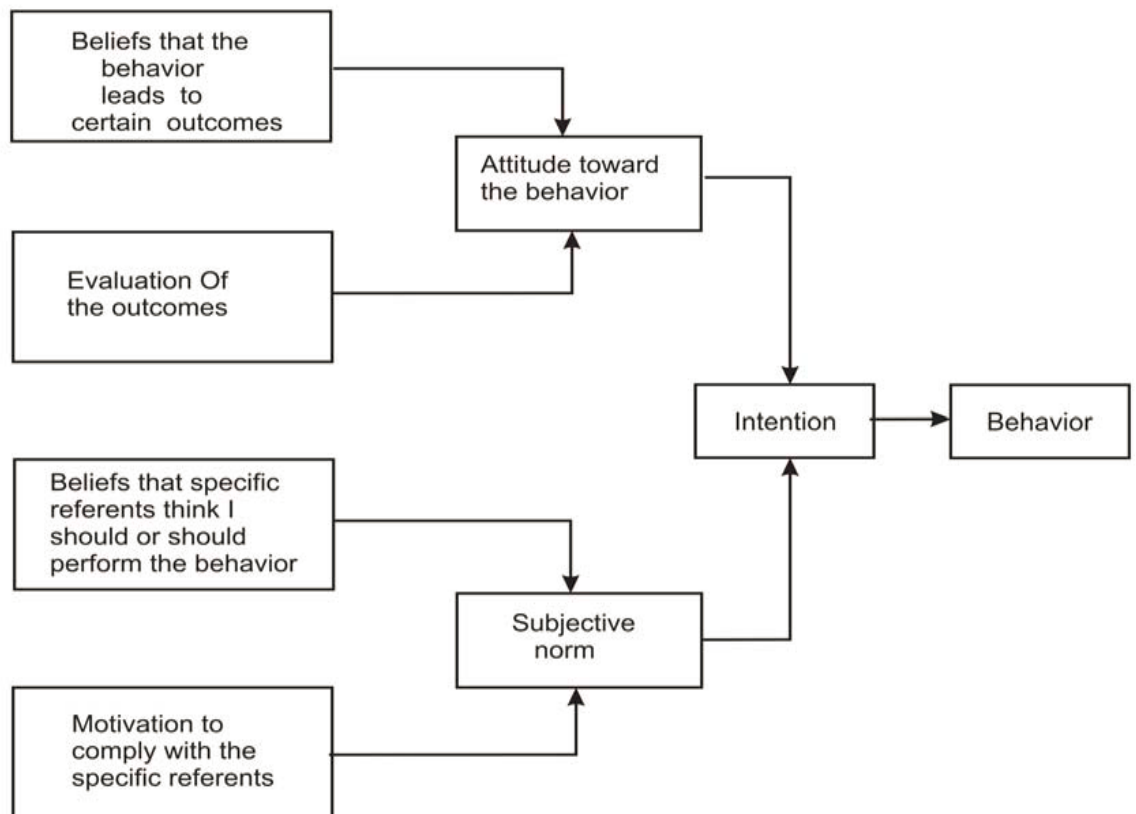


Source: Adapted from Schiffman, L. G., & Kanuk, L. L. (2004). Consumer behaviour, 8th ed. Upper Saddle River, New Jersey: Pearson Prentice Hall.

1.3.2.2 Theory of Reasoned Action

The Theory of Reasoned Action endeavours to assess the effect of behavioural instances and subjective norms on the three components that make attitudes. The theory holds that consumers think about the consequences of their prior behaviours and decide to choose the best alternative (Fishbein & Ajzen, 1975). The theory comprises of three constructs: behavioural intention, attitude, and subjective norm. It states that an individual's behavioural intention (BI) is influenced by functions of their attitude about that behaviour (A) and subjective norms (SN). In this theory behavioural intention measures an individual's comparative strength of intention to perform behaviour. Attitude involves beliefs about the penalties of the behaviour multiplied by his or her evaluation of these consequences (Fishbein & Ajzen, 1975). Subjective norm takes cognizance of expectations from social groups and their norms and intentions to comply with the set expectations of such groups (self-perception). The fact that the theory discusses the end results of attitudes in behaviour makes the theory a good fit for this topic as it will establish how the attitudes held influenced credit behaviour and repayment patterns. Even though this theory, depicted in Figure 2, addresses the roots of behaviour in terms of attitudes and norms it also has its limitations.

Figure 2: Model for Theory of Reasoned Action



Source: Ajzen, I. and Fishbein, M., Understanding Attitudes and Predicting Social Behaviour (Upper Saddle River, NJ: Prentice Hall, 1980).

1.3.2.3 The Functionalist Theory

The functionalist theory of attitude development on the other hand states that attitudes are determined by the functions they serve for their owners (Katz, 1960). Four annexes make up this theory; instrumental, knowledge, value expressive and ego defensive. The Instrumental component suggests that consumers make decisions that brings them happiness hence the attitude held will play an instrumental role towards their happiness. The value-expressive function is applicable when a consumer has attitude towards a product or service due to their self-concept and values. The knowledge function on the other hand is based on knowledge

and facts about a product or a service and lastly the ego-defensive function protects consumer from acknowledging realities of life by serving as defense mechanisms.

The theory holds that people have attitudes because they are functional (Shavitt, 1989). This theory states that people form attitudes upon their first exposure to any stimuli and that these attitudes are memorized and when prompted by associating stimuli they are retrieved. According to Shavitt (1989) attitudes serve as guide on what is right and what is wrong as well as possible consequences of actions for an individual.

1.3.3 Key Factors that Influence Consumer Attitudes towards Credit Reference Bureaus

1.3.3.1 Financial Literacy

Financial literacy encompasses awareness of financial concepts and skills in personal financial management which includes good financial decision making (Huston, 2012). Consumers need to be well equipped with knowledge of financial matters to enable them to make prudent financial decisions. Low levels of financial literacy have been associated with high default rates and over indebtedness (Gerardi et al, 2010). Whilst financial literacy has not been studied in association with Credit Reference Bureaus, it has been studied in relation to loan defaults and delinquencies, (Gerardi et al, 2010). It has also been associated with consumer attitudes in various contexts such as in the use of credit cards (Kamas, 2006) and saving attitudes (Supanantarook, 2013). This study aims to investigate if financial literacy has any effect on consumer attitudes towards Credit Reference Bureaus.

1.3.3.2 Experience with Credit Reference Bureaus

Experience with Credit Reference Bureaus is proposed as one of the factors affecting attitude towards Credit Reference Bureaus. People learn new things and acquire skills through experience and this can alter the way people view things (Boud, Keogh & Walker, 1994). Research has shown that previous experience is key in attitude formation (Petty et al, 2003; Fazio & Zanna, 1981). The cognition component of the tri component model of attitude encompasses experience as it is a knowledge based factor. The Classical Conditioning learning theory which highlights experience as a major factor in future behavior, also supplements the experience factor in this paper.

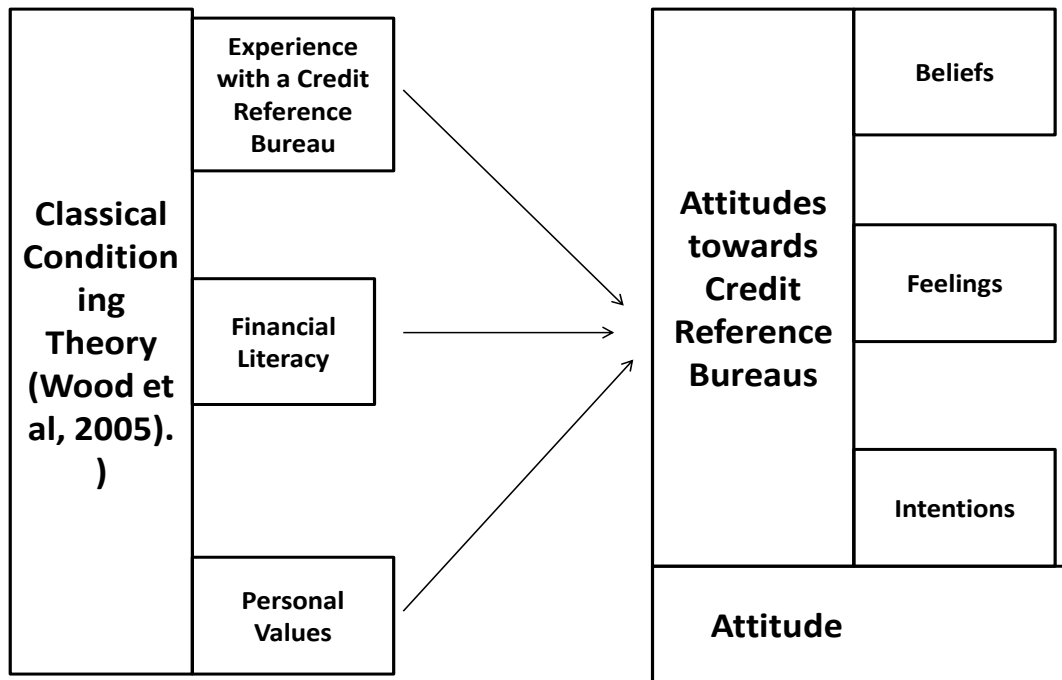
1.3.3.4 Personal Values

Values can be classified into two main groups being the cultural values and the individual values. Cultural values are a set of important beliefs shared widely by a group of people and normally learnt through the socialization process (Engel, Blackwell & Miniard 1990). Individual values on the other hand include what is desirable to an individual at personal level. They are about an individual's needs and wants in relation to their environment .Values too as an important aspect in consumer's self identity have been found to influence consumer perceptions and attitudes (Kucukaslan, 2011; Kayabasi et al, 2012).

Knowledge, experience and values have been found to influence consumer attitudes across different subjects as the literature review will show. This study investigates the effect of these three factors in attitudes held by consumers towards Credit Reference Bureaus in Botswana.

The proposed theoretical framework for this study is thus as below:

Figure 3: Proposed theoretical Framework in the Current Study



Source: Author, 2015

1.4 Research questions

From the background information above and the problem in Botswana pertaining to this subject the research questions suitable for this research paper are as follows;

1. Does financial literacy affect consumer attitudes towards Credit Reference Bureaus?
2. Does experience with Credit Reference Bureaus affect consumer attitudes towards Credit Reference Bureaus?
3. Do personal values affect attitudes held by consumers towards Credit Reference Bureaus?

1.5 Objectives of the study

The main purpose of this study is to investigate the attitude of consumers towards Credit Reference Bureaus and how they are shaped by knowledge related factors such as financial literacy, experience and personal values. Specifically the study will investigate the effects of:

1. Consumer financial literacy on attitudes towards Credit Reference Bureaus.
2. Consumer's experience with a Credit Reference Bureau on attitudes towards Credit Reference Bureaus.
3. Personal values on attitudes towards Credit Reference Values.

1.6 Significance of the study

Globally, consumer attitudes have been used as anchors in market segmentation, product positioning and policy making. The findings of this study are expected to be noteworthy in several ways and to different stakeholders. Firstly, they will close the knowledge gap on Botswana consumer attitudes towards Credit Reference Bureaus as the first study to be carried out on this subject. The findings of the study are expected to be a foundation for further studies on financial literacy in Botswana, as well as consumer attitudes on other financial services in Botswana. Other stakeholders that stand to benefit on the findings of this study include academics in the marketing field of study and the finance field, Credit Reference Bureaus, policy makers, commercial banks, Ministry of Finance and regulatory bodies.

Secondly, the findings of the study will provide insights into the value patterns of Botswana, a factor that can be used by marketers across industries to understand the market better and

position their products successfully. Furthermore the findings of this study could be used by the Ministry of Finance and Bank of Botswana in formulating a comprehensive act, policy or regulation which mandates public education on finances by creditors. Thirdly, Credit Reference Bureaus will benefit from findings of this study as they will have knowledge of how consumers perceive them and consequently review their marketing and consumer education strategies.

Fourthly, from the findings of this study, commercial banks will be able to assess the role they are playing in educating their clients on financial literacy. From a business practice standpoint, this study is relevant and timely at the time when in Botswana the commercial bank's nonperforming loans rate are at their worst in history and liquidity of the banks questionable. The need for thorough consumer analysis and proactive risk management practices is imminent and the findings of this study could be starting point. Fifthly, the World Bank and the International Finance Corporation could also use the findings of this study to launch related studies on Credit Reference Bureaus and information sharing in Botswana, an area which has not been studied. Lastly, consumer rights groups can use the findings of this study to introspect and see where more work has to be done in the rights and responsibilities of consumers when it comes to credit.

The study also gives individual consumers a glimpse into the current state of knowledge level and inspires them to be proactive in learning more about the role that Credit Reference Bureaus play. The study can be extended to other subjects related to consumer knowledge, attitudes and credit in Sub Saharan Africa.

1.7 Scope of the study

The study was carried out in Botswana. The target sample was limited to Gaborone city. Gaborone is the capital city of Botswana with a population of 202,000 (CSO, 2011) which is almost 10% of the entire population (CSO, 2011). The population make up of Gaborone is a combination of all tribes of the country across all ages. Most companies, banks and tertiary schools are concentrated in Gaborone and therefore have the fairest representation of all Batswana from students to worker.

Botswana's economy has seen rapid development since independence. In 1968, the National Development Plan which is the country's development strategy roadmap was formulated and has been used since to formulate initiatives such as opening up of mines and establishment of various forms of local private enterprises (Parsons, 1990). The end result of these initiatives over the years has translated into a growing economy from the 1960's through the 1980s to date (Osei, 2001; Parsons, 1990) and Gaborone is the epicenter for these economic activities.

Population with an age range of 18-65 years was selected to participate in the study. This age group consisted of adults and tends to make up the group of the working population. Individuals under the age of 18 are not allowed to work by the country's constitution therefore they cannot engage in credit activities (CSO, 2010). The retirement ages of the Government of Botswana and private companies workers is 65 years hence the limit of our target population's age range. This age group is also the most active group that is prone to engage in credit transactions and can be affected by Credit Reference Bureaus.

1.8 Conceptualization of Key terms

Consumer Attitudes: A summation of consumer's feelings, thoughts and actions shown through evaluation of a product or service object. The evaluation may show favorableness or un favorableness towards a product or service (Schiffman & Kanuk, 2004; Solomon, 2002)

Experience: knowledge and skills that one gains through doing something for a period of time; (Oxford online dictionary, 2014)

Financial Literacy: Awareness of financial concepts and skills in personal financial management which includes good financial decision making (Huston, 2012)

Personal Values: Values are things that are important in a consumer's life. They guide consumer attitudes and behaviors as consumers view them as principles of behavior guiding what is important in life (Wongsiriwat, 2007)

1.9 Chapterization

This study is divided into five main sections. The first chapter which is the introduction provides a background of the study and illustrates the problem statement. It entails the research objectives as well as the significance of the study findings. This chapter gives insight into the study's theoretical framework. Using pertinent literature and existing theories to develop the framework, the first chapter will provide a roadmap for this study.

The second chapter is the literature review. It critically looks at the existing relevant literature on Credit Reference Bureaus, consumer attitudes and key factors that could influence attitude formation. It discussed substantive findings and literature contributions relating the topic of the current study. The chapter shows what previous studies have found in relation to this study and concisely summarizes their findings. This chapter also highlights the hypotheses proposed for this study based of the existing body of literature.

Methodology is the third chapter and it focuses on the methods adopted to acquire the findings of this study. It covers the research design, sample population, data collection method and tools as well as data analysis used for the findings.

The fourth chapter is the results of the study. It presents key findings and their interpretations as acquired from the survey. In this chapter survey finding are analyzed using various statistical tools to establish inter item reliability and validity, correlations among factors, differences as well as hypothesis testing.

The fifth chapter is the discussion, conclusions and recommendations of the results and analysis findings with relation to existing literature. It offers possible explanation for the findings and recommendations for further studies. The section goes further to highlight some of the limitations observed in this dissertation

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

Consumers always form attitudes towards services and products they use. Some positive some negative some indifferent. Attitude formation draws from intrinsic factors like the cognitive and self as well as environment factors like societal norms. Several factors affect attitude development. This section will review previous studies conducted on Credit Reference Bureaus, financial literacy, experience with Credit Reference Bureaus, and personal values as well as their role in attitude formation. The hypotheses will be developed based on the previous related studies.

2.1 Credit Reference Bureaus

Credit Reference Bureaus are companies that collect information from various sources and provide consumer credit information on individual and corporate consumers for a variety of uses (Gaitho, 2013). The organization provides detailed information on a person's credit history, including information on their identity, credit accounts and loans, bankruptcies and late payments, as well as recent credit inquiries (Dankwah, 2012). Other information shared includes forgeries, bankruptcies and late payments. The information provided by Credit Reference Bureaus help lenders assess the credit worthiness of the borrower and their ability to pay back credit (Millon & Thakor, 1985).

Creditors worldwide face the risk of nonperforming loans and hence have to take proactive risk management measures to guard against migratory defaulters (Schreiner, 2001). One such

measure is information sharing amongst creditors through Credit Reference Bureaus. Credit Reference Bureaus are established in markets to facilitate credit information sharing about consumers' credit worthiness to creditors (Gaitho, 2013). In their paper titled "In defense of a credit bureau", Klein & Richner, (1992) examined Credit Reference Bureaus in the United States and discussed the benefits of these institutions in the society to both lenders and customers. They attested that the institutions bring equilibrium in the market where every party has a responsibility and consequences. McIntosh and Wydick (2004) also indicated in their study that the presence of a Credit Reference Bureau may improve credit access for the poorest borrower through provision of credit behavior. Millon & Thakor (1985) also endorsed the importance of Credit Reference Bureaus highlighting that they mitigate the information asymmetries existing between lenders and borrowers and in turn reward borrowers according to their past credit behavior.

These findings cut across diverse economies. For instance, Japelli & Pagano (2002) conducted a cross sectional study on Credit Reference Bureaus among 49 countries of Eastern Europe and the former Soviet Union, using firm information to assess the relationship between lending and defaults when credit information sharing is existent in a market. They found out that information sharing lessen credit risks. Many other scholars worldwide have attested to the importance of Credit Reference Bureaus in financial markets such as China (Wang & Xuehui, 2007), Ghana (Dankwah, 2012) and Kenya (Kimasar & Kwasira, 2012; Gaitho, 2013 & Wairumu, 2013).

Notwithstanding the positive attributions on Credit Reference Bureaus, some scholars have discussed the negative effects they may bring to financial markets. The 2007 financial crisis was attributed much to Credit Reference Bureaus providing lenders with information that led to bad financing decisions (Mullard, 2012). Credit Reference Bureaus underestimated the

credit risk associated with structured credit products resulting in ratings that did not reflect the existing market risks. Some agencies were also accused of not adequately monitoring the quality of collateral used as security while some unethically offered high rating to be the preferred agency amongst competitors (Utzig, 2010)

While Credit Reference Bureaus have been existent in the developing countries through the early 1900's, (Kimasar & Kwasira, 2012), in Africa they are generally a new concept. In Africa, information sharing platform were first observed in 1962 among the Western African countries (Alloyo, 2013). Currently countries with Credit Reference Bureaus include Angola, Benin, Botswana, Burkina Faso, Burundi, Cote D'ivore, Gambia, Ghana, Guinea Bissau, Kenya, Madagascar, Mali, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, South Africa, Swaziland, Senegal, Tanzania, Togo and Uganda (Kimasar & Kwasira, 2012). In Botswana there are three Credit References Bureaus operating to serve different markets being ITC Transunion, Credit Reference Bureau Africa and Compuscan (Mehta, 2013). ITC Transunion services all industry sectors and collects data from micro lenders, retailers, telecom companies and public sources of information. Credit Reference Bureau Africa serves the commercial banking sector only and collects data from them as well as public sources while Compuscan serves retailers, micro lenders and telecom companies with whom they have data submission contract with. They also acquire data from public sources (Mehta, 2013).

More importantly, a great deal of empirical research about Credit Reference Bureaus tends to concentrate on their role from a business perspective. Thus important knowledge gaps exist about how they affect consumers and how consumers perceive their roles.

2.2 Consumer attitudes

Research has substantially contributed to the knowledge area of the formation of consumer attitudes, that is, how they change as well as how they affect the behavior of individuals (Shavitt & Nelson, 2002, Labroo & Ramanathan, 2007). Kotler and Keller (2006) define attitude as “a person’s enduring favorable or unfavorable evaluation, emotional feeling, and action tendencies toward some object or idea”. Therefore this suggests that attitudes influence people to move towards or away from an object or services. Eagly & Chaiken (1993), defined attitude as an intangible psychological construct that become evident in people’s beliefs, feelings and behavior. Attitudes have a judgmental aspect in that they evaluate concepts with some degree of favoritism (Eagly & Chaiken, 1993). This aspect associates to Fishbien et al (1962)’s definition where they describe attitudes as the evaluative dimension of a product or service. For this study, Kottler and Keller’s definition is used as it corresponds to the theories that have been adopted. Therefore attitudes are defined as evaluative feelings towards a product or service based on the knowledge people have.

Attitudes as a subject have been categorized into two main branches being the functional and the constructive view. The functional school of thought suggest that attitudes are stored in the human memory in the form of object-related associations, therefore stable and only retrieved from memory when need arises (Katz 1960; Argyriou & Melewar 2011). The constructive school assumes that people evaluate objects by instant decisions and do not engage memory based processing (Reed et al. 2002). The two schools differ on formation and the retrieval process. This study borrows from both constructs that even though attitudes are stored in memories they change with contextual factors that can affect attitude formation such as financial literacy, experience and personal values. The functionalist theory and the theory of reasoned action have been considered to guide the framework of this study; however the tri component theory was well suited to the direction of the paper.

2.2.1 The Tri Component Theory

The tripartite theory holds that there are three bases on which attitudes can be based (Breckler, 1984; Rosenberg & Hovland, 1960); cognitive, affect and conation. Affect is the feeling or the emotions a consumer has regarding a product or service. It deals with the positive or negative evaluation regarding a product or service. Because affect is essentially the way a consumer feels, it is tied to emotions because it provokes feelings of like or dislike. The cognition aspect is consumer's knowledge, awareness or belief about a product or a service (Rosenberg & Hovland, 1960). The knowledge and beliefs are acquired through experience and gathering of information from different sources. Beliefs are then formed based on perceptions developed from the information and the experience. The conative aspect, last of the three, is the behavioral part of the attitude which is observed in response to tendencies. Behavior is the reaction of a consumer after feelings and thoughts. This component reflects behavioral tendencies and or intentions towards a product or service.

2.2.1.1 Cognitive Component

The cognitive component includes knowledge, beliefs, and opinions a consumer has on a product or service (Assael, 2004). Consumer's cognition is the knowledge and perceptions acquired overtime through experience with a product or service. The experiences and information known leads to perception formation and consequently believes (Schiffman & Kanuk, 2004). Beliefs formed about a product or services are centered on that product or service's attributes and that certain behaviors result in certain consequences. In the case of a Credit Reference Bureau consumers may form a belief that Credit Reference Bureaus are libraries for credit data, and if beliefs that if one maintains their credit life they will be incentified and have access to more credit, or they may hold opposite beliefs. The beliefs

held about a product or service tends to control attitude changes. This is the reason why it has been argued that consumers cannot form attitude on products or services or issues they are not aware of (Asch, 1965).

2.2.1.2 Affective Component

The affect element is about feelings, evaluation, or emotions on a product or a service (Makanyedza, 2014). It reflects how a consumer feels about a product and services hence speaks to likes and dislikes towards a product, traits, values and cultural norms. When an attitude is hugely influenced by affect consumer feelings towards a product or service can be intense and come out as emotions such as anger and happiness. These emotions affect future attitudes towards the product or services which illicit them in the first place (Johnson & Zinkhan, 1991). However, if the cognitive element changes, attitudes towards a product or service can also shift. The attitudes can also change depending on the context of the situation which a product or service is presented; a different experience. Despite this acknowledgement of the role cognition plays on the affect component, Zajonc (1980) refutes that by suggesting that consumers may like or dislike a product or service without any knowledge of it but just by seeing them. This initial affect can influence the general attitude towards a product or service.

2.2.1.3 Conative Component

The conative component reflects behavioral tendencies toward a product or service. It involves attempts or intention to act or behave in a certain way in relation to the product or service (Solomon, 2002). Sometimes conation may refer to the behavior itself (Schiffman & Kanuk, 2004). The conative aspect is normally used to predict if consumers will purchase a

product or use a service, but sometimes beliefs and evaluations do not play a role on consumer intent especially in cases of impulsive buying/use of service (Assael, 2004). For Credit Reference Bureaus, consumers who have never used the services of a Credit Reference Bureaus may have intentions to start using them after or before learning about them.

For attitudes to be consistent consumers have to have all the components consistent. Boone and Kurtz (2004) stated that attitudes tend to change in response to inconsistencies among the three components and that inconsistencies result when new information alters the cognitive components of an attitude. Smith & Swinyard (1988) too confirm that an effective way to alter attitudes is through focusing on the cognitive component. This can be done through influencing a consumer's perceptions and beliefs about attributes and consequences of a product or service either negatively or positively. Nonetheless the three components of the tri component model have been found to be very consistent and that a change in one will result related change in another (Boone & Kurtz, 2004).

2.2.2 The Theory of Reasoned Action

This theory studies effects of behavior and subject norms on the cognition, affect and curative aspect of attitude. The theory proposes that the behavior of a consumer is based on their intention to act (Ajzen & Fishbein, 1980). It was introduced by Fishbein in an endeavor to understand if there was any relationship between attitudes and behavior. It therefore attempts to explain connection between beliefs, attitudes, intentions and behavior. This theory stipulates that behavioral intention is the determinant of behaviors and the determinants of behavioral intention are consumer attitudes towards the behavior and the subjective norms associated with the behavior (Ajzen & Fishbein, 1980). Attitude on the other hand is determined by a consumer's beliefs about the outcomes of a behavior. Subjective norm of a consumer is influenced by the

views of important people around the consumer with regard to the behavior. Subjective norms are norms that exist in the social context which determine if certain behavior is good or not (Fishbein & Ajzen, 1975). The theoretical framework of this study does not include behavior based on attitudes towards Credit Reference Bureaus hence this theory could not be used. The study does not include in its framework the societal norms of a consumer but rather aims to investigate the consumer's sole attitude towards Credit Reference Bureaus.

One of the limitations of this theory is the use of attitudes and norms as predictors of intentions as there are other factors outside these two factors which can alter intentions to behave in a certain way. This includes confidence, assertiveness and availability of options (Shepard et al, 1988). The same assertion has been observed by Hale & co workers (2002) by stating that the theory only caters for voluntary behaviors. They further state that the theory does not take in consideration factors that might affect the attitude and norm results such as habits, cravings or impulsive actions. This is because these factors do not always involve conscious decision making process on an individual (Langer 1989). These assertions have also been made by Liska (1984) when examining the causal structure of attitude behavior model. The study concluded that the reasoned action model does not exclude just habitual model but also instances where behavior requires skills, other people, opportunities and other resources. Chaiken & Eagly (1993) also noted the omission of the consumer's moral obligation about their preferred values and not necessarily the subjective norm of the external environment. Bentler & Speckart (1979) pointed out the role that past behavior has on attitude development and subsequent behavior and how its exclusion from the factors in the reasoned action model could be a disadvantage in making the model holistic.

2.2.3 The Functionalist Theory

The functionalist theory holds that attitudes help to organize views of the environment such that rewards are maximized and punishment for the individual at stake calls for adjustment of one's interpersonal relations (Katz, 1960, 1968; Katz & Scotland, 1959 & Shavitt, 1989). It offers enlightenment on the functional purpose of attitudes to consumers. Each function of this theory explains the source and purpose certain attitude has to the consumer. Understanding the purpose attitude hold is vital in attitude change (Solomon, 2002). There are four purposes proposed by this theory being the instrumental, knowledge, value expressive and ego defensive.

The Instrumental component proposes that consumers make decisions that brings them happiness hence the attitude held will play instrumental role towards their happiness. The value-expressive function on the other hand is applicable when a consumer has attitude towards a product or service due to their self-concept or core values. The association the service or product has on the consumer and its effect of their social identity is the main issue in this function. The knowledge function is for vigilant consumers as it provides structure to their attitude. It is based on knowledge and facts about a product or a service. Lastly the ego-defensive function protects consumer from acknowledging realities of life by serving as defense mechanisms. They become evident when a consumer believes a service will have an effect on their self image (Katz, 1960, 1968; Katz & Sctotland, 1959). According to this theory when attitudes no longer serve their function on the consumer, consumers change the attitudes they hold and according to Katz this is not changed by altering a person's information or beliefs but rather by the change in consumer's fundamental personality needs.

Empirical research based on the functionalist theory has usually focused on the importance of personality traits in determining which attitude functions prevail for any individual. Although

it has yielded important insights into attitude functions, this approach has limits. Most researchers have agreed that attitudes variously help to organize perceptions of the environment in a way that maximizes rewards and minimizes punishments for the individual, and however some attitudes can be held on products and services that do not directly impact an individual. This calls for an objective attitude stand based on knowledge and beliefs and nothing to do with one's ego and interest. The functional approach sees attitudes as mediators of one's interpersonal relations and as a tool that express values important to one's self-concept and protect the self from anxiety and threats to self esteem functions; (Katz, 1960, 1968; Shavitt, 1989).

Other models have surfaced in the new age like the comprehensive model of attitude called Multiple Pathway Anchoring and Adjustment of attitude generation and recruitment which takes into consideration multiple theories (Cohen & Reed, 2006). While this model is relatively new and has not stood the test of time it is worth considering for future research. The social judgment theory offers another explanation for attitude changes that whereas a consumer compares current information to previous notions incoming messages are filtered down three possible paths; latitudes of acceptance and latitudes of rejection and non commitment. The latitude of acceptance zone is where individuals place attitudes they consider acceptable. The latitude of rejection zone is where individuals place attitudes they consider unacceptable or objectionable and the latitude of no commitment is where people place attitudes they find neither acceptable nor reject-able. If the new information is similar to existing information, the consumer follows the latitude of acceptance. In contrast, if the information is disparate, the consumer follows the latitude of rejection (Petty & Cacioppo, 1981; Hovland, 1961). This theory could not be adopted for this study as it is important to investigate the factors that lead to acceptance, rejection and non commitment.

The definition of Kottler & Keller (2006) which defines attitudes as a person's enduring favorable or unfavorable evaluation, emotional feeling, and action tendencies toward some object or idea, the definitions summarizes attitude formation as theorized in this paper. It is evident from past research that attitudes are negative, positive or indifferent. Through experience, gaining of knowledge, self values, societal norms and self concept, consumer form and change their attitude. The affect, cognition, behaviour, social norms and context are the most important basis of attitude formation in this study as indicated in the selected theories that guide the framework.

2.3 Factors that influence consumer attitude towards Credit Reference Bureaus

Various factors have been brought forward as influencers in attitude formation towards products or services. Knowledge, literacy, demographic factors, gender and cultural tribes are some of factors that have been found to influence attitude formation (Labroo & Ramanathan, 2007; Hayhoe et al, 2000; Shavitt & Nelson, 2002; Lusardi & Mitchell 2009; Gerardi et al, 2010). Knowledge based factors like experience and literacy have been attributed to attitude formations (Labroo & Ramanathan, 2007). Demographic factors like age, gender and income have also been shown to influence attitude formation (Hayhoe et al, 2000). Personality factors like self concept, locus of control, lifestyles and self esteem have also been found to be instrumental in attitude formation. This study will focus on the effect of financial literacy, experience and values on attitude formation towards Credit Reference Bureaus. The various studies are summarized in Table 1.

Table 1: Factors that influence consumer attitude towards Credit Reference Bureaus

Factors	Title	Demographics	Financial literacy	Experience	Personal Values
Gurugamage & Wickramasinghe (2012)	Effects of social demographic attributes, knowledge about credit cards and perceived lifestyle outcomes on credit card usage	√			
Hayhoe et al (2000)	Differences in spending habits and credit use of college students	√			
Kamas et al (2006)	Personality factors, money attitudes, financial knowledge, and credit-card debt in college students.		√		
Petty et al (2003)	Persuasion and attitude change			√	
Shavitt & Nelson, (2002)	The Role of Attitude Functions in Persuasion and Social Judgment			√	
Kucukaslan & Ural (2011)	The examination of the antecedents of consumer attitude toward global brands from perspective of Turkish culture, Innovative Marketing				√
Kayabaşı et al (2012)	Analysis on Young Consumers' Consumer Values and Their Attitudes toward Foreign Firms				√

2.3.1 Demographics as an influencing factor of attitude

Literature has shown that demographic features such as age, gender and age are as significant predictors of consumer behavior. Demographics of a population range from personal to regional characteristics spanning from age, gender, place of birth to income, religion etc. Demographic characteristic of consumers have shown to have influence on various consumer

decisions such as credit card ownership (Gurugamage & Wickramasinghe, 2012) and credit attitude (Hayhoe et al, 2000). A study conducted by Hayhoe et al (2000) showed a significant relationship between gender, financial practices and affective credit attitude. The study which was conducted amongst college students was to determine their feelings about usage of credit cards and how gender affected their credit purchasing. It was concluded that indeed positive feelings towards certain products had an effect on credit purchasing and gender too. Gender was found to have an effect on credit purchasing as more females purchased clothing items while their male counterparts purchased electronics and take away food. Likewise, Armstrong & Craven, (1993) too concluded on their study that gender has an effect on credit behavior. On their 1994 study titled “Credit Card Use by College Students”, one of their objectives was to describe use of credit cards by college students; number owned, amount of balance carried, and payment practices. With a sample of 243 respondents whom 62% were males and 37% were age 25 or younger the findings of the study indicated that females had a higher number of credit cards than males, but found that on average, females had lower balances. This implied that gender had an effect on attitude towards the use of credit cards. Size of household and level of education have also been found to have an effect on credit card usage (Kinsey, 1981; Gurugamage & Wickramasinghe, 2012). Wasberg, Hira & Fanslow (1992) also concluded on their study about credit card usage and debt burden of households that age had a negative impact on credit card usage.

These studies showed the significance of demographics in behaviors and attitude towards credit. Some studies have refuted the existence of these relationships. For instance like Joo, Grable, & Bagwell (2001) indicated that no differences exist between genders with regards to the number of credit cards one has, their balances and general attitudes towards debt.

2.3.2 Financial literacy as an influencing factor of attitude

Financial literacy is defined as having knowledge and understanding in usage of financial information (Huston, 2012). Noctor et al (1992) defined financial literacy as the ability for a consumer to make effective decisions and informed judgments in the use and management of money. The JumpStart Coalition for Personal Financial Literacy (2008) defined financial literacy as the knowledge needed to make informed financial decisions. The Organization for Economic Cooperation and Development (OECD, 2011) includes the attitude factor in their financial literacy definition. They define financial literacy as “A combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing”. From the definitions above and recommendation by Remund (2010) financial literacy encompasses knowledge of financial concepts, the ability to communicate them, skill in personal financial management including good decision making as well as future financial planning. The definitions of financial literacy above take into account judgment, which includes thorough analysis of a situation.

The importance of financial literacy in the consumer market has been growing. Consumers require a thorough understanding of financial matters to make good decision on their financial matters even though most countries are still in their infancy stage when it comes to financial education. The repercussion of lack of financial education is evident in the observed high levels of non performing debt in various countries. Botswana and other developing countries’ financial literacy remain very low (Rutledge, 2010). Studies have indicated a relationship between high default rates and over indebtedness with low financial literacy across the world. For instance Gerardi et al. (2010) have shown that there is a positive relationship between mortgage defaults and delinquency and lower levels of financial literacy in the United States of America. Consumers who had little knowledge on installment, defaulting and interests rate

issues tended to have more defaults in repayment as opposed to their counterparts. Some scholars doubt any relationship between financial literacy and default (Mandell, 2005). In the review of the Jumpstart Coalition, Mandell (2005) argues that the Jumpstart results do not necessarily conclude that low financial literacy affects saving tendencies. Mandell advocates focus in outputs or results of the literacy as depicted by direct behavior than indirect correlation. Even though he does not refute the possibility of that causal relationship, he calls for evidence. High default rates and over indebtedness have been associated with low financial literacy across the world.

For this study we hypothesize that consumers with low financial literacy will have negative attitude towards Credit Reference Bureaus whilst consumers with high literacy will have positive attitude towards Credit Reference Bureaus (Lusardi & Mitchell, 2009; Gerardi et al., 2010). Financial literacy has been found to have an effect on consumer attitude. The Australian Government Financial Literacy Foundation (2007) carried out a nationwide study to assess consumer's self-assessed ability, understanding, attitudes and behavior in regard to using and managing money. It was found out that attitudes and beliefs had a relationship with financial literacy. The study intended to establish a foundation on the financial literacy of Australians by determining what they thought about money, recognitions of the importance of learning, intention with money, attitudes and beliefs and how they actually managed money. The Brondesbury Group (2012) also carried out a study on the Youth literacy in Canada and found out that there is a relationship between consumer attitudes and financial learning.

In a study by Kamas et al (2006) on personality factors, money attitudes, financial knowledge and credit card debt in college, it was found out that the number of credit cards students had predicted their spending attitudes and that attitudes toward possessions and spending are predictors of debt. Lack of financial knowledge was the underlying factor. The study was

conducted in the United States with 448 students from five colleges in three states. For financial literacy, they had hypothesized that financial knowledge will be related negatively to debt and that tolerant attitudes toward debt and credit-card use will be related positively to debt. The findings concluded that financial knowledge was one of the strongest predictors of debt.

Supanantaroek (2013) also carried out a study on financial literacy and saving attitudes of children in Uganda through the Aflatoun program. Aflatoun is a nonprofit organization involved in innovative education programs with balancing components of social and financial education. The findings of the study in Uganda found out that this financial literacy program on saving impacted the children's attitudes toward saving and spending and behavior. Financial literacy across the world has been tied to consumer attitudes towards spending behavior, money management, debt and other financial literacy aspects (Feinberg, 1986).

No research has been done in Botswana about consumer attitudes and financial literacy.

It is therefore hypothesized that;

H1. *Financial literacy* will have a significant and positive effect on consumer attitudes towards Credit Reference Bureaus;

H1.1. Financial involvement will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

H1.2. Maintaining financial records will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

H1.3. Having financial knowledge will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

H1.4. Money management skills will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

H1.5. Credit use will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

2.3.3 Experience as an influencing factor of attitude

The Oxford online dictionary (2014) defines experience as the knowledge and skill that you have gained through doing something for a period of time; the process of gaining this. Through experience people learn new things and acquire new skills and through experience people's decision can be converted (Boud, Keogh & Walker, 1994). Experience plays an integral part in the learning process.

Experience as a knowledge based factor draws its formation from theories of learning. In this study, association of experience and attitude is related to classical conditioning theory of learning by Ivan Pavlov where behavior is learnt with experience of pairing stimuli with an action (Leonard, 2002). Relating to the learning theory, the assumption is that people learn about the role of Credit Reference Bureaus after they have experience with it either first hand or by knowing someone who has been listed in a Credit Reference Bureau. The assumption is that if an individual defaults and they are not listed with a Credit Reference Bureau they are more likely to continue defaulting as they tend to 'forget' or disassociate the stimuli with the action or the consequences associated with defaulting.

Research has shown that prior experience plays a role in attitude formation (Petty et al 2003; Shavitt & Nelson, 2002). A study conducted by Labroo & Ramanathan (2007), on the influence that experience and sequence of conflicting emotions could have on attitudes

towards advertisements, showed a positive correlation. The study had two tests, one of them testing if attitude can be a function of sequence of experience of emotions and delay. It was found that indeed experience influenced advertisement attitudes especially if there were emotions involved. Labroo & Ramanathan (2007) found out that declining emotions led to higher advert attitudes and interestingly also found out that a delay between experiences of the two emotions led to initial emotions dissipating whilst newly experienced emotions affected ad attitudes more strongly.

In agreement to this notion, Fazio & Zanna (1981) also attest that attitudes formed through direct experience are not only more readily accessible in memory but also are strongly associated with behavior as compared to the ones those formed indirectly like through hearsay or seeing an advert (Cho & Cheon, 2004). Akar and Topcú (2011), also showed that previous experience had an influence in attitude and future behavior on their study which investigated consumer attitudes towards social media. DeMagistris, Dunkelberg & Johnson (1978) found that most consumers saw Credit Reference Bureaus as agencies that just keep records of consumer credit ; a distant guess from their actual role. Even though these studies do not depict experience in the context of Credit Reference Bureaus or credit matters they do indicate that experience as a knowledge component has effect on attitude formation towards a product or a service.

While the natural assumption was that consumers ought to know the role Credit Reference Bureaus play in the present and future outlook of their credit life, the opposite was more prevalent. Consumers generally lacked knowledge on roles Credit Reference Bureaus played until one had an experience with a Credit Reference Bureau. This can have an effect on attitude towards Credit Reference Bureaus once a consumer learns about Credit Reference Bureaus. Therefore it is hypothesized that;

H2- *Consumer's experience* with Credit Reference Bureaus will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

2.3.4 Personal Values as an influencing factor of attitude

Values are things that are important in a consumer's life. They are principles that guide consumer attitudes and behaviors (Wongsiriwat, 2007). The importance of values in consumers is depicted in their daily choices and behavior (Kucukaslan & Ural, 2011). Several theories on values and value measurement have been proposed. The prominent ones include the Rokeach Values systems, values and lifestyle system (VALS) and the List of Values (LOV) (Humayun, Hasnu, 2009). For this study, the List of Values will be adopted to measure consumer personal values.

The Rokeach Values system is made of two main streams of values being the instrumental and terminal values. Instrumental values represent the beliefs related to general pleasing behaviors like cheerfulness, Ambition, Love, Cleanliness and self control whereas the terminal values represent the constant beliefs related to the current desires like true friendship, self respect and inner harmony (Rokeach, 1973). Each of the categories has 18 items (Blackwell, Miniard & Engel, 2005). The downside of this measure is that presentation of all 18 values on a rank may overwhelm the respondent and this may affect their ability to process information precisely hence misrepresent the ranking procedure. Also on this measure the list of values has a definition to the side which might not necessarily match the interpretation of the consumer's context. Respondents are also obligated to rank values at the expense of each other which might hold the same prominence to them (Miller, 1956).

The values and lifestyle system developed by Mitchell (1983) was based on Maslow's hierarchy of needs. In this theory, People are categorized under nine groups. After criticism on the effectiveness of the values and lifestyle system, a values and lifestyle system LS 2 instrument was developed (Smith & Swinyard, 1988). The second instrument was developed taking into consideration the trends and tendencies of the society. It categorizes respondents into eight categories; the ones who realize the ones who attain, the accomplished, the empiricists, the believers, the constructors, the endeavoring and the struggling (Kayabasi et al, 2012).

The list of values was developed by researchers at Measurement and Research Centre of Michigan University drawing insights from the studies of Maslow (1954) and Rokeach (1973) used. The subjects are made up of nine values being self- respect, security, warm relations, sense of accomplishment, self fulfillment, sense of belonging, being well-respected, fun and enjoyment and excitement (Kahle et al, 1986). When using the LOV individuals are asked to rank the nine values in order of importance to them. The dominant value or values for that individual will be the highest ranked and the rank assists in segmentation of individuals. Individuals with similar values are assumed to have the same beliefs, attitudes and habits (Kahle 1983). The downside of the LOV is the openness of the values for interpretation. The value list does not have a guide or restrictive definition of context. Rather it is left for the individual to interpret the results in their own cultural, personal or societal context. This poses a challenge of consistency where a group of people could be ranked together based on their dominant value response whilst that dominant value is interpreted differently by the individuals concerned Kamakura and Novak (1992). Nonetheless this measure will be used for this study.

Rokeach stated that individual values precede attitudes and influence them. (Wu, 2003) also attested that consumer characteristics are generally stable because they are based on a consumer's cultural background, values and demographic and social attitudes. This indicates a strong tie between personal values and consumer attitudes. Kucukaslan & Ural (2011) carried out a study to assess antecedents of consumer attitude toward global brands from perspective of Turkish culture. The study whose respondents were mostly university employees found out that indeed some people's attitudes to global brands were shaped by their local lifestyles and values. On their conference paper Kayabaşı et al (2012) analyzed young consumer values and their attitude towards foreign firms in Turkey. The findings were that the relationship between attitudes of the consumers having self directional values was significant while those of affiliation or group values were less significant. Relevant studies on personal values and attitudes towards Credit Reference Bureaus were not found, but based on various studies about attitudes and personal values it is hypothesized that;

H3- *Personal Values* will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.1 Self Respect will have significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.2 Security will have significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.3 Warm relationship will have with others significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.4 Sense of accomplishment will have significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.5 Self fulfillments will have significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

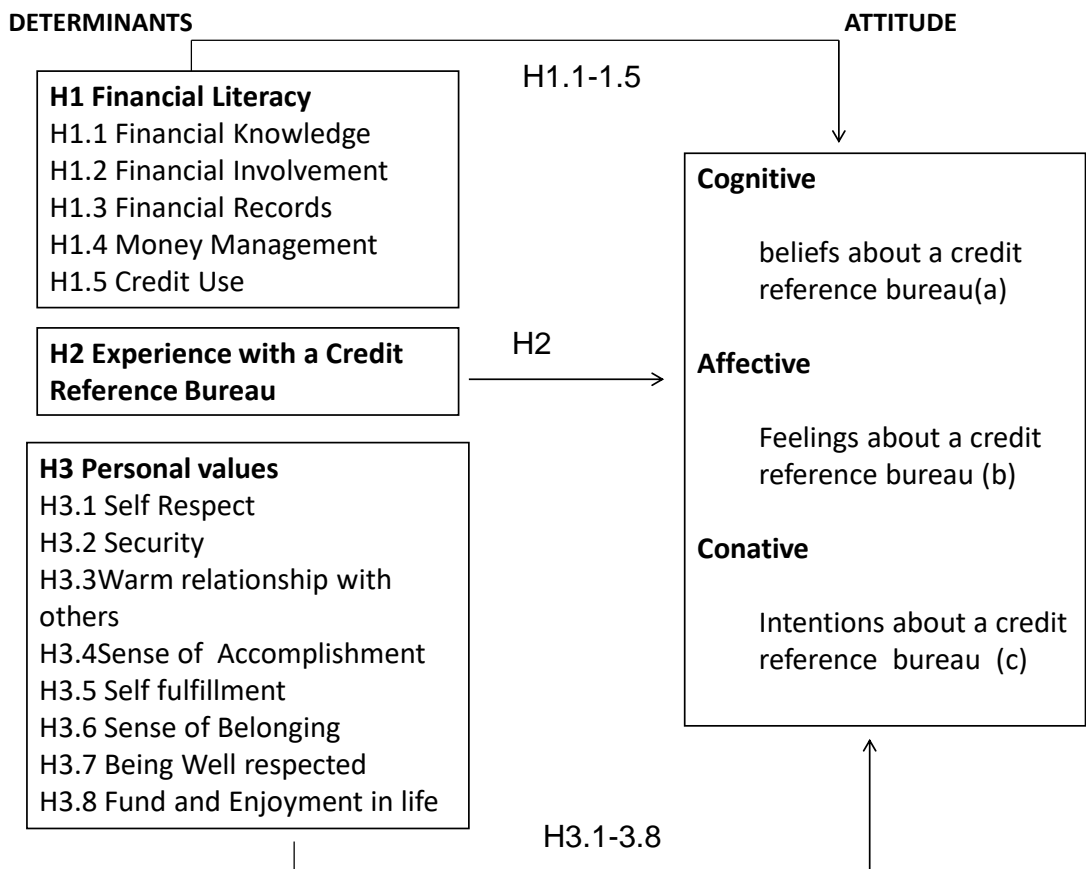
H3.6 Sense of belonging will have significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.7 Being well respected significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.8 Fun and enjoyment in life significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

The framework model for this study is as below;

Figure 4: Conceptual Framework of the study



CHAPTER 3

METHODOLOGY

3.0 Introduction

This research attempts to assess attitudes that consumers in Botswana have towards Credit Reference Bureaus as well as determine how financial literacy, personal values and experience with Credit Reference Bureaus influence attitudes held. The study is cross-sectional. A cross-sectional research design is where data is collected at one point in time and not over a long period (Polit et al., 2001). A quantitative research method that entails collecting numerical data then analyzing it using mathematical based procedures, or scientifically was adopted (Matthews & Ross, 2010; Aliaga & Gunderson , 2000).

3.1 Reinstatement of research questions

The study research design and methodology is in accordance with the following research questions

1. Does financial literacy affect consumer attitudes towards Credit Reference Bureaus?
2. Does experience with a Credit Reference Bureau affect consumer attitudes towards Credit Reference Bureaus
3. Do personal values affect attitudes held by consumers towards Credit Reference Bureaus?

3.2 Research design

A causal research design was used since this study endeavors to establish a cause-effect relationship between attitudes with financial literacy, values and experience with a Credit Reference Bureau. When this research design is adopted, independent variables are identified

and their effects on the dependent variable measured. For this study the independent variables include financial literacy, experience with a Credit Reference Bureau and personal values and the dependent variable is consumer attitudes towards Reference Bureaus. The hypothesis of this study is centered on the relationship between the dependent variable and the independent variables hence this research design.

3.3 Population of the study

In order to spread the representation of participants in this study, participants were selected across a spectrum of industries; including Government, financial sector, non-financial sectors and academic institutions. The total adult population employed in Botswana was 653,191 in 2005/06 Labour Force Survey and the formal sector employed persons stood at 373,900 in 2010 Botswana wide (CSO, 2010). Of the 373,900 people employed in the formal sector, those working in Gaborone city were 69,965. The group consisted of 35,058 men and 34,907 women (CSO, 2008; Siphambe, 2007).

3.4 Sampling

3.4.1 Sampling Method

Non probability sampling method was used to select the participants. Non probability sampling refers to sampling methods that do not use samples with known probabilities while probability sampling is where each element of the population has a known non-zero probability of selection (Yu & Cooper, 1983). For this study it was difficult to ascertain the population availability for probable sampling hence the choice of non-probability sampling. Four types of non-probability sampling are commonly used and these are convenience, judgment, snowball and quota sampling. Convenience sampling was chosen for this study. It involves sampling where odds of each member in a population being selected are not known.

Easily accessible people who fit the population criteria were used (MacDaniel & Gates, 2005).

3.4.2 Sample size

Considering the sampling technique and that the exact current population of people staying in Gaborone who are aged between 18 and 65 is approximated, the researcher selected the sample population basing on the 2011 population and household census. Botswana Population and Housing Census stated the Gaborone population to be 231,592 (CSO, 2011). Without the ration of adults to child population, the researcher selected a population sample of 500 respondents to participate in the study.

This number represents a fair number of populations for sampling in the location. Snijders' (1993) theory of sampling among hidden populations was used to guide the population size. Snijders, (1993) proposes that to get a reliable population size for a hidden population, the sample size should not be smaller than the square root of general population size. Even though this study is not targeting hidden population the recommendation by Snijders (1993) gives a fair representation to use in a non-probable sample. For this study, the square root of the general population in Gaborone is 481, therefore 500 respondents is a fair size.

3.5 Data Collection

Data was collected using quantitative data collection technique namely a survey. Survey is defined as a method of gathering primary data based on communication with a selected population sample (Zikmund, 2003). The survey was designed to measure the constructs as they appear on the framework. Items for the survey were partially adopted from previous

studies where the concerned variables were measured. Other tools adopted were modified to suit the needs of this study.

A questionnaire was used to carry out the survey. The questionnaire sample is appended on appendix 2. It was divided into five main sections. The first section assessed consumer attitudes towards Credit Reference Bureaus. The attitude section is represented by components of the tri component model with cognition represented by beliefs on Credit Reference Bureaus, affect by feeling towards Credit Reference Bureaus and intentions towards Credit Reference Bureaus. The second section measured the financial literacy of respondents. Components measuring financial literacy included financial involvement, financial knowledge, and maintenance of financial records, money management and credit use. The third section addresses the experience consumers has had with Credit Reference Bureaus. The fourth section measured consumer personal values using a list of values theory. The last part of the questionnaire was the demographic section where demographic characteristics of the respondents such as age, gender, education level, and employment status were asked. Questionnaires were distributed at the respondent's work places and collected after a few days when all respondents had completed in that organisation.

3.6 Reliability and validity

Various measures were adopted partially or used as a guide to compile the data collection tool. Instruments which were adopted to construct this questionnaire had been previously validated in other studies, which improves validity and ensures that reliable scales are used.

For consumer attitudes, the tri component model was used as a guide where knowledge, affective and connotative factors were measured using a 5 point Likert rating scale. The Likert

scale was introduced as a scale of attitudes running from one extreme through a neutral point to the opposite extreme in Rensis Likert's. Respondents are required to indicate agreement or disagreement on a scale where grades of agreement are given numbers in their sequence either increasing or decreasing. Attitude measuring questions based on cognitive, affect and conative were asked to respondents. These questions were formulated specifically for the study using previous literature.

Financial literacy was measured by adopting some components of the World Bank Financial Capability household survey and the Organisation for Economic Corporation and Development Financial literacy measure. Both measures have components that cover the components of this study's framework and their coding is relatively applicable in the Botswana Market. The World Bank as the custodian of the global financial market is also most ideal for adoption of financial measures.

In terms of values, List of Values (LOV) measurement will be adopted. The LOV was developed by researchers at the University of Michigan (Kahle, 1983). Its principles borrow from Maslow's (1954) hierarchy of needs, and Rokeach's (1973) work on values (Kahle, 1983). The LOV views values as a solo entity that guides consumer behavior (Kahle, Beatty & Homer, 1986). The List of Values scale has 9 items and has proven to be a good tool to predict consumer behavior and segment consumers.

Both the values and lifestyle system and list of values relate more closely to consumer behavior but the difficulty in administering the values and lifestyle system has rendered the list of values as the most preferred (Kahle, Beatty, & Homer 1986). List of values has also been compared with the Rokeach Values systems by Beatty, Kahle, Homer, & Misra (1985) and from their study the findings was that list of values is better than the Rokeach Values systems as it not only easy to administer but it brings out people's daily life influences.

To test for face validity, the questionnaires on this study, 50 of them were circulated before the actual data collection. From the pilot it was observed that most respondents did not know about Credit Reference Bureaus, the few who knew did not know what the institution do.

3.7 Data Analysis

After gathering all completed questionnaires from the respondents, total responses for each item obtained was tabulated. Data was analysed using SPSS software for windows version 22. The responses from the questionnaire were analysed using charts, graphs, central tendency summarised by the median and mean, dispersion summarised by quartiles.

First, the characteristics of the respondents were analyzed using descriptive statistics. Thereafter, the dimensionality and reliability of the items that were used to measure key concepts in this study were addressed using inter item correlations with Cronbach's Alpha. Cronbach's alpha was adopted as it is the most common measure used for internal consistencies and is normally used for surveys with likert questions that form a scale. Means for all variables were computed before Pearson's correlation was used to explore relationships between the independent variables.

Gender differences on attitudes, financial literacy, experience with a Credit Reference Bureau and personal values were analyzed using an independent T-test. To test the Hypothesis, linear regression was used to establish the effects of financial literacy, experience with a credit bureau and values on consumer attitudes towards a Credit Reference Bureau.

CHAPTER 4

RESULTS

4.0 Introduction

This chapter presents and discusses the findings of the several statistical analyses used to investigate the effects of financial literacy, experience and values on consumer attitudes to Credit Reference Bureaus. A total of 315 valid questionnaires were analyzed using various statistical tests from the Statistical Package for the Social Sciences (SPSS) version 22.0. First, the characteristics of the respondents are presented. Then the dimensionality and reliability of the items that were used to measure key concepts in this study are addressed using inter item correlations with Cronbach's Alpha. Thereafter means for all variables were computed before Pearson's correlation was explored between the independent variables. An independent T-test was carried out to find out gender differences on attitudes, financial literacy, experience with a Credit Reference Bureau and values. For Hypothesis testing, linear regression was used to establish the effects of financial literacy, experience with a Credit Reference Bureau and values on consumer attitudes towards Credit Reference Bureaus.

4.1.1 Profile of Sample

The demographic profile of the sample was computed using frequency tables. Variables analyzed were age, gender, marital status, household size, education level attained and the monthly income before tax. As shown in Table 2, the age of respondents is concentrated on young adults and middle aged adults with 34.9% falling in the age group of 30-39 years and 34.6% on the age group 40-49 years. The age groups account for almost 70% of the sample. The sample is made up of more females (57%) compared to males (43 %). The majority of the respondents in the sample are employed on a full time basis (81 %). In addition, a significant

portion of the sample was either married (40%) or single (39%). Household sizes are fairly spread across all different sizes. There is a higher contribution from medium household sizes ranging from 3-4 people per household (56%). The majority of the respondents were highly educated with 62% of the respondents having an undergraduate degree and 26% having a graduate degree. This is asserted by the income distribution which more concentrated between income groups of P10, 000 to P25, 0000 at 82% of the sample.

The characteristics of this sample falls within general characteristics of people who use credit referencing services; they are adults, educated and have income which renders them to access to credit. The fact that most of the sample is full time employed makes the responds to easily qualify for credit since they have regular income. The results on the profile of the sample tally with the Botswana general population statistics where the male ration to females was recorded at 49% to 51 % in Gaborone (CSO, 2011).However, the ratio of formally employed men to women was reported higher (CSO, 2008), and this did not reflect on the results. The high employment rate depicted from this sample is also consistent with the household income statistics for 2011 (CSO) which stated that 65.7 % of the Gaborone population acquired their income through employment.

The household results are also supported by the CSO household size statistics results which indicated that the average household size in Botswana is 3.7 people per household. The trend in education levels could be attributed to the current free Education Policy in Botswana where the Government sponsors all Batswana to tertiary education through subsidized loans and grants as well as the upsurge of tertiary schools which through the Government admitted more students to pursue tertiary education (Botswana Government, 2008).

Table 1: Profile of the Sample on the basis of Demographic Characteristics

Demographic Characteristics	Category	Frequency	Percentage
Age(Years)	18-29	65	20.7
	30-39	110	34.9
	40-49	109	34.6
	50-59	23	7.3
	60 or more	8	2.5
	Total	315	100
Gender	Male	131	42.7
	Female	176	57.3
	Total	307	100
Employment Status	Full time employed	253	80.6
	Part Time employed	19	6.1
	Self Employed	36	11.5
	Retired	1	0.3
	Unemployed	5	1.5
	Total	314	100
Marital Status	Married	127	40.4
	Single	123	39.2
	Divorced	25	8
	Widowed	17	5.4
	Engaged	13	4.1
	Staying together/Cohabit	9	2.9
	Total	314	100
Household Size	1	44	14.1
	2	41	13.1
	3	86	27.5
	4	90	28.8
	5	34	10.7
	6+	18	5.8
	Total	313	100
Education level Attained	Primary	2	0.7
	Secondary	37	12.1
	Undergraduate	188	61.6
	Post Graduate	78	25.6
	Total	305	100
Monthly Income before tax (BWP)	Less than P4,999	10	3.6
	P5000-,P9,999	40	14.6
	P10,000-P14,999	52	19
	P15,000-P19,999	69	25.2
	P20,000-P24,999	60	21.9
	P25000	43	15.7
	Total	274	100

4.2 Dimensionality and Reliability

Before testing the hypotheses, the internal consistency of the key variables used in this study was examined. Reliability and validity of research findings is vital as it assess if the measurements are free of errors and if responses correlate to questions. Inter item correlations with Cronbach's Alpha were used. Items with very low correlations of 0.20 and below were deleted because such items reflect low correlation with the scale at large as proposed by (Robinson, Shaver, & Wrightsman, 1991; Nunnally & Bernstein, 1994; Bryman & Cramer, 1998).

4.2.1 Dimensionality and Reliability of Consumer Attitudes towards Credit Reference Bureaus

Table 3 shows that the reliability score of beliefs is relatively low at .50. Two items which asked on the functions of Credit Reference Bureaus had inter-correlations of less than .20 and thus were deleted. Further item deletion did not improve the scale reliability. The final Cronbach's Alpha score of .50 for beliefs is low and indicates that more meaningful measures of beliefs should be constructed using the rigorous techniques than just relying on existing literature for insight. However as beliefs about Credit Reference Bureaus have not been extensively measured in the literature, a decision was taken to use the results in future analysis. As argued by (Nunnally, 1988), when a scale is underdeveloped it is important to be more flexible rather than to use stringent rules for reliability. Reliability for the feelings component was very good ($\alpha=.77$). The measure is acceptable as it signifies that the items used adequately measure the same concept. Similarly the reliability for the intentions was also good at $\alpha=.76$ which is an acceptable level.

Table 2: Dimensionality and Reliability of Consumer Attitudes towards Credit Reference Bureaus

Item	Components	Mean	Std. Deviation	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Beliefs $\alpha = .50$	Credit Reference Bureaus are owned by the Government.	2.16	0.87	0.31	0.42
	Credit Reference Bureaus are owned by Banks.	2.74	1.02	0.39	0.27
	Credit Reference Bureaus are debt collecting agencies	3.3	1.10	0.27	0.50
Feelings $\alpha = .77$	I feel Credit Reference Bureaus help people to acquire credit and loans.	2.77	1.123	0.528	0.743
	I feel Credit Reference Bureaus help people to manage their credit and access loans.	3.12	1.11	0.60	0.7
	I feel Credit Reference Bureaus keep correct financial information about people.	3.21	0.91	0.55	0.73
	I feel Credit Reference Bureaus are good for the society.	3.42	0.95	0.62	0.69
Intentions $\alpha = .70$	I intend to learn more about Credit Reference Bureaus.	3.17	1.18	0.28	0.91
	I plan to take to task any institution that sends my name to a Credit Reference Bureau.	2.96	1.04	0.63	0.48
	I plan to take to task a Credit Reference Bureau If I find my name listed with them.	2.9	1.03	0.72	0.35

4.2.2 Dimensionality and Reliability of financial literacy

As discussed in the literature review and methodology, financial literacy was divided into four dimensions including financial involvement, financial knowledge, financial records, money management and credit use. As shown in Table 4 below, internal consistency for all the dimensions was above $\alpha = .60$ which demonstrates good reliability. Financial involvement ($\alpha = .72$) financial knowledge ($\alpha = .71$), financial records ($\alpha = .84$), money management ($\alpha = .70$) and credit use ($\alpha = .64$). Generally the items for the dimensions of financial literacy were extracted from a globally reputable scale; the OECD financial literacy measure. In particular the satisfactory levels of reliability of financial literacy demonstrate that items relate on measuring the concepts they are meant to measure.

Table 3: Dimensionality and Reliability of financial literacy

Item	Components	Mean	Std. Deviation	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Financial Involvement $\alpha = .72$	I am responsible for planning how the money in my household is spent.	4.24	0.7	0.63	0.61
	I am responsible for ensuring that regular household expenses (e.g. rent, bills) are paid.	4.28	0.8	0.63	0.61
	I am responsible for my own personal spending.	4.45	0.6	0.59	0.64
	When I receive money I plan how it will be used.	4.09	0.6	0.45	0.68
	When I have a plan on how to use money I always adhere to it.	3.62	0.8	0.19	0.79
Financial Knowledge $\alpha = .70$	I've got a clear idea of the sorts of financial products that I need without consulting a financial adviser.	3.01	1.1	0.43	0.68

	I put money aside on a regular basis for the future.	3.82	0.9	0.28	0.73
	I know the interest rate of all credit agreements I get into.	3.05	1.1	0.60	0.60
	I always make an effort to collect a copy of my credit report	2.6	1.0	0.52	0.64
	When I fail to pay my credit installments I go back to my creditor to request for a new repayment structure.	3.01	1.0	0.51	0.64
Financial Records $\alpha = .84$	I keep financial documents of receipts for major purchases e.g. vehicle, piece of land.	4.19	0.8	0.54	0.84
	I keep copies of bank statements.	4.15	0.8	0.68	0.80
	I keep agreements of loans and hire purchase.	4.28	0.6	0.71	0.80
	I keep documents of Tax records.	4.23	0.7	0.76	0.78
	I keep bills such as electricity or school fees.	3.85	0.9	0.61	0.83
Money Management $\alpha = .70$	I am very disciplined when it comes to managing money.	3.68	0.9	0.55	0.57
	I learn from the mistakes of other people make when managing their money.	3.87	0.8	0.55	0.56
	When I have a plan on how to use money I always adhere to it.	3.53	0.8	0.45	0.68
Credit Use $\alpha = 0.64$	I sometimes use credit or borrow money to buy basic products (e.g., food & other necessary items) because I have run short of money.	2.85	1.3	0.37	0.52

I sometimes have to borrow money to pay off debts I owe.	2.69	1.2	0.40	0.54
I currently have to repay money that I had borrowed.	3.05	1.2	0.28	0.58
I sometimes have my bank account overdrawn	2.6	1.1	0.17	0.64
I have more than one credit or loans which I am repaying.	2.94	1.2	0.13	0.66

4.2.3 Dimensionality and Reliability of Experience

Table 5 below shows good consistency on experience questions. Cronbach's Alpha for experience is $\alpha = .74$ which signifies good reliability of the questions relating to experience with a Credit Reference Bureau. The rate reflects a good degree of homogeneity or coherence of the items.

Table 4: Dimensionality and Reliability of Experience

Item	Components	Mean	Std. Deviation	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Experience with Credit Reference Bureau =.74	I have been to a credit Reference Bureau to get my credit report.	2.36	1.166	0.477	0.701
	I have been listed at a Credit Reference Bureau for late payments.	2.03	1.019	0.573	0.672
	I have been listed at a Credit Reference Bureau by error.	2.28	1.192	0.463	0.706
	Someone I know has been listed at a Credit Reference Bureau for late payments.	2.92	1.337	0.478	0.704
	Someone I know has been listed at a Credit Reference Bureau by error.	2.59	1.25	0.531	0.68

4.3 Analysis of perceptions using descriptive statistics

Means for key variables were computed to measure consumer perceptions about the various concepts used in the study. The results in Table 6 indicate that attitudes towards Credit Reference Bureaus as measured by beliefs, feelings and intentions are marginal. However respondents appear to be highly involved in planning financial issues for their households (Mean= 4.14) and in keeping financial records such as receipts and agreements (mean= 4.13). Perceptions about aspects of financial literacy such as financial knowledge, money management and credit use are relatively low which means consumers still have to improve on their general financial literacy as they are not well vested in all areas. Most respondents do not have experience with a Credit Reference Bureau which corresponds to the marginal attitudes held towards these institutions. All values attracted high means ranging from 4.39 to 4.90 which means most consumers find all the values highly important to them. The homogeneity of values could be attributed to similar interpretations by the individuals.

Table 5: Analysis of Perceptions using descriptive statistics

Item	Components	Min	Max	Mean	SD
Attitude	Beliefs	1.6	4.8	3.23	0.48
	Feelings	1	4.75	3.13	0.79
	Intentions	1.8	5	3.25	0.64
Financial Literacy	Financial Involvement	2.6	5	4.13	0.48
	Financial Knowledge	1	5	3.06	0.69
	Financial Records	1	5	4.14	0.61
	Money Management	1	4.2	3.27	0.41
	Credit Use	1.33	4.67	3.03	0.61
Experience	Experience with Credit Reference Bureaus	1	4.67	2.45	0.84
Values	Self-Respect	3	5	4.9	0.33
	Security	3	5	4.81	0.43
	Warm relationship with others	2	5	4.46	0.65
	Sense of accomplishments	2	5	4.6	0.56
	Self-fulfilment	2	5	4.62	0.58
	Sense of belonging	2	5	4.55	0.65
	Being well respected	2	5	4.47	0.66
	Fun and enjoyment in life	1	5	4.39	0.72

4.4 Gender differences on Attitudes, Financial Literacy, Experience with a Credit Reference Bureau and Values

Selected demographics such as age, education, gender and income could be used to explore differences on key variables. For this paper a decision was made to focus on gender only because the other variables were not proportionate. The aim is to investigate how consumer perceptions vary according to gender. An independent t- test was carried out to explore whether beliefs, feelings, intentions, financial literacy, experience with a Credit Reference Bureau and values vary by gender.

An independent t-test indicates there is no significant difference between males and females on all attitude components, beliefs ($t=0.24$), feelings ($t=0.78$) and intentions ($t= 0.16$). On the

dimensions of financial literacy, a significant difference between males and females was observed with respect to credit use. The p-value for this dimension is $t = 0.08$. Since this p-value is less than 0.1 the decision is that there is a significant difference between males and females in credit use. Other dimensions did not show any significant difference between males and females. In Botswana there are no studies available to compare these results; however other scholars (Hayhoe et al, 2000; Carpenter & Moore, 1998) showed that gender differences were significant in spending habits and credit behaviors for college students. Experience with a Credit Reference Bureau did not show any significant difference amongst the males and females. However, some personal values indicated a significant difference amongst the two groups of gender; sense of accomplishment $t = 0.07$ and fun and enjoyment in life $t = 0.07$ showed significance in difference.

Table 6: Gender differences on Attitudes, Financial Literacy, Experience with a Credit Reference Bureau and Personal Values

		t	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Attitudes	Beliefs	1.17	0.24	0.065	0.05
	Feelings	0.27	0.78	0.03	0.09
	Intentions	1.42	0.16	0.10	0.07
Financial Literacy	Financial involvement	-0.19	0.85	-0.01	0.06
		0.137	0.89	0.011	0.08
	Financial knowledge	0.14	0.89	0.01	0.08
	Financial records	-0.36	0.72	-0.03	0.071
	Money management	0.18	0.86	0.01	0.04
	Credit Use	1.7	0.08	0.12	0.07
	Experience with a Credit Reference Bureaus	-0.55	0.58	-0.05	0.10
Personal Values	Self Respect	0.22	0.82	0.01	0.04
	Security	0.29	0.77	0.01	0.05
	Warm relationship with others	0.22	0.83	0.02	0.08
	Sense of accomplishment	1.80	0.07	0.12	0.07

	Self fulfillment	1.20	0.23	0.08	0.07
	Sense of belonging	0.65	0.52	0.05	0.08
	Being well respected	0.72	0.47	0.06	0.08
	Fun and enjoyment in life	1.79	0.07	0.15	0.08

4.5 Hypotheses Testing

The main objective of this research was to investigate the role that financial literacy, experience with a Credit Reference Bureau and values have on the attitudes held towards Credit Reference Bureaus. To test the hypothesis a linear regression was used to test the relationship between financial literacy, experience with a Credit Reference Bureau as well as values, the strength of the relationship and it was hypothesized that;

H1. *Financial literacy* will have a significant and positive effect on consumer attitudes towards Credit Reference Bureaus;

H1.1. Financial involvement will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

H1.2. Maintaining financial records will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

H1.3. Having financial knowledge will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

H1.4. Money management skills will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

H1.5. Credit use will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

H2- *Consumer's experience* with Credit Reference Bureaus will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus.

H3- *Personal Values* will have a significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.1 Self Respect significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.2 Security significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.3 Warm relationship with others significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.4 Sense of accomplishment significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.5 Self fulfillments significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.6 Sense of belonging significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.7 Being well respected significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

H3.8 Fun and enjoyment in life significant and positive effect on (a) beliefs, (b) feelings and (c) intentions towards Credit Reference Bureaus;

4.5.1 Beliefs Regression of all Variables

The effects of financial literacy on beliefs in Table 8 show that money management has a positive and significant effects on beliefs ($\beta = .265$, $t = 3.5$, $sig = 0.01$) However the remaining dimensions of financial literacy did not have a significant effect. Thus only H1.4a is supported. While other hypotheses (H1.1a, H1.2a, H1.3a and H1.5a) are not supported. Results also indicate that experience with a Credit Reference Bureau does not have a significant effect

on beliefs towards these institutions thus H2a. For personal values, warm relationship with others ($\beta = .086$, $t = -1.65$, $sig = 0.09$), self fulfillment ($\beta = .154$, $t = 2.1$, $sig = 0.03$) and fun and enjoyment in life ($\beta = -.081$, $t = -1.9$, $sig = 0.05$) showed a significant and positive effect on beliefs towards Credit Reference Bureaus. Hypothesis H3.3a, H3.5a and H3.8a were supported while others were not.

Table 7: Beliefs Regression of all Variables

Beliefs R²=.104	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
<u>Financial Literacy</u>				
Financial Involvement	-.071	.064	-1.110	.268
Financial Knowledge	-.037	.047	-.787	.432
Financial Records	.055	.049	1.117	.265
Money management	.265	.074	3.581	.001
Credit Use	.029	.048	.600	.549
<u>Experience with a credit Reference Bureau</u>				
	-.002	.037	-.063	.950
<u>Personal Values</u>				
Self Respect	-.108	.109	-.990	.323
Security	.031	.088	.349	.728
Warm relationship with others	-.086	.052	-1.654	.090
Sense of accomplishment	-.044	.077	-.571	.568
Self fulfillment	.154	.072	2.146	.033
Sense of belonging	.069	.052	1.311	.191
Being well respected	-.006	.052	-.118	.906
Fun and enjoyment in life	-.081	.042	-1.947	.053

a. Dependent Variable: Beliefs

4.5.2 Feelings Regression of all Variables

Table 9 below indicate that keeping financial records has a significant and positive effect on feelings towards Credit Reference Bureaus ($\beta = .160$, $t = 1.9$, $sig = 0.057$). Hypothesis H1.3b is supported while other hypotheses are not. Results also show that experience with a Credit Reference Bureau does not have a significant effect on feelings towards these institutions;

H2b is not supported. For personal values, security and sense of belonging indicated marginal significance with sig= .092 and sig = .076 respectively. Hypothesis H3.2b and H3.6b were supported while others were not.

Table 8: Feelings Regression of all Variables

Feelings R²=<u>.071</u>	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
<u>Financial Literacy</u>	1.623	.857	1.893	.059
Financial Involvement	-.134	.109	-1.224	.222
Financial Knowledge	.096	.080	1.200	.231
Financial Records	.160	.084	1.909	.057
Money management	.121	.127	.952	.342
Credit Use	.132	.082	1.613	.108
<u>Experience with a credit Reference Bureau</u>	-.096	.063	-1.523	.129
<u>Personal values</u>				
Self Respect	-.060	.187	-.318	.750
Security	.254	.150	1.690	.092
Warm relationship with others	.008	.089	.086	.932
Sense of accomplishment	-.065	.132	-.494	.622
Self fulfillment	.139	.123	1.136	.257
Sense of belonging	-.159	.089	-1.778	.076
Being well respected	-.049	.089	-.556	.579
Fun and enjoyment in life	.042	.071	.587	.557

a. Dependent Variable: Feelings

4.5.3 Intentions Regression of all Variables

The effects key variables towards intentions as shown in Table 10 indicate most financial literacy dimensions have a significant and positive effect on intentions. Financial involvement (sig = 0.006), financial knowledge (sig = 0.001) and money management (sig = .008). H1.1, H1.2 and H1.3 are supported. People who are financially involved and have financial

concepts knowledge tend to know the importance of keeping records; therefore it is not a surprise that such people would have intentions on Credit Reference Bureaus. Experience with Credit Reference Bureau did not have any significant effect on intentions, H2c is not supported. For personal values, security displayed marginal significant effects (sig= .092) therefore H3.2c is supported and all other H3 hypotheses are not supported.

Table 9: Intentions Regression of all Variables

Intentions R²=.128	Unstandardized Coefficients		t	sig
	B	Std. Error		
<u>Financial Literacy</u>				
Financial Involvement	0.232	0.084	2.742	0.006
Financial Knowledge	0.2	0.062	3.24	0.001
Financial Records	-0.101	0.064	-1.559	0.12
Money management	-0.259	0.098	-2.65	0.008
Credit Use	-0.003	0.063	-0.053	0.958
<u>Experience with a Credit Reference Bureau</u>				
	0.056	0.049	1.161	0.247
<u>Personal Values</u>				
Self Respect	-0.012	0.144	-0.081	0.936
Security	-0.196	0.116	-1.689	0.092
Warm relationship with others	-0.077	0.068	-1.12	0.263
Sense of accomplishment	0.163	0.102	1.604	0.11
Self fulfillment	-0.036	0.095	-0.38	0.704
Sense of belonging	0.006	0.069	0.092	0.927
Being well respected	0.108	0.069	1.57	0.118
Fun and enjoyment in life	-0.04	0.055	-0.727	0.468

a. Dependent Variable: Intentions

4.6 Conclusion

Overall, the results demonstrate that consumers have marginal attitudes towards Credit Reference Bureaus and that generally consumers in Botswana have no knowledge of the

functions of these institutions, and their level of experience with these institutions is quite low. Financial literacy is relatively low clearly consumers appear to perceive themselves as high in financial management and record keeping skills. Personal values seem uniform across all respondents which might be an indication of culture and society norms.

CHAPTER 5

DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents and discusses the outcomes of the analyses used to investigate consumer attitudes towards Credit Reference Bureaus and the role financial literacy, experience with a Credit Reference Bureaus and values has on this attitudes formation. As Credit Reference Bureaus are finding a place in the Botswana financial market, consumers are going to be affected by their operations either negatively or positively. As a result, consumer attitudes towards these institutions are worth investigating. The effect of factors such as financial literacy, experience with a Credit Reference Bureau and personal values on the attitude formation too was investigated.

Central to the objectives of this study are the research questions below, which together with findings will be used as a basis for conclusions and recommendations.

1. Does financial literacy have an effect on consumer attitudes towards Credit Reference Bureaus?
2. What role does experience with a Credit Reference Bureau play in shaping consumer attitudes towards these institution.
3. Do values have an effect on attitudes held by consumers towards Credit Reference Bureaus?

5.2 Discussion of Findings

5.2.1 Demographics

In general the demographic profile of the sample in this study had more females (57 %) than males which was not surprising as the Botswana 2011 census indicates that in Gaborone there

are more females than males; 51% to 49 % respectively (CSO, 2011).The majority of the respondent were aged below 50 at 90%, this could be an indication that even though the retirement age is 60 years most people retire early.

A significant portion of the sample reported to be married. However it was not established whether these people are married in or out of community of property a factor which could be key to financial involvement of the household. Respondents who reported to be single were also high (39%) and this could be an indication of a high number of respondents confirming financial involvement in their household. As it would be expected of the urban city life, most respondents reported to be living in households of less than 4 people. A significant number of respondents were highly educated with 87 % having a minimum of undergraduate degree or better. This number mirrors well with monthly income reported where 81.8% of the sample reported to be earning P10, 000 per month.

5.2.2 Reliability and Validity

It was observed that items adopted from existing tools such as the financial literacy tool by the Organization for Economic Co-operation and Development (OECD) and the List of Values (LOV) had the highest reliability points on Cronbach's alpha in comparison to the items formulated by the writer just for this study. This indicates that adoption of existing items normally gives high reliability statistics because the items have been tested and re used over time (Nunnally, 1988). Future studies around this area may consider using existing items to measure attitudes and experience.

5.2.3 Perceptions

Consumer perceptions on concepts used in this study varied. Consumer attitudes towards Credit Reference Bureaus were generally neutral. The entire attitude constructs; beliefs, feelings and intentions were very marginal. This could be attributed to general lack of knowledge about Credit Reference Bureaus observed in the study. Attitude formation by nature inherently relies on knowledge (Asch 1965). Perception about financial literacy varied too. Respondents were highly involved in financial planning of their households and had high perceptions on financial record keeping. Considering the consumer's level of education and general income trends reported from the survey, the findings make sense as people with financial independence tend to make their own financial decisions compared to financially dependent individuals, likewise literate individuals are more likely to keep receipts and other records in comparison to less educated individuals. Low perceptions were observed in other financial literacy constructs; financial knowledge, money management and credit use. Consumers did not understand basic financial products and their interest rates nor did they have the discipline to budget and save money.

Financial literacy has been reported to be generally low in sub Sahara Africa countries; Botswana included (Rutledge, 2010). Experience with Credit Reference Bureaus had very low perceptions indicating that generally consumers did not have any experience with these institutions. This explains the neutral attitudes held and tallies well with knowledge level on Credit Reference Bureaus. The lack of experience in Botswana could be attributed to the fact that these institutions are generally new in the country (Kimasar & Kwasira, 2012). Experience is one of the many sources of knowledge acquisition. Interestingly respondents had high perceptions of all the personal values. This is an indication of similar interpretations and even culture.

5.2.4 Differences

Gender was the only demographic item used to explore the possible differences on key variables other items showed no significant variation within their groups. No significant differences were observed between males and females on all the attitudes constructs. The same trend is observed in financial knowledge items and experience all of which important aspects in knowledge acquisition.

On financial literacy, significant difference between males and females was observed in credit use, other items of financial literacy showed no significant difference. Hayloe & colleagues (2005) indicated in their study that there were significant gender differences in spending habits and credit behaviors among college students. There were no significant differences noted in values except for sense of accomplishment and fun and enjoyment. It is expected for males and females to have differing accomplishment expectation across different cultures

5.2.5 Relationships

Relationships between beliefs and key factors varied. Results have demonstrated that beliefs are affected by money management amongst the financial literacy components. All other financial literacy constructs showed no relationship with beliefs. This confirms the low financial literacy rates reported in Botswana by Rutledge (2010). Surprisingly experience had no effect on all attitude constructs which is contrary to other scholar's findings (Petty et al 2003; Shavitt & Nelson, 2002). This could be ascribed to the general lack of experience with Credit Reference Bureaus observed from respondents. From personal values, warm relationship with others, self fulfillment, love and enjoyment had relationship with beliefs. Maintaining financial records showed a positive relationship with Feelings indicating that respondents who kept financial records had confidence on themselves hence the positive feelings towards Credit Reference Bureaus. Warm relationship with others, self fulfillment

and fun and enjoyment values had a significant positive relationship with feelings towards Credit Reference Bureaus. These values hinge on affect and fit well with feelings.

Results on relationship between intentions and financial literacy show that most financial literacy constructs have an effect on intentions. Financial involvement on household expenditure, financial knowledge and money management all had a relationship with intentions. People who are involved in their household expenditure and have financial knowledge tend to be familiar with the importance of keeping records and people with money management skills tend to use their money per budgets therefore it is not surprising that such people would have intentions to use Credit Reference Bureaus. On personal values, respondents who valued security and sense of well being had intentions to use Credit Reference Bureaus.

5.2.6 Conclusion

The findings of this study suggest that consumers in Botswana have moderate attitudes towards Credit Reference Bureaus and that there is general lack of knowledge on these institutions. Most consumers have not had experience with the Credit Reference Bureaus. Personal values too had marginal relationships with attitude constructs. Respondents had a rather monotonous response towards values and this could be because of the tool adopted or just the culture among Botswana consumers. The LOV was originally developed to measure values in American culture, and even though widely used it might be that the measure does not reflect the African culture values well hence these flat results.

In conclusion, research questions were answered and hypotheses were partially approved while some were rejected. Some effects of financial literacy had an effect on consumer

attitudes towards Credit Reference Bureaus while some did not; hence the hypothesis around this research question was partially accepted. Experience was found to have no role in shaping consumer attitudes towards these institutions and the hypothesis for this research question was rejected. Values too were found to have varying effect on attitudes towards Credit Reference Bureaus and some hypotheses around values were accepted whilst some were rejected.

5.3 Contribution of the study

A huge gap has been identified in the Credit Reference Bureaus literature as well as consumer attitudes in Botswana. Factors such as financial literacy, experience with Credit Reference Bureaus and personal values remain unexplored in the study of Credit Reference Bureaus worldwide. Regarding Credit Reference Bureaus this gap exists because no attention has been paid to effects of these institutions on the financial landscape of Botswana; the credit behavior of consumers, the profitability of creditors and ability to access credit by consumers. This study provides insights on Credit Reference Bureaus in Botswana, how they currently operate and possible effects on consumers and credits and subsequently the financial market.

5.3.1 Contribution to theory and Marketing Management

Although a few studies have been carried out in consumer attitudes and behavior in Botswana, none were addressing Credit Reference Bureaus and this study specifically contributes to literature by providing foundation to revise and learn more on consumer attitudes towards these institutions and how they affect their credit behavior in Botswana. Moreover the study provides a basis to formulate theories on consumer attitudes in developing countries towards these institutions. It provides an anchor to look into the consumer knowledge levels about these institutions as these will feed on other downstreams

such as consumer profiling and segmentation as well as policy making by regulators. It creates an opening for further studies by marketing professionals. This study not only provides insight on consumer attitudes towards Credit Reference Bureaus, it also gives insight to the consumer knowledge levels about these institutions.

Although factors such as financial literacy, experience with a Credit Reference Bureau and personal values were not studied stand alone in the study, the findings have crafted an opportunity for these factors to be studied individually in the Botswana context, and thereafter validated in other developing countries. Financial literacy levels of Botswana were found to be very low especially regarding Credit Reference Bureaus functions, financial knowledge and money management aspects. This also reverberates with Rutledge's study (2010), but a detailed study on this concept is needed.

Consumer's experience with Credit Reference Bureaus in Botswana were found to have no effect on attitude construct which was surprising because experience as a knowledge factor is expected to have effect on attitude formation. These new findings ought to be studied further. Personal values studies in Botswana are also very scarce and this study filled the literature gap missing on this factor. Findings on this paper indicated that consumers had almost the same values and all the values having the same importance to them. This probes for further studying of personal values in Botswana using other tools other than the List of Values (LOV) as it may be that the tool is not compatible with Botswana cultural values.

5.3.2 Contribution to other stakeholders

While these findings contribute to the knowledge body in general specific stakeholders can benefit directly from the study. The study provides Credit Reference Bureaus with the current

view consumers have on them and provokes these institutions to assess their marketing strategies and consumer education policies. It gives the creditors an insight into their target market as well as the need to introspect on their roles in consumer education about Credit Reference Bureaus. The study indicates less knowledge on Credit Reference Bureaus and less experience which should communicate to the creditors on how this might affect the consumer repayment behavior. This is relevant area of study in Botswana given that Credit Reference Bureaus are relatively new and consumers are generally unaware or misinformed about their functions. Educating consumers on the roles and functions of Credit Reference Bureaus could have a significant effect on non-performing credit in the market.

This study provides excellent information and insights to the policy makers in the credit industry, given the recent economic crises across the world emanating from dysfunction in the credit markets such as the recent collapse and bail out of the African Bank. For instance, the Bank of Botswana as the custodian and driver on the country's economy would use the findings of these studies to assess responsible lending amongst creditors (which has to done alongside consumer education) and formulate policies to safeguard consumer financial education. As the legislative arm, the Ministry of Education will also benefit from the findings of this study. The findings give these policy makers insight into the current status of consumers in Botswana and Credit Reference Bureaus. It gives insight into the financial literacy levels, all these are pre requisites to solid financial policy that address consumers and creditors and feed into a sustainable financial market. As the Ministry is working towards a preliminary study to gauge credit information sharing in Botswana (Mehta, 2013), this study provides direction.

5.4 Recommendations

This paper has provided some meaningful insights regarding consumers' attitudes towards Credit Reference Bureaus in Botswana and how financial literacy, experience with a Credit Reference Bureau and values affect the attitude. From the study findings established that there is no tool to assess consumer attitudes towards Credit Reference Bureaus, it is recommended that first, a reliable measure be developed and tested on attitude towards Credit Reference Bureaus. This tool can be developed by the Credit Reference Bureaus themselves, the creditors or the regulators working together with academics in marketing and finance fields.

Consumers have been found to not know what Credit Reference Bureaus are and their role in their financial life. Financial literacy is also low. There is need for concentrated efforts from all stakeholder to improve and grow financial literacy in Botswana for the country' and citizen's economic sustainability. The lack of knowledge about these institutions and the marginal attitudes toward them could be further explored to find out if they could have any bearing on the escalating levels of household debt in Botswana. All creditors have the responsibility to educate their client's about Credit Reference Bureaus. Due to general lack of knowledge about Credit Reference Bureaus, it is suggested that Creditors concentrate their rehabilitation and educational efforts in imparting knowledge about these institutions to consumers.

Lastly the Bank of Botswana, the Non Banks Financial Institutions Authority and the Ministry of Finance should look into the Credit Reference Bureaus and develop industry guidelines to monitor the institutions and protect consumers. They should also maintain holistic consumer profiles indicating their education levels, income, and gender and use these

to monitor consumer credit behavior. Trends in consumer credit behavior could be the underlying rationale on the relationships found in this study, and customized educational and rehabilitation efforts could be formulated based on these analytics. This consumer profiling by regulators could also assist academics in further dissecting consumer behavior trends in Botswana as well predicting financial calamities across different sectors i.e. household or corporate/businesses.

5.5 Limitations of the study

This study has some limitations that need to be considered. Firstly the study was only based in Gaborone the capital city of Botswana as it has a fair representation of all Batswana. However, it is suggested that future studies consider expanding the survey to all parts of the country as this might have implications on the findings especially on income, education level, financial literacy and experience with Credit Reference Bureaus. The List Of Values scale which measures personal values also gave rather unvarying results which could be investigated further to ascertain if the scale is limited to certain countries or if Botswana consumers generally have uniform values.

The survey component of this study included distributing questionnaires and leaving them with respondents. This created issues in misplacing the questionnaires by respondents. The other limitation has been the respondent's lack of knowledge on Credit Reference Bureaus which made well over 100 respondents not to answer the questionnaire. This general lack of knowledge delayed the data collection process. It also had implications on the key findings of the study because knowledge directly affects attitude formation. The results which indicate that respondents had marginal attitudes towards Credit Reference Bureaus are influenced by the lack of knowledge about this institution. Lack of previous studies on attitudes towards

Credit Reference Bureaus made the study very difficult as there was no reference for cross comparisons. Studies on Credit Reference Bureaus are few and far apart, In Botswana there are no studies done on Credit Reference Bureaus. Reference had to be made to the few studies carried out in other countries despite the varying contexts which they were studied on.

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APPENDIX