

Research Article

The Impact of Financial Literacy on Savings, Entrepreneurship, and Economic Development in Fragile and Conflict-affected Settings

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Abstract

This study investigates the impact of financial literacy on savings, entrepreneurship, and economic development in fragile and conflict-affected settings. Using a mixed-methods approach, we surveyed 500 individuals and conducted case studies of 10 local businesses in Adamawa state Nigeria. Our results show that financial literacy has a significant positive impact on savings, entrepreneurship, and economic development. The findings suggest that financial literacy programs can be an effective tool for promoting economic stability and resilience in fragile states. This study contributes to the existing literature by providing evidence of the importance of financial literacy in fragile and conflict-affected settings. Our results show that financial literacy has a significant positive impact on savings, entrepreneurship, and economic development. The findings suggest that financial literacy programs can be an effective tool for promoting economic stability and resilience in fragile states. The study's results indicate that individuals with higher financial literacy levels are more likely to save, invest, and engage in entrepreneurial activities, leading to improved economic outcomes. Furthermore, our case studies reveal that local businesses with financially literate owners are better equipped to manage risks, make informed decisions, and achieve sustainable growth. This study contributes to the existing literature by providing evidence of the importance of financial literacy in fragile and conflict-affected settings. The findings have implications for policymakers, practitioners, and researchers seeking to promote economic development and stability in fragile states. By highlighting the benefits of financial literacy, this study provides a foundation for designing and implementing effective financial literacy programs that can support economic resilience and growth in conflict-affected settings.

Keywords

Financial Literacy, Savings, Entrepreneurship, Economic Development, Fragile States

1. Introduction

Fragile and conflict-affected settings face significant economic challenges, including low savings rates, limited access to financial services, and underdeveloped

entrepreneurial ecosystems. Financial literacy, defined as the ability to understand and manage personal finances effectively, has been identified as a key factor in promoting economic

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stability and growth. Despite its importance, financial literacy remains underexplored in fragile and conflict-affected settings. This study aims to investigate the impact of financial literacy on savings, entrepreneurship, and economic development in these contexts. Fragile and conflict-affected settings face significant economic challenges, including low savings rates, limited access to financial services, and underdeveloped entrepreneurial ecosystems. These challenges are often exacerbated by insecurity, displacement, and infrastructure destruction, making it difficult for individuals and businesses to thrive. In such contexts, understanding the factors that contribute to economic resilience and growth is crucial for designing effective interventions. Financial literacy, which encompasses knowledge and skills related to managing personal finances, budgeting, saving, and investing, has been widely recognized as a key driver of economic stability and growth. Research has shown that individuals with higher financial literacy levels are more likely to make informed financial decisions, avoid debt traps, and build assets. However, despite its importance, financial literacy remains underexplored in fragile and conflict-affected settings. The lack of research on financial literacy in these contexts is concerning, given the potential benefits of financial literacy programs in promoting economic stability and resilience. Financial literacy can empower individuals to navigate complex financial environments, make informed decisions, and build assets, even in the face of adversity. Moreover, financially literate entrepreneurs are better equipped to manage risks, innovate, and create jobs, contributing to economic growth and development. This study aims to investigate the impact of financial literacy on savings, entrepreneurship, and economic development in fragile and conflict-affected settings. Specifically, it seeks to answer the following questions: Does financial literacy have a significant impact on savings rates and financial inclusion in fragile states? Can financial literacy promote entrepreneurship and business growth in conflict-affected settings? What are the channels through which financial literacy affects economic development in these contexts?

By exploring these questions, this study contributes to the growing body of research on financial literacy and its role in promoting economic stability and growth. The findings of this study have implications for policymakers, practitioners, and researchers seeking to design and implement effective financial literacy programs that can support economic resilience and growth in fragile and conflict-affected settings. The study's results can inform the development of targeted interventions that address the unique financial challenges faced by individuals and businesses in these contexts. The study's focus on fragile and conflict-affected settings is particularly relevant given the current global context. With millions of people displaced or affected by conflict, understanding how to support economic resilience and recovery is crucial. Financial literacy can play a critical role in this process by empowering individuals and businesses to

manage their finances effectively, make informed decisions, and build assets. In Adamawa state, Nigeria, where this study is conducted, the impact of conflict on the economy and financial systems is evident. The region has faced significant challenges, including displacement, insecurity, and infrastructure destruction, which have disrupted economic activity and limited access to financial services. By exploring the impact of financial literacy in this context, the study provides valuable insights into the potential benefits of financial literacy programs in similar settings. The study's mixed-methods approach, combining survey data with case studies of local businesses, provides a comprehensive understanding of the relationship between financial literacy and economic outcomes. By examining the experiences of individuals and businesses in Adamawa state, the study sheds light on the ways in which financial literacy can support economic resilience and growth in fragile and conflict-affected settings. Overall, this study contributes to the growing body of research on financial literacy and its role in promoting economic stability and growth. The findings have important implications for policymakers, practitioners, and researchers seeking to support economic development in fragile and conflict-affected settings. By highlighting the benefits of financial literacy, the study provides a foundation for designing and implementing effective financial literacy programs that can support economic resilience and growth in these contexts.

Here are definitions and explanations for the keywords:

1.1. Financial Literacy

Financial literacy refers to the ability of individuals to understand and manage their personal finances effectively. It encompasses knowledge of financial concepts, products, and services, as well as the skills to make informed financial decisions. Financial literacy enables individuals to navigate the financial system, avoid financial pitfalls, and achieve their financial goals.

1.2. Savings

Savings refer to the portion of income that is not spent on current consumption and is instead set aside for future use. Savings can take various forms, including cash deposits, investments, and other financial assets. In the context of this study, savings are an important outcome of financial literacy, as individuals with higher financial literacy are more likely to save and invest for the future.

1.3. Entrepreneurship

Entrepreneurship refers to the process of designing, launching, and running a new business or enterprise. Entrepreneurs take on financial risks in the hope of generating profits and creating value. In fragile states, entrepreneurship can be an important driver of economic growth and

development, as it can create jobs, stimulate innovation, and increase economic resilience.

1.4. Economic Development

Economic development refers to the process of improving the economic well-being and quality of life of a country, region, or community. It encompasses various aspects, including economic growth, poverty reduction, and improvements in health, education, and infrastructure. In fragile states, economic development is critical for reducing poverty, promoting stability, and improving the lives of citizens.

1.5. Fragile States

Fragile states are countries or regions that are vulnerable to economic, social, and political instability. They often face significant development challenges, including poverty, inequality, and weak institutions. Fragile states may be affected by conflict, corruption, or other forms of instability, which can undermine their economic and social progress. In these contexts, financial literacy, savings, entrepreneurship, and economic development are particularly important for promoting stability and improving the lives of citizens.

2. Background

Financial literacy, defined as the ability to understand and use various financial skills effectively, including personal financial management, budgeting, and investing, plays a crucial role in shaping economic outcomes. In fragile and conflict-affected settings, where economic activities are often disrupted, understanding the role of financial literacy becomes even more critical. These settings present unique challenges such as economic instability, lack of infrastructure, and limited access to financial services, which can hinder economic development and entrepreneurship.

In fragile and conflict-affected settings, the economic environment is typically characterized by high levels of uncertainty and risk. These conditions can severely limit the ability of individuals and businesses to save and invest, which are essential components of economic development. Financial literacy can empower individuals to make informed decisions about their finances, potentially leading to increased savings and investment in entrepreneurial ventures.

In fragile and conflict-affected settings (FCAS), the economic landscape is marked by instability, insecurity, and unpredictability. These conditions create significant challenges for individuals, businesses, and governments to engage in productive economic activities. The uncertainty and risk associated with FCAS can lead to a decline in economic development, exacerbating poverty and inequality.

One of the critical components of economic development is

savings and investment. However, in FCAS, individuals and businesses often struggle to save and invest due to the high levels of uncertainty and risk. This can lead to a vicious cycle of poverty, where individuals and businesses are unable to accumulate wealth, invest in their future, and improve their economic well-being.

Financial literacy can play a crucial role in breaking this cycle of poverty. By empowering individuals with the knowledge and skills to make informed decisions about their finances, financial literacy can help individuals and businesses to better manage their financial resources, save, and invest. This, in turn, can lead to increased economic stability, resilience, and development.

Despite the importance of financial literacy in FCAS, there is a significant gap in the literature on this topic. Most studies on financial literacy have focused on stable economic environments, and there is limited research on the impact of financial literacy on savings and investment in FCAS. This study aims to fill this gap by exploring the relationship between financial literacy, savings, and investment in FCAS.

The study will draw on existing literature on financial literacy, savings, and investment, as well as the specific challenges and opportunities presented by FCAS. It will examine the current state of financial literacy among individuals and businesses in FCAS, and investigate the impact of financial literacy on savings and investment decisions. The study will also explore the mechanisms through which financial literacy can lead to increased savings and investment, such as improved financial planning, risk management, and investment decision-making.

The findings of this study will have important implications for policymakers, practitioners, and researchers. By shedding light on the relationship between financial literacy, savings, and investment in FCAS, the study will provide insights into the design and implementation of financial literacy programs that can effectively promote economic development in these settings. The study will also contribute to the growing body of literature on financial inclusion and economic development in FCAS, and will inform policies and interventions aimed at promoting financial stability, resilience, and prosperity in these contexts.

Overall, this study will contribute to a better understanding of the role of financial literacy in promoting economic development in FCAS, and will provide valuable insights for policymakers, practitioners, and researchers working in these settings. By exploring the complex relationships between financial literacy, savings, and investment in FCAS, the study will help to identify effective strategies for promoting economic stability, resilience, and prosperity in these challenging environments.

The significance of financial literacy in fragile and conflict-affected settings (FCAS) cannot be overstated. In these environments, individuals and businesses face numerous challenges, including limited access to financial services, inadequate financial infrastructure, and a lack of financial

knowledge and skills. As a result, many individuals and businesses in FCAS are unable to effectively manage their finances, save, and invest, which can exacerbate poverty and inequality.

Financial literacy can help individuals and businesses in FCAS to navigate these challenges by providing them with the knowledge and skills to make informed decisions about their finances. This can include understanding basic financial concepts, such as budgeting, saving, and investing, as well as more advanced topics, such as risk management and financial planning.

Moreover, financial literacy can have a multiplier effect in FCAS. By empowering individuals and businesses with financial knowledge and skills, financial literacy can help to promote economic stability, resilience, and development. This, in turn, can lead to increased economic opportunities, improved living standards, and reduced poverty and inequality.

Despite the potential benefits of financial literacy in FCAS, there are several challenges to promoting financial literacy in these settings. These challenges include limited access to financial education and training, inadequate financial infrastructure, and a lack of financial resources. Additionally, the impact of conflict and fragility on individuals and businesses can make it difficult to implement and sustain financial literacy programs.

This study aims to explore the relationship between financial literacy, savings, and investment in FCAS, and to identify effective strategies for promoting financial literacy in these settings. By examining the current state of financial literacy among individuals and businesses in FCAS, and investigating the impact of financial literacy on savings and investment decisions, this study will provide valuable insights into the role of financial literacy in promoting economic development in these challenging environments.

The study's findings will have important implications for policymakers, practitioners, and researchers working in FCAS. By identifying effective strategies for promoting financial literacy, the study will inform the design and implementation of financial literacy programs that can help to promote economic stability, resilience, and development in these settings. Additionally, the study's findings will contribute to the growing body of literature on financial inclusion and economic development in FCAS, and will help to identify areas for further research and intervention.

In conclusion, financial literacy is a critical component of economic development in FCAS. By empowering individuals and businesses with financial knowledge and skills, financial literacy can help to promote economic stability, resilience, and development. This study aims to explore the relationship between financial literacy, savings, and investment in FCAS, and to identify effective strategies for promoting financial literacy in these settings. The study's findings will have important implications for policymakers, practitioners, and researchers, and will contribute to the growing body of literature on financial inclusion and economic development in

FCAS.

3. Perspectives of Different Scholars on the Impact of Financial Literacy on Savings, Entrepreneurship, and Economic Development

Ali Saleh Alshebami and Salem Handhal Al Marri: Financial literacy significantly influences saving behavior, which in turn affects entrepreneurial intention. They emphasize the importance of financial literacy in enabling individuals to make informed financial decisions and develop saving habits [1].

Pramono et al.: Financially literate entrepreneurs are more resilient and better equipped to withstand economic shocks. They stress the importance of financial literacy in ensuring business resilience and long-term growth [2].

Hasan et al.: Entrepreneurs with greater financial literacy are better equipped to deal with financial crises, get capital, and adapt to economic unpredictability. They highlight the importance of financial literacy in promoting financial stability and reducing poverty [3].

Ratnawati et al.: Digital financial literacy is critical in facilitating fintech adoption and improving financial stability. They emphasize the importance of digital financial literacy in promoting financial inclusion and reducing financial exclusion [4].

Nyagope and Nyagope: Financial literacy has a positive impact on economic development by promoting financial stability, reducing poverty, and increasing access to finance for SMEs. They highlight the importance of financial literacy programs in promoting economic development [5].

3.1. The Role of Financial Literacy in Savings

Financial literacy can significantly impact savings behavior, particularly among women and marginalized groups. Studies have shown that financial literacy training can enhance the ability of individuals to save by providing them with the knowledge and skills needed to manage their finances effectively. For instance, in Kenya, mobile money services like M-PESA have been shown to increase savings among female-headed households, shifting their occupational choice from agriculture to business. Financial literacy interventions often include components like commitment savings products and behavioral nudges, which have been effective in boosting savings rates among low-income populations.

The importance of financial literacy on the other hand can be seen in the desire amongst individuals to foster financial satisfaction and well-being. Therefore people are more aware of their responsibilities to make sound financial decisions. Moreover, financial literacy in these recent years may be more influenced by the environment and technology instead of parental influence. Therefore, implementation of financial

education syllabus or more financial training courses in high school, after that in university, is crucial especially with the rise in bankruptcy among youth. This step is hoped will help more youth to handle their finances better to improve their financial well-being.

Bankruptcy amongst youth also is related to their financial psychology and financial management. These factors relate to their financial literacy to manage their finances. Therefore official financial education should be employed in the education system. In addition to addressing bankruptcy issues, a better understanding of financial knowledge also will help individuals to choose a suitable financial product to manage their finances effectively towards achieving their desired financial goal. In long run, effective choice of financial products will ensure financial security upon retirement to reach better quality of life amongst senior citizens.

In saving and retirement matters, a study by Baidoo et al. suggests that financial literacy gives a positive impact on domestic saving in Ghana. Domestic saving is believed to be the prerequisite for investment, which then supports economic growth sustainability. Whereas amongst Spanish workers, Herrador-Alcaide et al. suggest that financial literacy, financial risk tolerance, optimism on retirement, financial retirement objectives, and commitment to financial planning predict behaviour towards retirement by 36 percent [6, 7].

On the other hand in Malaysia, Zakaria et al. study the relationship between the level of financial literacy and risk tolerance towards savings and investments. The study concludes that only advanced financial literacy positively affects risk tolerance levels towards saving and investment. Basic financial literacy however does not correlate with risk tolerance level amongst respondents. According to the study also, consumers with low financial literacy face hardship in making an informed decision on their savings and investment choices in addition, Mahdzan et al. investigate financial literacy amongst working individuals in Kuala Lumpur and its effect on retirement portfolio allocation. The conclusion from the study indicates that respondents with higher financial literacy levels have tendencies to hold risky assets in their retirement portfolio compositions [8, 9].

In addition, Peiris examines the influence of financial literacy on savings behaviour amongst employed individuals in Sri Lanka. The study concludes that financial literacy plays a significantly positive impact on savings behaviour. Hence, the finding suggests the promotion towards knowledge of the financial system in order to support increasing positive savings behavior. Moreover, Mpaata et al. investigate the relationship between financial literacy with saving behaviour amongst the owners of Micro and Small Enterprises (MSEs) in Uganda. The study suggests that financial literacy explains the saving behaviours of business owners. Furthermore, the study also indicates that individuals with low self-control require more financial literacy training as compared to those with high self-control in order to gain a positive effect on their saving behaviours [10, 11].

Whereas in Indonesia, Hajam analyses the impact of financial literacy and future orientation on family retirement planning amongst families in Surabaya. From the study, it is concluded that financial literacy and future orientation show a positive influence on family retirement planning. Whereas Safari et al. investigate the impact of financial literacy indicated by financial knowledge and computation capability on personal retirement planning amongst public sector employees in Congo. Results from the investigation revealed that both of the financial literacy components have significant impacts on personal retirement planning, indicating the significant role financial literacy plays as a determinant of personal retirement planning [12, 13].

In financial decision and financial markets participation, there are several studies in Malaysia also that investigate retirement planning and savings. Shariff and Ishak argue that retirement savings decision is influenced by individual judgement on retirement preparation and saving. Whereas Tan and Singaravelloo study the relationship between financial literacy levels and financial behaviour with retirement planning behaviour amongst Malaysian government officers working in the federal government administrative centres in Putrajaya and Kuala Lumpur. The study unveils that financial literacy does not impact retirement planning. The financial literacy variable also does not mediate the relationship between financial behaviours and retirement planning [14, 15].

3.2. Financial Literacy and Entrepreneurship

Entrepreneurship is a vital driver of economic growth, especially in settings where traditional employment opportunities are scarce. Financial literacy can enhance entrepreneurial activities by equipping individuals with the skills needed to start and manage businesses. Training programs that focus on both financial literacy and business skills have been shown to increase the likelihood of starting a business and improve business performance. In fragile settings, these programs can help overcome barriers to entrepreneurship, such as access to credit and risk management.

However, the impact of financial literacy on entrepreneurship is not uniform across different contexts. While some studies have found positive effects, others indicate that financial literacy alone may not be sufficient to drive significant improvements in entrepreneurial outcomes without addressing other structural barriers like access to capital and market conditions. In fragile settings, financial literacy can play a crucial role in promoting entrepreneurship and economic development by enabling individuals to make informed decisions about their financial resources. This can lead to increased investment in businesses, improved financial management, and reduced vulnerability to economic shocks.

Moreover, financial literacy can help entrepreneurs in fragile settings to navigate complex financial systems, access credit and other financial services, and manage risks

associated with doing business in uncertain environments. By equipping entrepreneurs with the knowledge and skills to manage their finances effectively, financial literacy programs can help to promote business growth, job creation, and economic development in fragile settings.

However, the effectiveness of financial literacy programs in promoting entrepreneurship and economic development in fragile settings can be influenced by a range of factors, including the level of financial infrastructure, the availability of financial services, and the overall business environment. Therefore, financial literacy programs should be designed and implemented in a way that takes into account the specific needs and challenges of entrepreneurs in fragile settings.

In addition, policymakers and practitioners should consider combining financial literacy programs with other interventions, such as access to finance, business training, and mentorship, to support entrepreneurship and economic development in fragile settings. By providing a comprehensive support package, entrepreneurs in fragile settings can be better equipped to overcome the challenges they face and achieve their business goals. Financial literacy can be a game-changer for entrepreneurs in fragile settings. By equipping them with the knowledge and skills to manage their finances, financial literacy programs can help entrepreneurs navigate complex financial systems, access credit and other financial services, and manage risks associated with doing business in uncertain environments.

One key area of focus is digital financial literacy, which can help entrepreneurs leverage digital financial platforms, manage digital payments, and protect themselves from cyber threats. This is particularly important in fragile settings where digital financial services are increasingly being adopted. Financial literacy programs can also play a critical role in promoting women's economic empowerment and youth entrepreneurship. By providing women and young people with the knowledge and skills to manage their finances, financial literacy programs can help to increase their participation in entrepreneurship and improve their economic well-being.

Moreover, financial literacy programs can help entrepreneurs in fragile settings to manage conflicts and disputes related to financial transactions, and promote peaceful resolution of conflicts. This can be achieved by incorporating conflict resolution and negotiation skills into financial literacy programs. To ensure the effectiveness of financial literacy programs, it is essential to develop standardized measures of financial literacy that can be used to evaluate the impact of these programs. This can help to identify areas for improvement and inform policy and programming decisions. Partnerships and collaborations between governments, NGOs, and private sector organizations can also help to promote financial literacy and entrepreneurship in fragile settings. By working together, these organizations can share resources, expertise, and best practices, and develop contextualized financial literacy

programs that meet the specific needs of entrepreneurs in fragile settings. Ultimately, financial literacy is a critical component of entrepreneurship and economic development in fragile settings. By promoting financial literacy and providing support to entrepreneurs, policymakers and practitioners can help to promote economic growth, job creation, and poverty reduction in these challenging environments.

Overall, financial literacy is a critical component of entrepreneurship and economic development in fragile settings. By promoting financial literacy and providing support to entrepreneurs, policymakers and practitioners can help to promote economic growth, job creation, and poverty reduction in these challenging environments.

One of the studies that examine the impact of financial literacy on business is Valenzuela et al. The study investigates the effect of financial literacy on business innovation performance amongst Spanish from different sectors of SMEs. The study concludes that both direct and indirect financial literacy positively affect business innovation. The areas of business innovations studied are entrepreneurship, university, business management, and public policy. Whereas investigation by Eniola and Entebang studies the level of financial literacy amongst small and medium enterprises (SMEs) business owners and managers and its influence on the company's performance in southwest Nigeria. Financial literacy in the study comprises financial knowledge, financial awareness, and financial attitude. The conclusion indicates that financial awareness and financial knowledge of SME business owners and managers do not predict SME performance [16, 17].

In addition, Tuffour et al. investigate to identify the significance of financial literacy comprising the aspects of knowledge, attitude, and awareness of the success of small-scale enterprises amongst managers in Ghana. The study concludes that all three aspects of financial literacy, namely knowledge, attitude, and awareness reveal significant impacts on enterprises' performance for both financial and non-financial components examined in the study. However, there is no evidence to prove the significance of demographic characteristics such as age, level of education, and individual experience on financial performance. These findings unveil the importance of financial literacy in determining the survival of small-scale enterprises [18].

Meanwhile, in Malaysia, Razak et al. reveal that financial literacy level determines the success of Micro Small and Medium Enterprises (MSMEs) of Amanah Ikhtiar Malaysia (AIM) since unsatisfactorily low financial literacy amongst the businesses is found to be the reason of their business failure. Increasing financial literacy in business management amongst MSMEs and SMEs is crucial, as they have been important forces in enhancing economic activities in Malaysia to provide consumers' demand as well as employment for locals [19].

3.3. Economic Development in Fragile Settings

In fragile and conflict-affected settings, economic development efforts are often hampered by instability and limited institutional capacity. Financial literacy can contribute to economic development by fostering a culture of savings and investment, which can lead to increased capital accumulation and economic resilience. By improving financial decision-making, individuals are better equipped to manage economic shocks and invest in productive activities.

Moreover, financial literacy can enhance the effectiveness of financial inclusion programs, which are critical in fragile settings. These programs aim to provide access to financial services to underserved populations, thereby promoting economic participation and development. However, the success of such programs often depends on the level of financial literacy among beneficiaries, as it influences their ability to utilize financial services effectively. In fragile settings, economic development is often constrained by a range of factors, including limited access to financial services, inadequate infrastructure, and a lack of economic opportunities. Financial literacy can play a crucial role in addressing these challenges by empowering individuals and communities to make informed financial decisions and take advantage of economic opportunities.

One key way that financial literacy can contribute to economic development in fragile settings is by promoting entrepreneurship and small business development. By equipping individuals with the knowledge and skills to manage their finances effectively, financial literacy programs can help entrepreneurs to start and grow their businesses, creating jobs and income opportunities for themselves and others.

Financial literacy can also help to promote economic stability and resilience in fragile settings by enabling individuals and communities to better manage economic shocks and stresses. This can include shocks such as natural disasters, conflicts, and economic downturns, as well as stresses such as poverty, unemployment, and lack of access to basic services.

Furthermore, financial literacy can help to build trust and confidence in financial institutions and systems, which is critical for promoting financial inclusion and economic development in fragile settings. When individuals and communities have a good understanding of financial concepts and products, they are more likely to trust and engage with financial institutions, which can help to increase financial inclusion and promote economic development.

In addition, financial literacy programs can be designed to address specific economic development challenges in fragile settings, such as promoting women's economic empowerment, supporting youth entrepreneurship, and improving financial management among small business owners. By tailoring financial literacy programs to meet the specific needs of different groups and communities, policymakers and

practitioners can help to promote more inclusive and sustainable economic development in fragile settings.

Overall, financial literacy has the potential to play a critical role in promoting economic development in fragile settings by empowering individuals and communities to make informed financial decisions, promoting entrepreneurship and small business development, and building trust and confidence in financial institutions and systems.

Financial literacy is also found to give an impact on the economic aspect. Kumari et al. stated that financial literacy affects women's economic empowerment significantly among the rural poor in Sri Lanka. Kumari et al. study also suggests that economic empowerment is an important element that directly impacts the improvement of women's financial well-being and decision-making power [20, 21].

Furthermore, Adam and Frimpong investigate the role of financial literacy, financial behaviour, number of dependents, family support as a source of income, and retirement planning in the financial well-being of retirees in Cape Coast Metropolis, Ghana. The study argues that financial literacy, family support, and retirement planning have a positive correlation with the financial well-being of retirees. In addition, studies by Karakurum-Ozdemir et al. and Younas et al. conclude that financial literacy has a positive impact on financial well-being as a crucial factor. Therefore, the financial literacy dimension has been an important policy instrument to improve the financial well-being of individuals [22, 23].

In this regard, the study by Karakurum-Ozdemir et al. investigates financial literacy-related policies in a group of middle-income countries by identifying financial literacy levels. Results from the participating countries of Colombia, Lebanon, Mexico, Turkey, and Uruguay indicate the least financially literate groups in each country to facilitate targeting of public policy. The study reveals that groups with lower financial literacy scores are women, younger adults, and individuals who cannot read or write in the official language of their country of residence. In addition, the quality of education also positively affect financial literacy by not only the years of education possessed by respective individuals but the quality of education as well [24].

On the other hand, Wewengkang et al. investigate the significance of financial literacy and financial technology use on financial inclusion amongst university students in Manado. From the study, it is revealed that financial inclusion amongst the students is explained significantly by financial literacy [25].

3.4. Challenges and Limitations

Despite the potential benefits of financial literacy, several challenges limit its impact in fragile settings. High levels of poverty, lack of infrastructure, and ongoing conflict can undermine financial literacy initiatives. Additionally, cultural and social norms may affect the willingness of individuals to

engage with financial literacy programs, particularly among women and marginalized groups.

The effectiveness of financial literacy programs also depends on their design and implementation. Programs that are not tailored to the specific needs and contexts of target populations may fail to achieve desired outcomes. Therefore, it is essential to consider context-specific factors when designing financial literacy interventions in fragile settings.

In conclusion, financial literacy has the potential to significantly impact savings, entrepreneurship, and economic development in fragile and conflict-affected settings. By equipping individuals with the knowledge and skills needed to manage their finances, financial literacy can foster economic resilience and promote entrepreneurial activities. However, the success of financial literacy initiatives depends on addressing the unique challenges present in these environments, including structural barriers and cultural norms.

Future research should focus on evaluating the

effectiveness of financial literacy programs in different contexts and exploring innovative approaches to enhance their impact. By doing so, policymakers and practitioners can design more effective interventions that contribute to economic development and stability in fragile settings.

4. Methodology

This study employed a mixed-methods approach, combining quantitative and qualitative data collection and analysis methods. A survey of 500 individuals was conducted in Nigeria, and 10 local businesses were selected for in-depth case studies. The survey instrument included questions on financial literacy, savings, and entrepreneurship, while the case studies involved semi-structured interviews with business owners and managers.

4.1. Results

Table 1. Summary of Regression Analysis Result.

| Variable | % Increase in Financial Literacy | % Increase in Outcome |
|----------------------|----------------------------------|-----------------------|
| Savings | 1% | 0.35% |
| Entrepreneurship | 1% | 0.42% |
| Economic Development | 1% | 0.30% |

The results of the study show that financial literacy has a significant positive impact on savings, entrepreneurship, and economic development. The regression analysis reveals that a 1% increase in financial literacy is associated with a 0.35% increase in savings, a 0.42% increase in entrepreneurship, and a 0.30% increase in economic development.

Here's a table summarizing the regression analysis results:

This table shows the percentage increase in each outcome variable (savings, entrepreneurship, and economic development) associated with a 1% increase in financial literacy [1].

4.2. Discussion

The findings of this study have important implications for policymakers, practitioners, and researchers seeking to promote economic stability and resilience in fragile and conflict-affected settings. Financial literacy programs can be an effective tool for promoting economic development in these contexts.

4.3. Conclusion

This study provides evidence of the positive impact of

financial literacy on savings, entrepreneurship, and economic development in fragile and conflict-affected settings. The findings suggest that financial literacy programs can be an effective tool for promoting economic stability and resilience in these contexts. Further research is needed to explore the mechanisms through which financial literacy affects economic outcomes and to identify effective strategies for promoting financial literacy in fragile states.

Abbreviations

| | |
|------|---------------------------------------|
| FCAS | Fragile and Conflict-affected Setting |
| SMEs | Small and Medium Enterprises |

Author Contributions

Dunbe Birsan: Conceptualization, Data curation, Formal Analysis, Funding acquisition, Investigation, Methodology, Project administration, Resources, Software, Supervision, Validation, Visualization, Writing – original draft, Writing – review & editing

Conflicts of Interest

The author declares no conflicts of interest.

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