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Exploring Household Saving Practices: Is Tanzania different?

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Abstract

Household saving in developing economies is influenced by various factors that causes a decline in the amount of saving despite the importance of saving to household development. Given that saving is highly a personal matter, strategies to encourage saving cannot be uniformly applied. While individuals have distinct needs, preferences, habits, and motives, this study seeks to explore the typical determinants of household saving in Tanzania. Data was collected through questionnaires administered to the heads of four hundred (400) households across twenty two (22) wards in Mbeya City. The study examines saving as a function of several variables including age, sex, education attainment, marital status, monthly income, number of dependents and social influence. Using logistic regression models, the results indicate that monthly income is the most significant determinant of saving, followed by education attainment, number of dependents, social influence, sex and age. Despite its importance, saving practices remain suboptimal. Based on these findings, the study recommends that saving advocacy should begin at the family and school levels to increase the proportion of individuals who actively save.

Keywords: Household, Saving, Financial literacy, Tanzania

JEL Classification: H63, R53

1. Introduction

In developing economies, household saving plays an important role during the need when family is faced with unforeseen circumstances. Such circumstances may be health issues, education, death, development, and others of which failure to attend to them often impact negatively into family development. Despite the importance of saving to household's development, various factors impact on household saving. Different scholars have identified several factors and their roles on household saving through their original research and economic theorems. According to Modigliani (1986) in the life-cycle hypothesis, the rate of increase in household income is one of the determinants of household saving. Other factors mentioned were population growth, population age structure, household aggregate wealth, and the multiplier effect of the autonomous expenditure .Moreover, several factors have also been shown to impact household saving including household size, age of the head of the household, accessibility to financial institutions, household property ownership such as land

and livestock, gender and family expenditure on some circumstances such as medical situations (Zwane et al, 2016; Teshome et al, 2013; Gedela, 2012).

Household saving in Tanzania has also been studied though not in breadth. Similar factors have been observed by some scholars as determinants of household savings in Tanzania (See Mori, 2019). Level of education and age of the head of the household have been resulted to be important factors in determining household saving. In addition, household saving in Tanzania is observed to take a form of saving hard cash at home for immediate access to handle emergency family circumstances that may require money (Mori, 2019). Therefore, it is pertinent to explore further the possible determinants of household saving in Tanzania. This study is therefore going to explore and determine factors associated with household saving in Tanzania. In any growing economy, saving is inevitable whether at micro or macro level. Saving helps households when faced with financial emergencies such as medical costs, school fees, rent expenses and other living costs. According to Global Findex Database, the highest percentage of population that saved any money among the East African countries comes from Uganda which was 70.8 % followed by Kenya 66.8%, and then Tanzania by 49.5%. (The Little Data Book on Financial Inclusion, 2022). In addition, the statistics also show that the percentage of population that saved in any saving club or person outside the family among the East African countries, Tanzania had, yet low rate at 18.6% compared to Kenya 31.6%, Uganda 33.4%. It is also noted that the rate at which Tanzanians saved using financial institutions is 22.2 %, Kenyans is 45%, and Ugandans is 38.6%.

Consequently, there is evidence that households have been facing challenges due to lack of saving. According to FinScope Survey of 2017, it is estimated that 5 of 10 Tanzanians do struggle to keep up with their daily consumption due to lack of savings. The report concludes that only 13% of adults would opt for their saving when faced with a financial emergency (FinScope Tanzania, 2017). Furthermore, the Recent FinScope Survey of 2023, addressed the main reasons for saving among Tanzanians are due to smoothing cashflow, product investment and asset-building at 85%, 8% and 7% respectively (FinScope Tanzania, 2023). Some mechanisms to support household saving have been advocated at all levels (i.e. from community to central government), such mechanisms include introduction and advocacy for Village Community Banks (VICOBA) and Savings and Credit Cooperative Organizations (SACCOS). Despite existence of such mechanisms, still there are households that are not practicing saving at all. Various factors have been described as determinants of saving at household level in various contexts. However, still households face the challenge of being able to save in different contexts despite the knowledge of such potential factors. This study therefore, explores what determines households to save in Tanzania.

The findings from this study provide empirical contribution to address the challenges that inhibit Tanzanians to practice savings out of their incomes so that policy makers can act upon. By knowing the determinants of household saving practice, the government can use findings to establish auspicious policies through her institutions and stakeholders that can improve saving practice. The study is also beneficial to banks and financial institutions especially in Tanzania because they need to know what their customers want regarding saving practices. Thus, by using better approaches, they may improve saving practice and possibly attract many people to save in banks and other financial institutions. Last but not least, the information generated from this study regarding determinants of household saving practices adds new knowledge to the large existing body of empirical literature for other scholars to benefit.

The rest of this study is structured as follows. Section 2 presents the existing literature regarding the topic. Section 3 gives details on the research methodology employed by this study whereas section 4 provides data analysis techniques and results obtained. Lastly, section 5 presents the conclusion and recommendations regarding the research undertaken in Tanzania and suggests avenues for future research.

2. Literature Review

The Life-cycle Hypothesis (LCH) theory gives a description on people's spending habit during their lifetime. It states that, saving occurs when income is high, and borrowing occurs when income is low. The theory also gives some insight about the habit of saving by explaining that individuals will take on a debt during the early stages of their productivity because at this time the income is very low; but at the middle age they will save to maintain life and prepare for retirement. In addition to that, the theory assumed to be no bequests. Permanent Income Hypothesis (PIH) on the other vein explains about the consumption and saving behaviour of people. It hypothesized that, people are rational beings and plan their spending habit in accordance with the level of their expected long-term income. The theory has divided the income into two components which are permanent income and transitory income because during the course of life an individual is expected to receive both kinds of income, income that is received now and the income that is expected to be received in the future. In addition to that, this theory is only useful only when investigating economic factors on saving and consumption. According to this theory individuals will only save if they expect higher income in the future compared to the existing income. Therefore, the theory concludes that saving is highly associated with consumption pattern and income behaviour.

Different scholars have established thorough research that income is one of the key determinants of household saving and that people save when their income increases over time. In a study done in Zambia on analyzing the determinants of household savings the study used income, dependency ratio, inflation rate, real interest rate and financial dependency as independent variables and the results showed positive relationship between income and saving (Mumba, 2019). Likewise, another study in Ghana about understanding the determinants of saving to see whether financial literacy matters with gender, education, age, monthly income and household size as the variables concluded that income plays a big role as a determinant of saving especially for those earning relatively high income (Baidoo, Boateng and Amponsah, 2018). Likewise, a South African study on the determinants of household savings which had income, age structure, education achievement, employment and household size as variables supports the fact that income is the determinant of household saving (Simleit, Keeton & Botha, 2011). Similar study done in South Africa by Precious and Asrat (2014) determinants the household savings and concluded that education, in all categories (Primary, secondary, and higher education), showed positive significance in relation to household saving, although the study used real disposable income, income, age, dependency ratio interest rate and inflation as variables. In Kenya, it was discovered that, education is negatively related to saving because as the level of education of the household increases (to higher education

namely: college or university level) the indications of dropping in saving levels below the threshold is observed compared to their equals (Peninnah, 2013).

Different authors have concluded that saving increases as the age increase toward retirement, which is in line with the LCH theory. Prior studies about the determinants of saving behavior showed a positive association where younger people seems to save less compared to older ones. The same results are supported by the study in South Africa about determinants of household saving in South Africa and Zambia which concluded that saving increased with age (Simleit, Keeton & Botha, 2011; Mumba, 2019).-Studies show that marital status is also a determinant in household saving. A study done in Tanzania concluded that it is very easy to ignore saving when you are single. Married people do save because they have family responsibilities which comes with planning for their families wellbeing and thus having some amount saved is very crucial (Peninnah, 2013; Lina Hamdan et al., 2019). Other studies conducted in Kenya on the effect of marital status and children on savings and portfolio choices explained everything in the aspect of widowhood, separation, and divorce. The study found that, when the marital status changes it affects the saving and the future income, the study therefore concluded that marital status plays a role in determining the household saving as such wealth increases through saving of two adults who are together by marriage (Love, 2010; Mwangi, 2020). Although, a study in Tanzania on determinants of individual savings among Tanzanians concluded that marital status is negatively associated with saving (Mori, 2019).

The net worth accumulated in a given age in relation to life resources is the decreasing function of the number of children, implying that, when the number of dependents increases the saving rate decreases and saving increases when number of dependents within a family fall. Many studies have proven this to be true, a study done in Pakistan on the effect of dependency in saving revealed that there is negative relationship between saving and dependency rate (Asma Salman; Rabia Zaib, 2012). In addition to that, the negative result was also observed from Taiwan in a study about determinants of household saving where number of dependency whether old or young had a negative effect on saving (Athukorala and Tsai, 2003). Different scholars are in support of the fact that social influence also plays a role in saving. A study in Malaysia about the effect of social influence and financial literacy on saving behavior concluded that, social influence has a positive impact on saving (Jamal et al., 2015). Another study about saving behavior in emerging economies also concluded that social influence, peer influence, and influence from parents have positive effect on saving practices (Dangol and Maharjan, 2018; Kadir and Jamaluddin, 2020). Other scholars seems to disagree and a study in Uganda regarding social influence and saving behavior found that social influence has impact only in developed countries and not developing countries (Mpaata, Koskei and Saina, 2020), thus individuals in developing economies influence others to spend and not save. Based on the theorem and empirical studies, the following hypotheses were developed:

- $H_{l:}$ There is a positive association between age and saving
- $H_{2:}$ There is a positive association between sex and saving

 $H_{3:}$ There is a positive association between education and saving

 $H_{4:}$ There is a positive association between marital status and saving

 $H_{5:}$ There is a positive association between income and saving $H_{6:}$ There is a positive association between number of dependents and saving $H_{7:}$ There is a positive association between social influence and saving

3. Research Methodology

A cross-sectional survey was conducted where the study collected data using a structured questionnaire. The questionnaire was prepared in Swahili language, the language that is widely spoken in the study area. The questionnaire was interviewer-administered, inquiring on saving practices and various potential determinants of saving. Lack of secondary data on household saving is the reason why this approach was used. Several other scholars have used this approach of primary data collection (See Chowa, Masa and Ansong, 2012; Teshome et al., 2013; Nigus, 2015; Mchumi, 2017). This study was conducted in Mbeya urban in Tanzania. According to the 2012 National Census, Mbeya urban has a total population of 385,279 with 182,620 (47.4%) being males and 202,659 (52.6%) being females (NBS, 2013). According to the FinScope survey of 2017, Tanzania financial inclusion is 65% (Finscope Tanzania, 2017). However, this varied across regions. Mbeya region was found to have a financial inclusion of 63% which is below the national average (Finscope Tanzania, 2017). Sample size for this study was calculated based on the need to get enough study participants to estimate proportion of the population that practice saving and associated determinants. Yamen's formula was used for estimating sample sizes in population surveys (Yamane, 1967) by using the target population of 385,279 (NBS, 2013) and a margin of error of 5%. The estimated required sample size was established to be 400 study participants.

The target population for this study was adults aged 18 years and above residing in Mbeya urban. The Mbeya urban has a total number of thirty-six (36) wards, ninety percent (90%) of the total population were however residing in twenty-two (22) wards only. To maximize use of available resources, we sampled our study participants from the twenty-two (22) wards of Mbeya urban. Number of sampled participants from the ward was established based on the proportion to size sampling technique as shown in the table below (Table 1)

To reach our study participants, we deployed a systematic random sampling approach technique. A random starting household was chosen among households near the ward's office. Then, the direction was randomly taken and approached each household in the line until the required sample for that ward was reached. The direction was chosen based on the four campus directions and the direction that seemed to have high concentration of households. Given the ongoing COVID-19 pandemic, during data collection process all prevention precautions, as per the directives of the Tanzanian Ministry of Health, Community Development, Elderly, and Children, were observed. The questionnaire was pre-tested in a similar population before it was applied to the study population. The goal of pre-testing was to establish if the questions in the questionnaire had responses from the population and that they were not ambiguous.

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Table 1. Distribution of population in the twenty-two (22) wards and number of study participants sampled from the wards

Wards	Target population	Sampled (Study) population
Iganjo	8,697	10
Uyole	11,543	13
Igawilo	17,300	20
Nsalaga	18,993	22
Isyesye	7,970	9
Itezi	18,445	21
Mwakibete	23,319	27
Ilomba	34,021	40
Maanga	6,881	8
Sinde	7,014	8
Isanga	11,307	13
Iganzo	14,414	17
Ruanda	21,927	26
Ilemi	26,841	31
Forest	6,649	8
Mabatini	7,415	9
Mbalizi road	6,045	7
Iwambi	12,387	14
Kalobe	13,180	15
Iyunga	15,026	17
Nzovwe	22,898	27
Iyela	31,634	38
Total	343,906	400

Source: Author's Compilation

The study used logistic regression model (LRM) and reason is that the dependent variable (Households Saving) is categorical binary variable (Chalmer, 2020). Proportions and means (or medians) were used to summarize the data as appropriate. Moreover, to establish determinants of household saving, bivariate and multivariate regression analyses were used. Factors that reached a significance cut off point of 20% (0.2) in bivariate analysis were then used in the multivariate analysis to establish independent determinants of household saving. Statistical significance was set to be at a 5% (0.05) significance levels and factors whose p-value were below 0.05 were considered to be statistically significant and hence independent determinant of household saving. Logistic regression does not assume linear relationship between variables. Saving as defined by this study, is the process of setting aside assets or income to be used in the future. For the purpose of this study, we also add all non- monetary items such as livestock and farm products as means of saving since they can simply be transformed to cash when the need arise (Kessy, 2012; Teshome *et al.*, 2013; Deksisa and Bayissa, 2020). The study logit regression model specified as follows;

 $Logit P(S)i = \beta 0 + \beta 1 AGEi + \beta 2SEXi + \beta 3EDUi + \beta 4MRSi + \beta 5INCi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 2SEXi + \beta 3EDUi + \beta 4MRSi + \beta 5INCi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 2SEXi + \beta 3EDUi + \beta 4MRSi + \beta 5INCi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 2SEXi + \beta 3EDUi + \beta 4MRSi + \beta 5INCi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 4MRSi + \beta 5INCi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 4MRSi + \beta 5INCi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 6NUDi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 7SOIi + \beta 7SOIi + \epsilon i \dots 1 Bir AGEi + \beta 7SOIi +$

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Where P(S) represents the household saving (1 if household is saving and 0 is household is not saving), AGE represents Age, SEX represents Sex, EDU represents Education, MRS represents the Marital Status, INC represents Income, NUD represents the Number of dependents, SOI represents the Social influence, β 0, β 1, β 2, β 3, β 4, β 5, β 6, β 7,; are the coefficients to be estimated. ϵit ; represents the error term for firm,

Expected Sign Variable Nature of the variable Description Age Independent variable The number of years lived by $^+$ the household head. Sex The state of being male or + female. Education Independent variable The education level attained + by the household head. Marital status Independent variable The state of being married, single, divorced, or separated Income Independent variable The household monthly income The number of people whom Number of Independent variable Dependents the household head is responsible for. Social The power/ability to alter Independent variable + another people's attitude from Influence one direction to another.

Table 2: Variables and their expected sign of Coefficient

Source: Author's Compilation

4. Results

The study received response from all four hundred (400) structured questionnaires. The median age of the participants was 30 years with interquartile range (IQR) of 25 to 39 years. A little over half (55.0%) of the participants were aged between 25 and 39 years old. Of the four hundred (400) participants, males were 59.7% and most of the participants 43.3% had primary level education. About 60% of the participants were married/living together and the median income per month was TZS 155,000 (Equivalent to USD 66) (IQR: TZS 90,000 – TZS 174,999). The median number of dependents ranged from three (3) to four (4) (See Table 3). Of the four hundred (400) participants, one hundred and sixty-five (165) participants (41.3%) reported to practicing saving. The main reported reasons for saving were emergency (42%) and development (33.3%) whereas use of the VICOBA/SACCOS bank, and use of mobile money for saving were at 43.3 %, 25.4 % and 14.5% respectively were the main saving methods (See Table 3)

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Table 3: Descriptive Statistics		
Demographic and Saving Characteristics	Frequency (n)	Percentage (%)
Age (Years)	05	21.2
18-24	85	21.3
25 - 39	220	55.0
40 - 59	82	20.5
60 & Above	13	3.2
Sex		
Female	161	40.3
Male	239	59.7
Education level		
No formal education	16	4.0
Primary level education	173	43.3
Secondary level education	109	27.3
Above secondary level education	102	25.4
Marital status		
Single	138	34.5
Married/Living together	240	60.0
Divorced/Widowed/Separated	22	5.5
Monthly income (TZS)		
0 - 89,999	87	21.7
90,000 - 174,999	113	28.3
175,000 – 399,999	99	24.7
400,000 & Above	101	25.3
Number of dependents		
No dependents	41	10.2
One to two dependents	88	22.0
Three to four dependents	132	33.0
Five to six dependents	84	21.0
Seven and more dependents	55	13.8
Social influence (Has friend who save*)		
Yes	164	41.0
No	236	59.0
Reason for saving		
Business development	35	8.7
Daily use	42	10.5
Development	133	33.3
Emergency	168	42.0
School fees	21	5.2
People motivated me	1	0.3
Main saving method		
Bank	102	25.4
Cash at home	19	4.8
Mobile money	58	14.5
VICOBA/SACCOS	173	43.3
Others	48	12.0

Source: Author's Computation

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In bivariate analysis between age and saving. The mean age of participants who saves is 45 years (SD = 10.5) while the mean age of those who did not save is 32 years (SD = 11.8) (p < 0.01). Also, across age categories from young to old age groups, proportion of participants who practice savings increased (See Table 4). In this study analysis by, considering age as a continuous variable, for one-year increase in age, odds of saving increased by 3% (OR = 0.97, 95%CI: 0.95 - 0.99; p = 0.008).Examining the relationship between sex of an individual and saving status, the study found that male participants had higher proportion of people that practice savings as compared to the female participants, but the difference was not statistically significant (51.9% vs. 25.5; p = 0.10). The level of education was also observed to be associated with saving in this study. Participants with higher educational level reported to practice saving more than participants with lower educational level. Those with no formal education, 18.7% reported to practice saving it was 20.8% among participants with primary level education. Participants with higher than secondary education reported practicing saving (See Table 4).

Furthermore, about 52.1% of married/living together participants reported to practice saving while single participants reported the lowest rate of saving at 21.7%. Income was found to be associated with saving. Across the income categories, proportion of those who saved increased, and the overall difference was statistically significant (p = 0.005) (See Table 4). Further bivariate analysis comparing the participants with low income to those with higher income revealed a similar trend. Participants whose income was between TZS 400,000 and TZS 6,000,000 had 55% rate of saving compared to participants who are low income earners. Participants with dependents as compared to those without dependents had higher. Moreover, as the number of dependents increases then the rate of saving is decreases (See Table 4). Furthermore, bivariate analysis showed that social influence is associated with saving. Among the participants who participated in the study, 43.9% revealed that they have a friend who practice saving. Amongs them, 49.4% practiced saving while among those who reported not having a friend who practice saving, only 26.8% practiced saving. (p < 0.001) (See Table 4).

To establish determinants of saving, a multivariate logistic regression model was run (See Table 5). As a rule of thumb, all factors that had a p-value of 0.2 or below in bivariate analyses were put into the multivariate model. In the analysis, age, monthly income, number of dependents, and social influence were seen to be independent determinants of saving. Older participants as compared to younger participants had their odds of saving increased. The results showed a positive association between age and saving. This implies, as one becomes older, the odds of saving increases. This finding supports the Life-Cycle Hypothesis which states that, savings occur mostly in the middle age than at the young age. On the other hand, there are other studies found a positive relationship between age and saving such that, the odds of saving increased as one gets older (See Faridi and Bashir, 2010; Obayelo, 2012; Chhoedup, 2013; Ali, 2016). Monthly income was another factor that showed a statistically significant association with saving. However, only participants in the highest income category (TZS 400,000 to 6,000,000) had their odds of saving increased significantly as compared to participants in the least income category (TZS 0 to TZS 89,999) (AOR = 2.19; 95% CI: 1.00 – 4.77). Our findings are in line with several studies that found a similar pattern (Deaton,

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2005; Simleit *et al.*, 2011; Chowa *et al.*, 2012; Baidoo et al., 2018) and contrary to one study that observed an opposite relationship between saving practices and income level (Precious and Asrat, 2014). This finding in our study could be explained by the fact that, high level income brings surplus income and hence increases saving practice. However, on the other hand, the contradictory findings by the other study were explained to be due to increased spending because of increased income. Furthermore, sex was assessed if it was associated with ones saving status. Multivariate analysis results found that, compared to female, male participants had their odds of saving increased by 28% (AOR = 1.28; 95%CI: 0.76-2.15).

Table 4: Bivariate Logistic Regression Analysis Summary

Characteristic	Saving Practice ($N = 400$)		Total	P-value
	Yes, n (%)	No, n (%)		
	165 (41.3)	235 (58.7)		
Age, mean (SD)	45 (10.5)	32 (11.8)		0.007
Age, continuous (OR, 95% CI, p-value)	0.97	7 (0.95 – 0.99)		0.008
Age (in categories)				
18 - 24	20 (23.5)	65 (76.5)	85	
25 - 39	69 (31.3)	160 (68.7)	220	
40 - 59	65 (79.2)	17 (20.8)	82	0.040
60 & Above	11 (84.6)	2 (15.4)	13	
Sex				
Female	41 (25.5)	120 (74.5)	161	0.100
Male	124(51.9)	115 (48.1)	239	
Education level				
No formal education	3 (18.7)	13 (81.3)	16	
Primary level education	36 (20.8)	137(79.2)	173	0.002
Secondary level education	60 (55.0)	49 (45.0)	109	
Above secondary level education	66 (64.7)	36 (35.3)	102	
Marital status				
Single	30 (21.7)	108 (78.2)	138	0.361
Married/Living together	125 (52.1)	115 (47.9)	240	
Divorced/Widowed/Separated	10 (45.5)	12 (54.5)	22	
Monthly income (TZS)				
0-89,999	21 (24.1)	66 (75.9)	87	
90,000 - 174,999	42 (37.2)	71 (62.8)	113	0.005
175,000 - 399,999	47 (45.5)	52 (52.5)	99	
400,000 - 6,000,000	55 (54.5)	46(45.5)	101	
Number of dependents	· · · ·	· · · ·		
No dependents	7 (17.1)	34 (82.9)	41	
One to two dependents	52 (59.1)	36 (40.9)	88	
Three to four dependents	75 (56.8)	57(43.2)	132	0.192
Five to six dependents	20 (23.8)	24 (76.2)	84	
Seven and more dependents	11 (20)	44 (80)	55	
Social influence (Has friend who save*)	× -/	</td <td></td> <td></td>		
Yes	72 (43.9)	92 (56.1)	164	0.001
No	93 (39.4)	143 (60.6)	236	

Source: Author's Computation

The level of education one has attained was determined to be associated with saving in this multivariate model. As the level of education increased, the odds of saving also increased. For

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instance, compared to participants without formal education, those with above secondary level education had their odds of saving increased by 116% (AOR = 2.16; 95% CI: 0.58 - 2.31), our study found that there is a positive association between the education attainment and saving practices. The number of dependents one has was also determined to be associated with saving in this multivariate model. As the number of dependents increased, the odds of saving also increased. For instance, compared to participants without dependents, those with five to six dependents had their odds of saving increased by 224% (AOR = 3.24; 95% CI: 1.19 - 8.82) and those with seven or more dependents had their odds of saving increased by close to 500% (AOR = 5.95; 95% CI: 1.85 - 19.07), our study found that there is a positive association between the number of dependents in a household and saving practices. The higher the number of dependents, the more likely the head of household would practice saving. However, this finding is contrary to the Life-cycle hypothesis which depicts decrease chances of saving as one dependence increases. Although not in agreement with the Life-cycle hypothesis, our finding is supported by a study by Nwosu, Anumudu and Nnamchi (2020).

Table 5: Multivariate Logistic Regression Analysis Summary

Variable	OR (95%CI)	P-value	AOR (95% CI)	P-value
Age categories (years)				
18-24	1	Ref	1	Ref
25 - 39	0.37 (0.10, 1.28)	0.12	0.14 (0.48, 0.87)	0.003
40 - 59	0.48 (0.18, 0.76)	0.01	0.19 (0.07, 0.48)	0.001
60 & Above	0.60 (0.32, 1.11)	0.11	0.34 (0.16, 0.72)	0.005
Sex				
Female	1	Ref	1	Ref
Male	1.44 (0.93, 2.25)	0.10	1.28 (0.76, 2.15)	0.34
Education level				
No formal education	1	Ref	1	Ref
Primary education	0.29 (0.10, 0.83)	0.02	0.30 (0.09, 1.02)	0.05
Secondary education	1.67 (0.95, 2.91)	0.07	2.11 (0.58, 2.10)	0.75
Above secondary education	1.75 (0.99, 3.10)	0.05	2.16 (0.58, 2.31)	0.66
Monthly income (TZS)				
0-89,999	1	Ref	1	Ref
90,000 - 174,999	1.43 (0.80, 2.58)	0.22	1.61 (0.81, 3.18)	0.17
175,000 - 399,999	2.08 (1.10, 3.89)	0.02	1.59 (0.77, 3.27)	0.20
400,000 - 6,000,000	3.01 (1.57, 5.97)	0.001	2.19 (1.00, 4.77)	0.05
Number of dependents				
No dependents	1	Ref	1	Ref
One to two	1.60 (0.72, 3.54)	0.24	2.57 (1.00, 6.63)	0.05
Three to four	1.32 (0.62, 2.76)	0.46	2.49 (1.00, 6.26)	0.05
Five to six	1.50 (0.67, 3.32)	0.32	3.24 (1.19, 8.82)	0.02
Seven and more	3.07 (1.17, 8.00)	0.02	5.95 (1.85, 19.07)	0.01
Social influence (Have a friend who save*)				
No	1	Ref	1	Ref
Yes	4.19 (2.61, 6.71)	< 0.001	3.92 (2.34, 6.56)	< 0.001

Source: Author's Computation

On the contrary, several other studies found that as the number of dependents increases, the possibility of saving decreased (Aktas *et al.*, 2010; Faridi and Bashir, 2010; Deksisa and Bayissa, 2020). Furthermore, social influence was assessed if it was associated with ones saving status. Multivariate analysis results found that, compared to participants who reported

having no friend who save, those who reported having friend who save had their odds of saving increased by 292% (AOR = 3.92; 95%CI: 2.34 - 6.56), the these findings are in line with several other studies that established the impact of social influence in household saving practice (Jamal *et al.*, 2015; Dangol and Maharjan, 2018; Kadir and Jamaluddin, 2020) (See Table 5).

5. Conclusion and Recommendations

The study on determinants of household saving in Mbeya urban, Tanzania has come up with different certitude. The study has found that saving practice is still suboptimal among residents in Tanzania. Based on the findings of the study; age, sex, education attainment, monthly income, number of dependents and social influence were found to be the key determinants of saving. From the findings, age that mostly save was the middle age probably because this is the time when most people in Tanzania have family and other responsibilities like education of their children, sickness, and general family wellbeing. The study found that although people do not necessarily save in terms of cash, they are very much aware of how to get their income from the assets saved such as livestock, farm products, and other assets. That is, they know how much their assets will yield and precisely when to sell to earn their income monthly. Due to the nature of extended families in Tanzanian communities it is inevitable not to have dependents other than family members. The number of dependents has been one of the determinants since it is the responsibility of the head of the family to take care of them in all aspects. Nonetheless, the study found that most of the people who saved had at least one person who is also saving. The ways of communication and socialization practices for communities living together in Tanzania enables easy influence from one person to another and eventually enhances effortless transfer of saving awareness.

The study recommends a continued advocacy on saving practices to improve saving behavior with more emphasis on those who are in the informal sectors. Those from the formal sectors, particularly those who are also employed, are guaranteed of having their monthly income on time as well as various means of saving such as VICOBA, SACCOS and pension funds, where contributions become readily arranged for them. This is so unlike to those in the informal sectors who need personal commitments and arrangements to save. In addition to that, saving education should be provided to young individuals and continuous follow-on education to adult population as this will help in the making of the generation that saves. Findings in our study cannot be interpreted without considerations of some study limitations which provide avenues for further research. Our study was a one-time cross-sectional survey, follow-on surveys would have provided more robust findings regarding saving practices. Moreover, despite the good findings in this study, it examined individual level determinants of household saving, thus, we recommend further research to examine societal and structural mechanisms that potentially bar or facilitate saving practices.

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