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Financial Literacy, Saving Practices, Loan Management, and Financial Performance of Youth-Led VSLAs in Nakivale Refugee Settlement

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*Financial Literacy,
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and Financial
Performance.*

This study examined the relationship between financial literacy, saving practices, loan management, and the financial performance of youth-led Village Savings and Loan Associations (VSLAs) in Nakivale Refugee Settlement. The study was guided by three objectives: to determine the relationship between financial literacy and financial performance, to examine the relationship between saving practices and financial performance, and to assess the relationship between loan disbursement and recovery practices and the financial performance of youth-led VSLAs. A cross-sectional correlational research design using quantitative and qualitative approaches was adopted. The study involved 156 respondents, and data were collected using questionnaires and the interview method. Quantitative data were analysed using descriptive statistics, Pearson correlation, and regression analysis, while qualitative data were analysed thematically using NVivo software. The findings revealed that financial literacy had a positive and significant relationship with financial performance, indicating that financially knowledgeable members make better financial decisions and improve VSLA outcomes. Saving practices also positively influenced financial performance, demonstrating that consistent and effective saving behaviour enhances financial stability and sustainability. Similarly, loan disbursement and recovery practices significantly contributed to improved financial performance by strengthening loan management and reducing repayment challenges. The study concluded that financial literacy, saving practices, and effective loan management are key determinants of financial performance among youth-led VSLAs in Nakivale Refugee Settlement. The study recommends continuous financial literacy training, promotion of disciplined saving practices, and strengthening of loan management systems to enhance the sustainability and growth of youth-led VSLAs.

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INTRODUCTION

Globally, Village Savings and Loan Associations (VSLAs) have become a major community-based financial inclusion mechanism for populations excluded from formal banking systems. Recent global estimates indicate that savings groups, including VSLAs, serve over 14 million active members worldwide, with more than 70% of participants being youth and women, underscoring their importance to economically marginalised groups (CARE International, 2021). VSLA members increase their savings by 30–60% per cycle, while loan repayment rates consistently exceed 95%, reflecting strong financial discipline where management structures are effective (CARE International, 2022; Ksoll *et al.*, 2020). During the COVID-19 period, approximately 75% of VSLA groups globally continued operating, demonstrating resilience attributed to sound internal governance, leadership, and transparent financial management practices (IPA, 2020).

At the continental African level, VSLAs represent one of the most widely adopted informal financial systems, particularly in rural economies where formal financial inclusion remains below 45% in many countries (World Bank, 2022). Africa accounts for over 60% of global VSLA membership, with average annual savings per member ranging between USD 70 and USD 150, depending on the country context (CARE International, 2021). Recent African studies show that

VSLAs contribute to income growth of 20–40% among active members, especially where management practices such as regular meetings,

accurate record-keeping, and loan enforcement are consistently applied (Ksoll *et al.*, 2020; Pienaaah & Luginaah, 2024). Conversely, weak leadership and poor internal controls have been associated with loan default rates rising above 15%, undermining overall financial performance (CARE International, 2022).

In Sub-Saharan Africa, where over 60% of adults remain financially excluded, VSLAs have expanded rapidly as a grassroots response to limited access to formal savings and credit services (World Bank, 2022). Evidence from Malawi, Ghana, Kenya, and Uganda indicates that VSLA participation leads to increases in household savings of 35–55% and income diversification of approximately 25%, particularly in groups supported by strong governance and financial management systems (Banerjee *et al.*, 2021; Ksoll *et al.*, 2020). However, youth-led VSLAs face notable management challenges, with up to 30% of such groups experiencing weaknesses in record-keeping and leadership continuity, which negatively affect profitability and share-out values compared to adult-led groups (Burlando *et al.*, 2022; IPA, 2020).

In Uganda, VSLAs have become a dominant form of informal finance, with national data showing that approximately 30–35% of adults rely on savings groups as their primary source of credit, particularly in rural and refugee-hosting areas (Bank of Uganda, 2021). VSLA members in Uganda achieve average savings growth of 40–60% per cycle, while loan repayment rates remain above 95% in well-managed groups (CARE International, 2022; Nagasha *et al.*, 2025). In refugee settlements such as Nakivale, assessments reveal that more than 50% of youth engaged in

livelihood programmes participate in VSLAs, using loans to finance small trade, agriculture, and service enterprises (AVSI, 2022; Grameen Foundation, 2023). However, youth-led VSLAs with weak management practices, particularly limited financial literacy and inadequate internal controls, record annual profits and share-out values that are 20–25% lower than those of groups receiving structured management and financial training support (Grameen Foundation, 2023).

Problem Statement

Youth-led Village Savings and Loan Associations (VSLAs) in refugee settlements would operate with sound financial management practices, including effective budgeting, transparent record-keeping, disciplined saving, and strong internal controls, enabling them to maximise their performance (CARE International, 2024). High-performing VSLAs should generate sustainable growth in member savings, provide reliable loan services, and foster economic resilience. For refugee youth, such associations could be a powerful tool of financial inclusion, self-reliance, and livelihoods development (Grameen Foundation, 2023).

In a bid to improve the performance of VSLAs, Grameen Foundation, through its partnership with UGAFODE Microfinance, has worked in Nakivale to digitalise VSLAs, helping to build credit histories for group members and improve record-keeping (Grameen Foundation, 2023). Also, the World Food Programme (WFP) implemented a Digital Financial Inclusion pilot in Nakivale, targeting 25 VSLAs, which increased their financial literacy from 62% at baseline to 99% at endline (World Food Programme, 2022).

However, the financial performance of youth-led Village Savings and Loan Associations (VSLAs) in Nakivale Refugee Settlement has remained weak, falling short of established targets for sustainable operation and youth economic empowerment. Liquidity issues affected 35% of VSLAs, delaying loan disbursement compared to the expected benchmark of maintaining sufficient cash reserves to meet at least 90% of loan demand

(UNHCR, 2020). Portfolio quality also lagged, with loan recovery rates averaging 70% in 2021 against a target of 90%, and delinquency remained high at 25–30% by 2023, undermining the groups' ability to sustain revolving funds (World Bank VSLA data, 2022; OPM, 2023). Profitability similarly fell below expectations, with average annual returns on member savings and interest income recorded at 8–10% against a target of 15%, reflecting a performance gap of 5–7 percentage points (OPM, 2023). These trends indicate persistent underperformance across liquidity, portfolio quality, and profitability relative to established benchmarks, highlighting a significant gap in achieving financial viability among youth-led VSLAs in Nakivale Refugee Settlement.

If the performance of Village Savings and Loan Associations (VSLAs) is not improved, they risk financial instability, low member participation, high loan default rates, and weak savings growth, reducing members' trust and confidence in the association. Therefore, there is an urgent need to examine the relationship between financial management practices on financial performance of youth-led VSLAs in Nakivale Refugee Settlement.

Purpose of the Study

To determine the financial Literacy, Saving Practices, and Loan Management and their Relationship with the financial performance of Youth-Led VSLAs in Nakivale Refugee Settlement.

Specific Objectives

- To determine the relationship between financial literacy and the financial performance of youth-led VSLAs in Nakivale Refugee Settlement.
- To determine the relationship between saving practices and the financial performance of youth-led VSLAs in Nakivale Refugee Settlement.

- To determine the relationship between loan disbursement and recovery and the financial performance of youth-led VSLAs in Nakivale Refugee Settlement.

METHODOLOGY

The study adopted a cross-sectional correlational research design using a quantitative approach, complemented by qualitative methods to obtain deeper contextual information. The study population comprised 254 respondents, including representatives of 250 youth-led VSLAs, three (3) Refugee Welfare Committee members, and one Commercial Officer. Using the Krejcie and Morgan (1970) sample size determination approach, 152 VSLAs were selected through simple random sampling, while the three Refugee Welfare Committee members and the Commercial Officer were purposively selected, giving a total sample of 156 respondents. Data were collected using structured questionnaires and semi-structured interview guides. Validity was established using the Content Validity Index (CVI), while reliability was assessed using Cronbach's alpha. Quantitative data were analysed using descriptive statistics, Pearson correlation, and regression analysis, while qualitative data were analysed thematically to complement the quantitative findings.

The study also followed established data collection and ethical procedures to ensure the credibility and integrity of the findings. Ethical clearance was obtained from the Bishop Stuart

University Research Ethics Committee, and permission was sought from the relevant authorities responsible for Nakivale Refugee Settlement. Respondents were informed about the purpose of the study, voluntary participation, confidentiality, anonymity, and their right to withdraw without any consequences. Data were collected in locations that were convenient and appropriate for participants, while confidentiality was maintained through the use of respondent codes rather than personal identifiers. The collected information was securely stored and used strictly for academic purposes. These methodological and ethical procedures ensured that the study generated credible and reliable findings on the relationship between financial management practices and the financial performance of youth-led VSLAs in Nakivale Refugee Settlement.

RESEARCH FINDINGS

Pearson Coefficient Correlation

The purpose of the study was to determine the relationship between financial Literacy, Saving Practices, and Loan Management and the financial performance of Youth-Led VSLAs in Nakivale Refugee Settlement. To achieve this, a Pearson correlation matrix was used to test the relationship that exists between the independent variables (financial literacy, saving practices, and Loan Disbursement and recovery) and the dependent variable (financial performance). The results of the study are shown in Table 1.

Table 1: Pearson Correlation Matrix of Study Variables

Variables		1	2	3	4
Financial Literacy	Pearson Correlation	1			
	Sig. (2-tailed)				
Saving Practices	Pearson Correlation	.800**	1		
	Sig. (2-tailed)	.000			
Loan Disbursement and Recovery	Pearson Correlation	.835**	.728**	1	
	Sig. (2-tailed)	.000	.000		
Financial Performance	Pearson Correlation	.649**	.562**	.630**	1
	Sig. (2-tailed)	.000	.000	.000	

Source: Field Data (2026)

The results show a positive and statistically significant relationship between financial literacy and financial performance ($r = 0.649$, $p < 0.01$). This implies that any positive change in financial literacy is associated with a positive change in the financial performance of youth-led VSLAs. Therefore, improvements in members' financial knowledge, skills, and financial attitudes and behaviours are associated with improved ability to manage finances, make informed financial decisions, and enhance the overall performance of VSLAs.

The findings further reveal a positive and statistically significant relationship between saving practices and financial performance ($r = 0.562$, $p < 0.01$). This indicates that any improvement in saving practices is associated with an improvement in the financial performance of youth-led VSLAs. This implies that regular saving, maintaining appropriate saving amounts, and purposeful saving among members contribute to increased availability of funds, improved lending capacity, and enhanced financial sustainability of the groups.

The results also indicate a positive and statistically significant relationship between loan disbursement and recovery practices and financial performance ($r = 0.630$, $p < 0.01$). This implies that any positive change in loan disbursement and recovery practices is associated with a positive change in the financial performance of youth-led VSLAs. Effective loan management practices, including timely loan disbursement, proper monitoring of borrowers, and efficient repayment mechanisms, are therefore associated with improved portfolio quality, liquidity, and profitability of VSLAs.

The qualitative findings from key informants (Refugee Welfare Committee members and the Commercial Officer) supported the quantitative results by highlighting the importance of financial literacy, saving practices, and effective loan management in improving the financial performance of youth-led VSLAs. However, respondents expressed mixed views, with some

emphasising the positive contribution of these practices, while others identified challenges affecting their effectiveness.

Regarding financial literacy, some key informants indicated that improved financial knowledge among VSLA members enhanced record-keeping, budgeting, and responsible financial decision-making. One Refugee Welfare Committee member explained: *"Members who have received financial literacy training are better able to manage their savings, understand loan conditions, and keep proper records compared to those without such knowledge."* (Key Informant 1, 2026)

However, another respondent noted that despite existing training efforts, some youth members still lacked adequate financial skills, which affected the management of group funds: *"Although some youths understand financial management, others still struggle with budgeting and separating personal needs from VSLA funds, which sometimes affects group performance."* (Key Informant 2, 2026)

On saving practices, key informants acknowledged that regular savings increased the financial capacity of VSLAs by providing funds for lending and investment. A Commercial Officer observed: *"Groups with consistent saving habits usually have stronger financial positions because they can provide loans to members and maintain continuous operations."* (Key Informant 3, 2026)

Nevertheless, some respondents highlighted challenges related to irregular income among youth members, which limited their ability to maintain consistent savings: *"Many young people depend on unstable sources of income, making it difficult for them to save regularly and meet their expected contributions every cycle."* (Key Informant 4, 2026)

The findings imply that improving financial literacy, promoting consistent saving practices, and strengthening loan management systems are

essential for enhancing the financial performance of youth-led VSLAs.

Regression Model Analysis

This section presents the results of the multiple regression analysis conducted to examine the

relationship between financial literacy, savings practices, and loan disbursement and recovery practices and the financial performance of youth-led VSLAs. The regression model was used to determine the extent to which the independent variables explain variations in financial performance.

Table 2: Regression Analysis

Coefficients^a						
Adjusted R Square = 0.644; Sig: .000						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.976	.133		7.338	.000
	Financial Literacy	.355	.082	.358	4.306	.000
	Savings Practices	.269	.071	.276	3.785	.000
	Loan Disbursement and Recovery Practices	.174	.165	.175	2.232	.001

a. Dependent Variable: Financial Performance

The regression results in Table 2 indicate that the combined relationship of financial literacy, savings practices, and loan disbursement and recovery practices significantly predicts the financial performance of youth-led VSLAs. The adjusted R-square value of 0.644 implies that 64.4% of the variation in financial performance is explained by the three independent variables included in the model, while the remaining 35.6% is attributed to other factors not considered in the study.

The findings further show that financial literacy has a positive and statistically significant relationship with financial performance ($\beta = .355$, $p = .000$). This implies that improving members' financial knowledge and skills enhances the financial performance of VSLAs. This finding implies that VSLAs should invest in continuous financial education and training programs to strengthen members' capacity in budgeting, saving, loan management, and financial decision-making, which can ultimately improve group sustainability and profitability.

Savings practices also have a positive and significant influence on financial performance ($\beta = .269$, $p = .000$), suggesting that strong savings

habits contribute substantially to financial sustainability and growth. This result implies that VSLAs need to encourage regular savings contributions, strengthen savings policies, and promote a savings culture among members to increase capital accumulation, improve liquidity, and enhance the groups' ability to support members financially.

In addition, loan disbursement and recovery practices positively affect financial performance ($\beta = .174$, $p = .001$). This indicates that effective loan management practices, including timely loan disbursement and efficient loan recovery mechanisms, contribute to improved financial outcomes among youth-led VSLAs. This finding implies that VSLAs should strengthen credit management systems by improving loan monitoring, enforcing repayment procedures, and ensuring timely loan processing to minimise default risks and maintain financial stability.

DISCUSSION

Financial Literacy and Financial Performance of Youth-Led VSLAs

The findings revealed that financial literacy had a positive and statistically significant relationship

with the financial performance of youth-led VSLAs, indicating that improved financial knowledge, skills, and financial behaviours enhance the ability of members to make informed decisions, manage resources effectively, and improve VSLA performance.

The results are in line with Asitik *et al.* (2025), who found that financial literacy acquired through participation in VSLAs significantly improved financial skills and inclusion among rural women entrepreneurs in Ghana. Okello Apollo (2023) reported that VSLA members who received financial training demonstrated higher confidence and capability in managing savings, budgeting, and financial decisions, which positively correlated with improved financial outcomes relative to those without such training.

The results are in line with Kamusiime (2025), who showed that membership in VSLAs and engagement with mobile money services were positively associated with higher financial literacy levels among rural agribusiness women in Uganda. The results are in agreement with Ssekakubo *et al.* (2022), who found that limited financial literacy among VSLA members in rural Uganda hampered effective budgeting, record keeping, and loan management, which reduced group financial sustainability.

The results are in line with Mdibe and Mkhize (2023), who highlighted that international evidence from community-based savings groups indicates that improvements in members' financial skills through training in savings management, loan utilisation, and record keeping are associated with stronger group savings performance and resilience. The results are in agreement with Alhassan *et al.* (2024), who emphasised that financial literacy enhances behaviours such as savings discipline, risk assessment, and credit management, which are transferable to VSLA members and supportive of better financial performance in savings and loan cycles.

The results are in agreement with Nankinga and Musoke (2025) showed that households and individuals with higher financial literacy save more consistently and demonstrate better financial planning. Chitiga *et al.* (2022) indicated that financial knowledge and skills are key determinants of stability and sound financial decision-making in group savings systems. The results are in agreement with Kaberuka (2024), who found that financial education tailored to low-income participants improves budgeting, savings optimisation, credit awareness, and resource management. Kintu and Nakabugo (2023) found that participants who received systematic training in budgeting, interest calculation, and loan planning exhibited significantly higher repayment consistency compared to members without such training. The findings suggested that financial literacy strengthens members' understanding of credit obligations, leading to improved group financial stability and reduced delinquency rates.

The results are in agreement with Mukasa *et al.* (2024), who revealed that groups where members had higher scores on financial literacy assessments showed stronger savings growth, clearer record keeping, and more disciplined contributions. The study concluded that financial knowledge equips members with the confidence to consistently save and monitor the group's financial activities, which in turn supports improved group performance.

The results are in agreement with Namukwaya and Mukama (2025), who demonstrated a positive association between members' understanding of digital financial tools and the efficiency of financial transactions within groups. Kasule *et al.* (2023) found that literacy-enhanced strategies such as cash flow planning and future fund forecasting resulted in more strategic savings decisions among members. These behaviours translated into improved liquidity positions for VSLAs and increased capacity to meet emergency loan demands and group investment opportunities.

The results are in agreement with Owor and Najjuma (2024), who showed that literate members were better at identifying and mitigating financial risks, such as loan defaults and unplanned withdrawals. Tumushabe and Namanya (2025) who found that members who participate in these financial training sessions improve business planning, cost control, and investment decision-making. Although the focus was on individual enterprises, the spillover effects translated into higher group savings and more profitable loan utilisation, reflecting positive implications for group performance.

The results are in agreement with Ssengendo *et al.* (2023), who indicated that financial education strengthened members' ability to participate meaningfully in financial decision-making and leadership roles. Improved governance was linked to stronger accountability mechanisms, reduced mismanagement, and enhanced financial performance outcomes at the group level.

The results are in agreement with Birungi and Kato (2024), who revealed that literate members were more likely to adopt diversified saving strategies, such as rotating savings schedules and emergency savings reserves. These practices contributed to improved group liquidity and stronger capacity to respond to unexpected financial shocks, which supports sustained group financial performance. Still, Baluku and Muhumuza (2025) found cumulative benefits over time. Groups that engaged in repeated literacy-enhancing activities demonstrated consistent improvements in budgeting accuracy, loan performance ratios, and portfolio quality.

Saving on Financial Performance of VSLAs

The findings revealed that saving practices had a positive and statistically significant relationship with financial performance of youth-led VSLAs, indicating that effective saving behaviours, including regular and disciplined savings, enhance financial sustainability, growth, and the overall performance of the groups.

The results are in line with Amollo (2019), who revealed that VSLAs with strong savings mobilisation exhibited higher levels of capital accumulation and increased loan availability, which supported greater income-generating activities among members. The study concluded that disciplined saving behaviour enhances the stock of investable funds, leading to improved group performance outcomes.

The results are in agreement with DevLearnLab (2024), who indicated that systematic saving practices significantly improved members' financial resilience by providing access to internal credit and enabling effective responses to economic shocks. Hatlebakk (2024) showed that structured saving routines increased members' financial discipline, reduced default rates, and improved group liquidity.

The results are in agreement with Lagu (2015), who found that consistent saving behaviour among VSLA members positively correlated with improved loan repayment rates and an increased capital base. Furthermore, Munkaila *et al.* (2020) indicated a positive relationship between VSLA participation and participants' monthly incomes. Nagasha Dorah *et al.* (2025) revealed that VSLAs emphasising savings mobilisation generated better financial outcomes than groups lacking strict saving enforcement.

The results are in agreement with Nasasiira *et al.* (2025), who revealed that accumulated savings significantly contributed to increased capital growth, reduced financial stress, and enabled groups to extend more loans, thereby improving financial returns. Okidi (2015) indicated that saving behaviour is closely linked to improved group sustainability, reduced reliance on external credit, and enhanced financial performance. Wolukawu and Sendagi (2024) found that members with higher savings levels were able to make greater household investments in education and small enterprises.

The results are in agreement with Atekyereza and Nalwadda (2024), who found that a strong savings

culture directly contributed to larger group capital bases, increased lending capacity, and improved members' access to internal credit. The findings highlighted that promoting saving discipline within groups is essential for enhancing financial performance and resilience. Babirye *et al.* (2025) showed that groups with more frequent savings contributions experienced higher resource availability for lending and investment. The authors emphasised that regular savings contribute to more robust capital pools, which in turn improve group financial outcomes.

The results are in agreement with Juma and Mwangi (2025), who indicated that groups with high savings rates experienced more timely loan uptake and higher repayment reliability. The authors concluded that elevated savings rates strengthen group liquidity and financial health, positively affecting performance. Kawooya and Oryem (2023) emphasised that adequate savings buffers are critical to sustaining financial performance and minimising risk exposure. The results are in agreement with Zziwa and Namagembe (2024), who showed that groups with substantial savings reserves enabled members to build better financial profiles, enhancing their ability to access formal financial services and contributing to improved individual and group financial performance.

Loan Disbursement and Recovery on Financial Performance

The findings revealed that loan disbursement and recovery practices had a positive and statistically significant relationship with the financial performance of youth-led VSLAs, indicating that effective loan management practices, including timely disbursement, monitoring, and recovery of loans, improve financial outcomes and sustainability of the groups.

The results are in line with Masaku and Ibrahim (2024), who found that debt recovery strategies in microfinance institutions, including loan limit reduction, collection policy enforcement, adverse credit listing, and fines, significantly improve financial performance. Amity and

Turyamushanga (2025) emphasised that effective recovery practices are associated with higher returns on loans and overall financial performance. Clear recovery procedures are essential for group-based lending institutions, including VSLAs, to safeguard pooled resources.

The results are in line with Riley (2023), who showed that the method of loan disbursement, particularly using digital mobile money, affects repayment behaviour and business outcomes among microentrepreneurs in Uganda. Feigenberg *et al.* (2009) found that frequent group meetings enhance repayment performance among borrowers in savings-based lending groups. Social monitoring and accountability within the group increase repayment rates, protecting the financial performance of pooled resources and supporting the continuity of lending cycles.

The results are in agreement with Ogunleye and Adeyemi (2021), who demonstrated that disciplined loan recovery directly contributes to stronger financial performance, indicating that VSLAs also need structured recovery approaches to ensure sustainability. Giné and Karlan (2020) reported that clear rules around loan disbursement and repayment terms, such as loan limits tied to member contributions and fixed repayment schedules, are crucial for mitigating default risk. Rahman and Sultana (2021) found that even when loan disbursement decreased in agricultural finance programs in Bangladesh, higher recovery rates ensured financial stability for lenders.

The results are in agreement with Ssekamwa and Ndagire (2022), who found that effective credit terms and structured loan policies in Ugandan Saccos improve both loan recovery and profitability ratios. Mbabazi and Kintu (2023) showed that integrating services that facilitate loan repayment enhances the long-term viability of microfinance programs in South Africa. Mugisha and Kalyango (2023) examined the impact of flexible loan repayment schedules on loan performance in Ugandan community lending groups.

The results are in agreement with Nsubuga *et al.* (2024), who investigated the relationship between loan appraisal rigour and repayment behaviour among savings groups in Western Kenya. Atieno and Wanjiku (2022), whose study found that collective responsibility for loan repayment increased peer monitoring and accountability, which lowered delinquency and improved financial performance.

The results are in agreement with Mburu *et al.* (2025), who examined mobile-based repayment platforms in East African savings groups and found that digital repayment options increase repayment compliance. Lukwago and Kasirye (2024) who suggested that structured loan limit policies positively impact group financial outcomes. Namanya and Akello (2023) investigated the relationship between loan recovery training and financial outcomes in community lending groups.

The results are in agreement with Onyango and Ochieng (2025), who found that there was a significant reduction in repayment delays and disputes. Keller and Chirwa (2023) who found that members were more willing to repay on time when interest rates were perceived as fair, leading to stronger liquidity and higher portfolio quality. Dlamini and Nkosi (2024) who study found that offering small discounts or future loan benefits for early repayment increased compliance rates and reduced default risk. Achieng and Ouma (2022) showed that proactive follow-up significantly reduced loan arrears and improved financial outcomes.

CONCLUSION

The study concluded that financial literacy has a positive and significant relationship with the financial performance of youth-led VSLAs. Members with better financial knowledge and skills are able to make better financial decisions, manage loans and savings effectively, and improve the overall performance of their groups. The findings therefore suggest that continuous financial education and training are important in

helping youth-led VSLAs achieve better profitability, growth, and long-term sustainability.

The study concluded that savings practices have a positive and significant relationship with the financial performance of youth-led VSLAs. Strong savings habits, such as regular contributions and proper savings management, help improve the financial stability, growth, and sustainability of the groups. The findings suggest that encouraging consistent savings and strengthening savings policies can increase capital, improve liquidity, and enhance the ability of youth-led VSLAs to support their members effectively.

The study further concluded that loan disbursement and recovery practices have a strong positive and significant effect on the financial performance of youth-led VSLAs. Effective loan management, including timely disbursement, proper monitoring, and efficient recovery of loans, helps reduce default risks and improve financial stability. The findings suggest that strengthening credit management systems is important for maintaining liquidity, supporting members effectively, and ensuring the long-term sustainability of VSLAs.

Recommendations

Based on the findings, it is recommended that youth-led VSLAs should prioritise continuous financial literacy training for all members. Such training should focus on practical skills such as budgeting, savings management, loan handling, and financial decision-making. This will help members improve their financial knowledge and make more informed decisions, which in turn will enhance the overall performance, profitability, and sustainability of the groups.

It is recommended that youth-led VSLAs should strengthen and enforce savings practices among members by encouraging regular and consistent savings contributions. Clear savings policies should be developed and strictly followed to ensure proper management of funds. This will help increase capital accumulation, improve

liquidity, and enhance the financial stability and sustainability of the groups, enabling them to better support their members.

It is further recommended that youth-led VSLAs strengthen their loan disbursement and recovery systems by ensuring timely loan approval and disbursement, proper monitoring of borrowers, and strict enforcement of repayment schedules. Clear credit policies should be established and consistently applied to reduce default risks. These measures will help improve liquidity, improve portfolio quality, enhance financial stability, and ensure the long-term sustainability and effective operation of the groups.

Contribution of the Study

The study makes important contributions at theoretical, policy, and knowledge levels. Theoretically, it strengthens existing understanding by confirming that financial literacy, savings practices, and loan disbursement and recovery systems are key determinants of financial performance in youth-led VSLAs, thereby supporting financial management and group finance theories. From a policy perspective, the findings provide evidence for policymakers and development partners to design targeted interventions that promote financial education, strengthen savings discipline, and improve credit management systems within VSLAs. In terms of knowledge, the study adds to the limited body of literature on youth-led VSLAs by providing empirical evidence on how internal financial practices influence performance, offering useful insights for researchers, practitioners, and stakeholders involved in community-based financial initiatives.

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