Financial Literacy Level of Expatriates in United Arab Emirates and Its Effect on Investment Decision

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Abstract

This study measures the level of financial literacy and evaluates the impact ofdemographic characteristics on financial literacy among the expatriates in the UAE. The financial literacy level is found to be affected by age, marital status, gender, country-of-origin, income, experience, education, employment-status, work-place-activity and house-hold situation. Primary data collected using a structured questionnaire from 389 expatriates is used in this study. Statistical techniques such as analysis of variance and regression analysistest are employed to analyze the data.Finally,the results indicate thatfinancial literacy does have a statistically significant effect on theinvestment decision of expatriates.This study, hence calls for initiatives to improve financial literacyamong expatriates in UAE and for further research in this direction.

Keywords: Financial literacy; United Arab Emirates; Investment decisions; Expatriates; Analysis of variance; Regression analysis

Introduction

Financial literacy is gaining attention in 21st century and becoming an important precursor in financial planning. With an increase in mobility of the people from one country to another in search of opportunities, it is now imperative to know money basics for proper financial planning. OECD/INFE consider the importance of targeting financial education efforts on migrants and their families, and to describe illustrative case studies in 10 countries with different approaches to supporting migrants and/or their families. It also provides valuable detail about the needs of migrants as a target group for financial education and to support the implementation of the OECD/INFE high-level Principles on National Strategies for Financial Education, endorsed by G20 leaders in 2012 (OECD, 2012a). There is increasing concern that some individuals are being disadvantaged on increased mortgage borrowings; higher cost of living; and inappropriate credit cards which have resulted in an increase in delinquencies, personal bankruptcies and insolvencies (OECD, 2005). The implications are sobering.

Over the past few decades, the United Arab Emirates (UAE)—the oil-rich nation situated in the Gulf Cooperation Council (GCC) region—has become a popular destination for immigrants seeking employment opportunities and higher standards of living[1].Since the declaration of the United Arab Emirates in 1971, the strong economic growth have been attracting workforce from around the globe to join the development renaissance in the country. Remarkably, expatriates from 160 countries are working in UAE and employed in banking, construction and other

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[1] The GCC countries include Bahrain, Kuwait, Oman, the United Arab Emirates (UAE),Qatar and Saudi Arabia.

businesses. At the end of the year 2010 (last available data), estimates of UAE total population stood at 8,264,070 persons.[2] Foreign nationals thus made up 88.5% (7.3 million) of the country's total population. Abu Dhabi Economic Vision (2030) ensures all stakeholders in the economy move in tandem. This involves focusing on four key priority areas: economic development, social and human resources development, infrastructure development and environmental sustainability, optimization of government operations.It is not surprising, therefore, that financial literacy is already a principal subject of discussion in the UAE, with a portion of the UAE's economic development program aimed at producing a financially knowledgeable society that will prop up a sustainable, diverse economy by 2030. Several financial institutions have initiated programs to resolve the problem.

Financial literacy has gained a priority position in the national agenda of the UAE. However, attempts are far less than what might be sufficient to address the grave consequences of financial illiteracy. This is evident from the limited available literature which points to the low levels of financial literacy. Most of the studies assessing financial literacy are from the developed countries such as United Kingdom, the USA, Australia and Europe. Policy makers in UAE have recognized financial literacy as an important area to develop saving and spending habits. This paper focuses on the demographic characteristics of expatriates in the UAE.To our knowledge, this is first such study analyzing financial literacy level of expatriate population in the country.Central to the entire discipline of financial literacy in the UAE is the concept of fintech and digital finance.Developing financial literacy through fintechsolutions has become an important tool to develop and teach proper financial planning. The growth of fintech solutions and other variants of digital finance are providing new ideas and opportunities that policymakers have not deal the past. Its estimated that hundredfintech companies across the Mena(Middle east and North Africa) region, with 24 in the UAE alone. For example,*Beehive*, a peer-to-peer lending platform that connects investors with businesses, *Payfort*, a payments processor, *Beam*, a mobile app for payments and *Wally*, a personal financial management app are some examples of the more successful start-ups in the UAE, though there are many others like NOW Money (banking for the unbanked), *Finerd* (robo-advisory for investments) and *Bridg*(electronic payments via Bluetooth) are in the early stages of launch.New mobile applications like "rise-growth for migrants" is the first financial and educational platform for migrant workers in the UAE.It helps migrants manage their finances, learn new skills and build a better future.The app also help employers better assess, train and pay their employees.

Financial literacy

Financial literacy is a rather nebulous term and there is no agreed definition on what constitutes financial literacy. Noctor, Stoney, and Stradling (1992) defines financial literacy, as making informed judgments and effective decisions regarding the use and management of money. Many researchers have used this definition and some have added detailed description of the components making financial literacy. For example, Common wealth bank foundation (CBF, 2004a, p.1) definition of financial literacy included, 'the ability to balance a bank account, prepare budgets, save for the future and learn strategies to manage or avoid debt'. Roy Morgan research on behalf of ANZ bank in 2003 conducted the survey on Australian populationdefines financial literacy as 'enabling people to make

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[2]Estimate of resident population (nationals and non-nationals) based on administrative records, using the Component method: addition of natural increase and net migration since the last census year (2005). http://www.uaestatistics.gov.ae/ReportPDF/Population%20Estimates%202006%20-%202010.pdf

informed and confident decisions regarding all aspects of their budgeting, spending and saving and their use of financial products and services, from everyday banking through to borrowing, investing and planning for the future' (RMR, 2003, p.1). Financial literacy focuses on better planning of retirement-life, gradual wealth accumulation and better financial decision making. Financially illiteracy makes people prone to make mistakes in financial decisions. Various stakeholders like government, universities, public and private sector groups are interested in improving financial literacy. Other factors that have generated interest in financial literacy include low savings rates, growing insolvency rates, debt levels and increased responsibility among individuals for making decisions that affect their economic futures (Servon and Kaestner, 2008). It is now well established that financial literacy can impair every facets of an individual's life.

In recent years, there has been an increasing interest in financial literacy and it is becoming extremely important for expatriates on management of money. Expatriates plan long-term investments for their children's education and decide on managing day-to-day expenses as well as long term financial planning.Many factors direct an individual's understanding of money and how to handle it: psychological issues such as peer pressure, personal experience, classes on money management, the media and even the society. Habits cultivated and decisions made in early life can affect one's financial footprint. Options for investing, saving, and spending money continue to grow rapidly- and are often more abstruse than ever.

On a micro level, financial literacy would help expatriates on how to save, invest, spend and borrow wisely to avoid financial delinquencies and ruined credit. The inability to grasp the consequences of default loan payment, to distinguish needs from wants or to understand the penalties of making minimum credit card payment could have a number of implications on one's financial footprint. At a macro level, financial incompetency can have adverse impact far beyond a single individual. For example, not understanding the cost of buying, maintaining and insuring a home could result in the default on the loan. Poor financial decisions will exacerbate in a number of negative outcomes and imprudent debt levels.

The purpose of this study is to assess the impact of financial literacy on demographic variables with special reference to the expatriates in UAE. This study hence, examines the effect of expatriates demographics specifically on age, marital status, gender, country of origin, income, experience, education, employment status, work place activity and house-hold situation on managing personal finances among expatriates in UAE. We also examined the relationship between financial literacy level of expatriates and the impact of factors that affect in their investment decisions.

Literature review

Several researches proved that behavior of people influenced by their different financial literacies. Many researchers have utilized financial literacy on identifying and evaluating some object such as workers (Karunarathne and Gibson, 2014); university students (Beal and Delpachitra, 2003; Chen and Volpe, 1998; Jang, Hahn, and Park, 2014), and households (Beckmann, 2013; Brown and Graf, 2013; Harris, Loundes, and Webster, 2002; Hilgert, Hogarth, and Beverly, 2003; Van Rooij, Lusardi, and Alessie, 2012).Furthermore, the validity of the survey instruments is questionable because of the limited number of items included into the questionnaires. There are certain problems with the use of focus groups. None of the previous studies have examined how an expatriates' knowledge impacts their opinions regarding financial literacy.

Gibson *et. al.,* (2012) study the impact of teaching migrants in New Zealand and Australia about the different methods available for remitting and the costs of each, finding an increase in financial knowledge and information seeking behavior, reduced risk of switching to costlier remittance products, but no change in either the frequency or level of remittances. Similarly, Seshan (2012) conducted study on temporary migrants from developing countries in Qatar found and that migrants' capacity for work is positively correlated with age, having a university degree, and satisfaction with sleep and mental wellbeing. Estimates of a remittance function show that males send more money home, and that migrants are motivated to save, therefore a tendency to transfer higher amounts.

Monetary authority of Singapore (2005) conducted the first financial national literacy survey on Singaporean population. The main aim of this study measured whether Singaporeans are knowledgeable about common financial products and whether they have been making financial decisions. The findings of the study showed that Singaporeans have a strong attitude toward financial planning, basic money management and investment matters.

Jariwala (2015) claimed that financial literacy level does have a significant effect on investment decisions of retail individual investors. The results revealed that the investors' ability to make investment decisions largely depends on their financial literacy level, and this can be further enhanced through financial education that synergizes the tools and learning approaches that may enhance the financial knowledge, financial behavior, and ultimately the financial well-being of an individual.

ACNielsen Research (2005) surveyed adult financial literacy in Australia and found that people who have lower education, unemployed or unskilled workers have zero or very little financial literacy. Subsequently, Beal and Delpachitra Study (2003) conducted the first literacy survey on first-year students from the University of Southern Queensland revealed that University students in Australia are not knowledgeable, nor skilled in financial matters. OECD (2005) reviewed international literacy on finance in 12 developed countries and found that financial literacy is low for most respondents in surveyed countries. Chen and Volpe (1998) conducted a survey among 924 college students from 13 colleges in various states in the United states and found that students with a low level of financial knowledge are more likely to make incorrect financial decisions. Volpe, Kotel and Chen (2002) surveyed 530 online investors to examine their investment literacy and the relationship between the literacy and online investor characteristics to test questions based on investment concepts and results showed older investors were more knowledgeable than those who are younger. Women had lower level of financial literacy than men and investors with graduate degrees were more knowledgeable than those with some high school or college education. Lusardi and Mitchell (2007a) conducted a study on financial literacy, retirement planning in 2004.The study showed that financial illiteracy happened due to poor planning and found certain groups of the population, such as women, the elderly, and those with low education levels, were more financially illiterate than others.

The adult financial literacy advisory group (AdFLAG) measure financial literacy in the UK to determine "how to promote better access to financial education to young people and adults" (AdFLAG, 2000, p. 10). The results revealed that the need for financial literacy would increase because individuals are becoming self-reliant. The study recommended that short term financial literacy education should be built around the employment, education, housing, communication and financial services with particular focus on younger people, older people, single parents and people with disabilities.There is no such study that focuses on the financial literacy level of expatriates population in the UAE. Al-Tamimi and Bin Kalli (2009) examined the financial literacy of a convenient sample of 290 UAE individual investors participating in the local financial markets and explored the relationship between

financial literacy and investment decisions. The study demonstrated that financial literacy is positively correlated with personal financial needs of investors.

Ibrahim and Al-Qaydi (2013) studied the financial literacy of UAE residents who uses bank loans, credit cards for borrowings. The data were collected from 412 individuals working with different organizations in UAE and found that individuals who borrow less have strong financial attitude. The results also displayed that individuals with strong financial literacy borrow less from credit cards.

Despite the importance of financial literacy, there remains a paucity of evidence on financial literacy of expatriates in the UAE. The present study fills the gap in the literature by investigating demographic factors of expatriates in the UAE with their financial literacy level and also examine relationship between financial literacy and investment decisions.

Research questions and hypotheses

This study attempt to answer the following question:

  1) Is there a statistically significant difference in the level of financial literacy of expatriates?

  2) Does this financial literacy level have any significant effect on investment decision of expatriates?

Following hypotheses are formulated, based on the research questions.

H1 There is no significant association between expatriates age and their financial literacy level.

H2 There is no significant association between expatriates gender and their financial literacy level.

H3 There is no significant association between expatriates education and their financial literacy level.

H4 There is no significant association between expatriates monthly income and their financial literacy level.

H5 There is no significant association between expatriates marital status and their financial literacy level.

H6 There is no significant association between expatriates employment status and their financial literacy level.

H7 There is no significant association between expatriates type of work-place activity and their financial literacy level.

H8 There is no significant association between expatriates years of work experience and their financial literacy level.

H9 There is no significant association between house hold situation in UAE and their financial literacy level.

H10 There is no significant association between expatriates country of origin and their financial literacy level.

H11 There is no positive significant relationship between financial literacy and investment decisions of expatriates in UAE.

The validity of hypotheses from H1 to H10 will be tested via a one-way ANOVA model.Finally, the relationshipbetween expatriates investment decisions and financial literacy is tested in H11.

Methodology and data

To check the validity of the questionnaire, a pilot study was conducted face to face with selected 10 respondents to know the relevance of the questionnaire. Feedback was received from the 8 reviewers, who made suggestions regarding content, format of questions. Based on their comments and recommendations we made changes to further improve the questionnaire.

The sample considered in this study is a subset of the large population of expatriates in UAE. The non-probability convenience sampling is adopted in the present study. The questionnaire was administered to the expatriates working in different capacities in UAE. The total number of distributed questionnaires was 600.From the 600 questionnaires distributed to expatriates, 450 filled in the questionnaire, 69 questionnaire were eliminated because of the incomplete

data or response bias of extreme values. The retained questionnaires represent an effective response rate of around 64.83 percent of the total sample.

Data analysis and results

The profile of the study's respondents

The questionnaire asked each respondent to provide demographic data that included age, marital status, gender, country of origin, income, experience, education, employment status, work place activity and house-hold situation. Table 1, provides descriptive statistics for the respondents' characteristics. From the analysis, majority 61.4 percent of the respondents were male while female represented 38.6 per cent of the respondents in the study. With regard to age, 20.3 percent were between 36 to 45 years with the rest evenly distributed among other age groups. On the status of the marital status, 58.1 per cent were unmarried and the rest are from married and other category. With respect to country, 37.5 per cent are South-Asian, 23.9 percent from MENA region, 16.5 per cent from other Asian countries, 11.8 percent from Africa, 8.2 percent from European countries and the rest 1.8 percent from other countries. As for income, about 17.5 percent received income upto AED 5,000 and 82.5 percent received more than AED 5000. As for education, 9.5 percent of the respondents' had a doctorate, 24.9 percent under-graduate with no or little education , 28.8 percent were graduates, and the remaining 36.8 percent had post- graduate degree. About 53.2 percent of the respondents were full time employees, 21.6 percent were self-employed, 14.1 percent were part time and 11.1 percent were unemployed. With respect to work place activity, 13.4 percent with banking and finance, 39.6 percent in education,17.7 percent in engineering and 29.3 percent in other sectors respectively. In terms of work experience, 8.2 per cent of respondents had 21 to 30 years of work experience with the rest evenly distributed among other categories of experience. For house hold situation, 19.5 percent of the respondents are single and living alone, 25.7 percent single living in shared household, 24.4 percent couple with their children in UAE, and 8 percent in other categories.

Table 1 Respondents' characteristics

Characteristics	No.	%	Characteristics	No.	%
Sample Size	389				
Age			*Experience (in years)*		
18 to 25	99	25.4	Less than 5	117	30.1
26 to 35	98	25.2	6 to 10	121	31.1
36 to 45	79	20.3	11 to 20	119	30.6
46 to 55	95	24.4	21 to 30	32	8.2
56 to 65	18	4.6			
			Employment status		
Marital status			Full time	207	53.2
Single	93	27.5	Part time	55	14.1
Married	282	72.5	Self employed	84	21.6
Other	14	3.6	Unemployed	43	11.1
Gender			*Household situation*		
Male	239	61.4	Single live alone	76	19.5
Female	150	38.6	Single live in shared household	100	25.7
Income(AED)			Single parent	63	16.2
Upto, 5000	68	17.5	Couple-children in home country	24	6.2

5001 to 10000	57	14.7	Couple- children in UAE	95	24.4
10001 to 20000	110	28.3	Others	31	8
20001 to 30000	74	19			
30001 to 40000	51	13.1	*Educational qualification*		
40001 to 50000	19	4.9	Under-graduate	97	24.9
50001 and above	10	2.6	Graduate degree	112	28.8
			Post-graduate	143	36.8
Country of origin			Doctorate	37	9.5
South Asian	146	37.5	*Work place activity*		
Other Asian countries	65	16.5	Banking and Finance	52	13.4
Africa	46	11.8	Engineering	69	17.7
European	32	8.2	Education	154	39.6
MENA(Middle-East and North Africa)	93	23.9	Other	114	29.3
Other	7	1.8			

Note: AED= UAE currency

Source: Computed from primary data

Results

Preliminary data analysis

Data were checked for missing data, sample size and compliance with the applicable statistical assumptions. The Cronbach'sα coefficient value for 14 variables influencing investment decision scale is 0.781, indicating the high level of internal consistency in the items, that further increases its validity. Data quality is examined by using skewness, kurtosis and t-test statistics showed that all statistics were within ±2 acceptable levels, confirmed a relatively normal distribution (Lomax and Hahs-Vaughn 2013).The results obtained from the preliminary analysis of 14 variables influencing investment decision are summarized in Table 2.The results, as shown in Table 2, confirming that *t*-test show significant difference among the mean score of the respondents.

TABLE 2 Data quality for Variables influencing investment decision.

Variables	Mean	SD	Skewness	Kurtosis	t-test	Sig.
Saving for retirement	1.59	1.173	0.228	-0.879	38.864	0.000
Saving money	1.78	1.237	0.071	-1.101	47.529	0.000
Investing money	1.77	1.184	0.284	-0.828	28.592	0.000
Managing day to day expenses	1.75	1.289	0.221	-1.008	26.068	0.000
Insurance coverage	1.83	1.285	0.042	-1.123	17.323	0.000
Income stability	1.67	1.370	0.317	-1.132	23.257	0.000
Cash flow	2.05	1.045	-0.356	-0.802	37.709	0.000
Cash reserves	2.12	1.191	-0.074	-0.912	24.245	0.000
Fixed obligations	1.99	1.045	-0.197	-0.734	36.599	0.000
Safety/Capital Preservation	2.21	1.146	-0.017	-0.917	27.100	0.000
Liquidity	1.82	1.265	0.053	-1.055	27.640	0.000
Current Income	1.82	1.127	0.256	-0.498	21.023	0.000
Moderate Capital Appreciation	1.78	1.284	0.108	-1.099	26.521	0.000
Aggressive Growth	1.96	1.266	-0.025	-1.057	39.689	0.000

Source: Computed from primary data

Table 3, presents the overall participants score on the financial literacy test. Total score of financial literacy of the respondents was calculated on the median percentage of correct answers (Volpe, Chen and Pavlicko,1996).The data pertains to nine aspects of financial literacy such as ATM, inflation, balance after one year, safe returns, time based returns, groups facing difficulty, risk, retirement and asset returns as identified from the reviewed literature. The results demonstrate that on average participants answered 52.09 percent of questions correctly, suggesting that the respondents' knowledge about financial literacy is not adequate. The descriptive statistics also show that the median score is 55.56 percent. The respondents score more than 55.56 percent median score in financial literacy test are considered more financial literate than the respondents score equal or below median score.

Table 4, summarizes the questions and their correct responses with their rxanks. It is evident that highest rank 1 with 84.6 percent respondents answered correctly when asked question about ATM. This augurs well that respondents are well aware of the working of ATM machines. Two other questions had score higher than the median percentage (55.56) of correct answers in the sorted order are rank 2 with 59.5 percent to interest rate and rank 3 with 55.6 percent given to inflation. Remaining six questions scored below than the median percentage with rank 4 is balance after one year with 51.7 percent. Asset returns with 50 percent is given rank 5, rank 6 with 48.6 percent to retirement, rank 7 with 42.8 percent is given to safe returns, question on risk is answered by 37.3 percent correctly assigned rank 8 and the last rank 9 with 34.8 percent is about economy forecast.

Table 3 Overall Financial literacy level

Central tendency	Percentage
Mean	52.09
Median	55.56
Minimum	0
Maximum	100
SD	22.92

Table 4 Mean percentage of correct answer

Financial Literacy question	Percentage	Rank
Balance in a year	51.7	4
Interest rate	59.5	2
Safe returns	42.8	7
Economy forecast	34.8	9
Inflation	55.6	3
ATM	84.6	1
Risk	37.3	8
Asset return	50	5
Retirement	48.6	6

Differences of financial literacy level based on demographic variables

One of the objectives of this study is to determine if there is a significant difference in financial literacy level among different groups of respondents according to age, marital-status, gender, country of origin, income, education,

experience, employment status, work activity and house-hold situation and in order to test *H1* through *H10*, a one-way ANOVA was ran.

Table 5 indicates that there is a significant difference in financial literacy among different groups of respondents according to their age, marital status, gender, country of origin, education, employment status, work activity and house-hold situation. On the other hand, the results reveal significant difference in financial literacy level based on age, marital status, gender, country of origin, education, employment status, work activity and house-hold situation. The findings illustrate that there is significant difference between the financial literacy level based on gender, age, work activity, and education level. This consistent with the findings of (Chen and Volpe,1998; Volpe, Kotel and Chen (2002). The result is contradictory to the findings of Al-Tamimi and Bin Kalli (2009) who support the hypothesis that the difference in financial literacy level is insignificant based on employment status.

Table 5. One-way ANOVA test – financial literacy and demographic variables

Between groups	Significance	H
Age	0.000	H1
Gender	0.000	H2
Education	0.000	H3
Monthly income	0.000	H4
Marital status	0.000	H5
Employment status	0.000	H6
Work place activity	0.000	H7
Work experience	0.000	H8
House-hold situation	0.003	H9
Country of Origin	0.032	H10

Factors affecting investment decison

Data were subjected to factor analysis using principal axis factoring and orthogonal Varimax rotation. All KMO values of individual items (>0.7) were well above 0.5 and the Kaiser-Meyer-Olkin measure (KMO) was 0.763 indicating the data were sufficient for EFA. The Bartlett's test of sphericity $\chi^2 (91)= 1660.99, p<0.001$ showed that there were patterned relationships between the items. Using an eigenvalue cut-off of 1.0, there were 4 factors that explain a cumulative variance of 70.15%.The scree plot confirmed the findings of retaining 4 factors. The extracted factors are 'managing money', 'credit worthiness', 'personal financial needs' and 'financial planning'. The results indicate that the most influencing group is personal financial needs with a mean of 2.08. The order of the other three categories according to their influence on the investment decision is as follows: credit worthiness with a mean of 2.02, personal financial planning with a mean of 1.87, and managing money with a mean of 1.83. It can be seen from the table 6 that the most influencing factor is cash reserves, with a mean of 2.21 and it is conjectured that cash reserves is important for managing expenses like rent, savings and other emergency funding needs. Strong cash reserves also important in meeting all unexpected costs in the short-term. The least influencing factor that influences investment decision of expatriates is investing money.

Table 6. Mean Score of factors within each category

Items within each factor	Mean
Factor 1: Managing money	1.83
Saving money	1.78
Investing money	1.75
Aggressive growth	1.96
Moderate Capital appreciation	1.78
Factor 2: Credit worthiness	2.02
Liquidity	1.82
Capital preservation	2.21
Factor 3: Personal financial needs	2.08
Cash flow	2.05
Cash reserves	2.21
Fixed obligations	1.99
Factor 4: Financial planning	1.87
Insurance Coverage	1.78
Income stability	1.96

Financial literacy and investment decision

Regression analysis was used to predict whether financial literacy level does have any significant effect on investment decision of expatriates. Following H11 is tested to check the relationship between financial literacy and investment decisions of expatriates in UAE.

> Hypotheses: There is no positive significant relationship between financial literacy and investment decisions in UAE.

For this, financial literacy level was considered as an independent variable and sum of the eleven factors extracted by factor analysis (out of 14 variables of investment decision) was considered as an dependent variable.The R^2 value from the regression analysis of 0.534 indicates that the two predictors explained 53.4% of variance. Hence, H11,"there is no positive significant relationship between financial literacy and investment decisions of expatriates in UAE", is accepted.Table 7 summarizes the results of correlation and regression analysis done to study the impact of financial literacy level on investment decision of expatriates.

Table 7 Summary of Regression Analysis of Financial Literacy level and Investment Decision

Results of Correlation			Results of Regression							
Factors	R	Sig.	R^2	Adj. R^2	S.E	Beta	T	Sig.	F test	Sig.
Sum of investment factors	0.731	0	0.534	0.532	0.724	0.731	14.62	0	149	0
Managing money	0.553	0	0.311	0.272	0.853	0.553	3.934	0	7.9	0
Credit worthiness	0.58	0	0.337	0.338	0.855	0.58	4.273	0	18.2	0

Personal financial needs	0.513	0	0.264	0.243	0.853	0.869	3.59	0	12.8	0
Financial planning	0.552	0	0.305	0.285	0.845	0.552	3.971	0	15.7	0

Conclusion and implication

The present study was designed to determine the effects of respondents' characteristics on financial literacy. Analysis of the impact of demographic characteristics on financial literacy using ANOVA showed that age, marital status, gender, income, country of origin, education, work-place activity, work experience, employment status and house hold situation influence financial literacy.The present study confirms previous findings and contributes additional evidence that suggests there are financial literacy decisions to be made individuals life at an early age:

When to start saving, Planning for small or large- or wants and needs- immediate of future decisions, Continue further education or start working right away,Rent or purchase decisions,Right financial product to diversify the risk,Proper financial and retirement planning.

 The financial literacy instrument used in this study is developed primarily for expatriates in the UAE incorporating specific questions tailored to test the financial literacy. Future research may also focus on developing financial literacy programs. Analysis of data collected from 389 expatriates in the United Arab Emirates found that financial literacy level of expatriates does have a statisticallysignificant impact on their investment decision. To assess this, 14variables of investment decision were studied. The regression analysis was also performed for financial literacy level and sum of investment decision factors. Results found that financial literacy level does have a significant effect on investment decision of investors. The findings of this study are similar to Al-Tamimi and Bin Kalli (2009)and Jariwala(2014).

We analyzed the influence of only demographic factors on financial literacy, which is a drawback of this study. Other variables such as self-efficacy, cognitive level, and financial socialization of an individual may play an important role in determining the financial literacy. Future research focusing on these variables will be worthy and insightful. As this study restricted the expatriates in UAE, a more robust sampling to study expatriates financial literacy in other middle-eastern countries may be used in further studies.

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