THE EFFECT OF PERSONAL BANK LOANS ON THE LIVELIHOOD OF TEACHERS IN SELECTED PUBLIC SCHOOLS IN LUSAKA.

BY

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A Dissertation submitted to the University of Zambia in collaboration with Zimbabwe Open University in partial fulfilment of the requirements for the award of the degree of Masters in Business administration.

THE UNIVERSITY OF ZAMBIA

LUSAKA

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DECLARATION

I, **Hope Chituta,** hereby declare that the dissertation I have presented to the University of Zambia in partial fulfilment of the requirements for the award of the degree of Master of Business Administration is solely my own work and that it has not previously been submitted for a degree, diploma or other qualification at this or another University. Any other works done by other scholars have also been duly acknowledged and cited.

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APPROVAL

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ABSTRACT

This study was conducted in 15 selected schools in Lusaka. The objective of this research was to establish the effect of personal bank loans on the livelihood of teachers in selected public schools in Lusaka. This study investigated the reasons behind teachers' use of personal bank loans in Lusaka, the effectiveness of these loans in meeting their financial needs, and the challenges associated with the loans acquired. A mixed-methods approach was employed, integrating quantitative data from 100 questionnaires and in-depth qualitative insight from 10 interview guides with head teachers and employees from the Credit reference bureau. Convenience sampling was used to select 15 schools in Lusaka.100 Participants were then sampled using purposive sampling and given questionnaires. This combination allowed for a comprehensive understanding of loan practices and their multifaceted effect on teachers' lives in selected public schools in Lusaka. The study revealed that teachers primarily sought loans due to economic hardships, buying assets such as cars and land, and unexpected financial emergencies. While loans offered a means for essential purchases and temporary financial relief, they often contributed to a cycle of indebtedness and psychological discomfort. Key challenges included high stress levels, reduced net pays, indebtedness, increased divorce and suicide cases. Personal bank loans offered short-term financial solutions for teachers but posed long-term risks. The conclusions drawn from this study emphasized the need for a holistic approach to addressing teachers' financial vulnerabilities. Providing access to credit alone was insufficient; it must be accompanied by efforts to improve financial literacy, strengthen support systems, and address the root causes of financial instability. This study recommended financial literacy programs, improved teacher compensation, and the development of teacher-specific loan products. Transparent and fair lending practices were also essential to support teachers' financial stability and avoid unsustainable debt burdens.

Keywords: Teacher debt, personal bank loans, financial literacy, economic hardship, indebtedness, education finance.

DEDICATION

I dedicate this dissertation to my family, friends and co-workers.

To my friends, your unwavering belief in my abilities and your constant encouragement have been a source of strength and inspiration.

To my family, your boundless love, sacrifices, and unwavering belief in my dreams have been my anchor throughout this Endeavor. Your endless support and understanding have provided me with the courage and determination to persevere.

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ABBREVIATION LIST

BOZ	Bank of Zambia
CRB	Credit Reference Bureau
DDACC	Direct Debit and Credit Clearing
DEBS	District Education Board Secretary
GRZ	Government of Republic of Zambia
MFIs	Microfinance Institutions
MFRs	Microfinance Regulations
MFL	Microfinance Lending
MOE	Ministry of Education
MOEC	Ministry of education and culture
MPR	Monetary policy rate
NRC	National registration card
NBFIs	Non-Bank Financial Institutions
PMEC	Payroll Management Establishment Control
PSMD	Public Service Management Division
PSWs	Public Service Workers
SPSS	Statistical Package for Social Sciences
UNESCO	United Nations Educational, Scientific and Cultural Organization
ZSA	Zambia Statistics Agency

CHAPTER 1: INTRODUCTION

The field of personal finance is better reflected in recent years in several research studies. Proponents of personal lending (personal loans) argue that access to credit benefits economic development, poverty reduction and the improvement of living standards of all citizens. On the other hand, many protest that whilst some borrowers are able to manage their borrowing effectively, the ease of access to credit causes over- indebtedness. These conflicting opinions have given rise to the discussion about financial health of personal loans. The effect of lending especially in the case of personal loans has mixed opinions. This research was done in order to have a clearer picture.

1.0 Overview

The aim of this study was to investigate the effect of personal bank loans on the livelihoods of teachers in selected public schools in Lusaka. The study was divided into five chapters. Chapter one provided the background of the study, the statement of the problem, the purpose of the study, the research objectives, research questions, the significance of the study, the scope of the study, operational definitions as well as theoretical perspective of the study. Chapter two looked at the literature review of the study at global, African, then narrowed down to the Zambian perspective. Research methodology was found in chapter three.

1.1 Background

Before the twenty-first century, society frowned upon the use of credit and regarded it as disreputable. According to Wright (2005), the notions of social respectability affected the use of credit in different countries. People were reluctant to embrace credit and associated it with working class consumers living beyond their means, a social stigma and an element of shame. In Zambia, upon attaining Independence on 24th, October 1964, there were a few banks operating in Zambia. In the subsequent decades, the Zambian economy was subject to extensive government intervention during the 1970s and 1980s which made a major contribution to the long-term decline of the economy. During this time, the financial system was dominated by foreign commercial banks primarily meeting the credit needs of international and expatriate companies. The financial and banking systems, especially locally owned banks, suffered as a result of this. At this time, access to financial services was extremely difficult, and in some cases, impossible, even for public service employees such as teachers. This was primarily due to the high risks, high transaction costs, low profitability of the business and the inability of teachers to provide the required physical collateral. However, after Zambia's economy was liberalized in the early 1990s (Angelini, 2018). More banking institutions begun to emerge in Zambia’s banking sector with both local and foreign ownership.

As a result, teachers had a better chance of accessing financial services as well as more options when it comes to deciding which institution to seek financial assistance from. The multitude of banking institutions preyed on teachers. This is for the reason that they have job security and a guaranteed regular inflow of government income. This also marked the beginning of payroll-based lending which led to unprecedented growth in the financial sector. For most banks, Lending became the principal business while the Loan portfolio was typically the largest asset and the largest source of revenue. They began taking advantage of this spiraling demand. According to Fraser (2015), the Bank of Zambia became concerned with the cost of credit and introduced interest rate ceilings for Commercial Banks. However, these interest rate caps lasted only for a few years and were removed in 2015 citing market distortions. Despite high interest teachers still borrow large sums of money due to the relative ease and speed at which they are obtained.

1.2 Statement of The Problem

In today’s modern economy, granting of loans by financial lending institutions such as banks is carried out on a large scale. Research conducted by Tembo (2014), indicated that teachers face serious challenges such as high indebtedness among others as a result of over-and multiple borrowing. It was estimated that about half of all payroll borrowers, the higher number being teachers, had more than one loan outstanding. This can relate to Study conducted by Fraser (2015) that revealed that, as at mid-2014, there were approximately 360,000 scheme loans outstanding, of which nearly three-quarters (270,000) were teachers. In addition, a survey conducted by Chansa during the launch of a national campaign against heavy indebtedness among Zambian teachers in 2021 revealed that more than 99 per cent of public service teachers were heavily indebted. These teachers owed banks, financial institutions and individual money lenders a lot of money (Daily nation, 2021). The issue of teachers borrowing had been recognized in various studies as a common and pressing concern. However not much was known in relation to teachers in public schools in Lusaka about the effect of personal bank loans on their livelihood.

1.3 Purpose of the study

The purpose of this study was to examine the effects of personal bank loans on the livelihood of teachers in selected public schools in Lusaka as well as suggest appropriate strategies that would help in alleviating the suffering faced by teachers due to challenges such as high indebtedness resulting from over borrowing.

1.4 Objectives

The study was conducted to achieve the following objectives:

1.4.1 General Objective

To establish the effect of personal bank loans on the livelihoods of teachers in selected public schools in Lusaka.

1.4.2 Specific Objectives

1. To ascertain reasons leading to teachers in selected public schools in Lusaka obtaining personal bank loans.

2. To establish the extent to which personal bank loans were meeting the financial needs of teachers in selected public schools in Lusaka.

3.To assess whether there were challenges associated with the personal bank loans that teachers in selected public schools in Lusaka obtained.

1.5 Research Questions

1. What were the reasons that led teachers in selected public schools in Lusaka to obtain personal bank loans?

2. what was the extent to which personal bank loans were meeting the financial needs of teachers in selected public schools in Lusaka.

3. What were the challenges associated with the personal bank loans that teachers in selected public schools in Lusaka obtained.

1.6 Significance of the Study

This study was intended to investigate the effect of personal bank loans on the livelihoods of teachers in selected public schools in Lusaka. This study was necessitated by numerous factors. Firstly, this research aimed at generating empirical data about the aforementioned study. The study was also expected to fill the information gap on the effect of personal bank loans on the livelihood of teachers in selected public schools in Lusaka and contribute to the existing body of knowledge. In addition, the study would generate knowledge that would be useful for more policy review and formulation by the government. Lastly, it was to provide an avenue for teachers and other stakeholders to voice out their opinions on this critical matter.

1.7 Scope of the study

1.7.1 Delimitations

This study focused on respondents from Lusaka town, in Lusaka province. The implication of this study was that, the results of the study could not be generalized and be treated as representative of the rest of Zambia, However, it was the researcher's assumption that this study might paint a picture that may be obtaining in many towns across Zambia with similar socio, and economic demographics.

1.7.2 Limitations

In this study, the researcher was limited by the unavailability of respondents at times. Many teachers and employees of the credit reference bureau, due to various timetables and busy schedules, were not available to always conduct interviews or answer questionnaires. This was exacerbated by the closure of schools due to the cholera pandemic. Another limitation that the researcher encountered was the unwillingness of respondents to participate in the study due to the sensitivity of the topic bordering on their personal financial lifestyle, a subject that people do not readily discuss. Lastly, the researcher was limited by time to conduct the research due to job restrictions and due to the limited finances as the research was self-funded.

1.7.3 Theoretical perspective

A theory is a systematic body of knowledge or interrelated propositions systematically and logically presented to explain certain phenomena and help society interpret occurrences rationally (Hoy 2010). In other words, the theories in such a study served as an anchor, a firm foundation, and an area of concentration, which served as the essential framework for scholarly work. In an economic development sense, a theory is valueless unless its tenets are applicable, translates into meaningful results and improves people's quality of life in society.

In economics, explanations on teacher's debt behavior were assumed to be embedded in the theories of consumption. Renowned heterodox consumption theories included the Veblen's Conspicuous Consumption Theory. Wyk and Posel, (2019), highlighted that due to human nature with unlimited wants, relative position mattered. Where consumption was concerned, this was manifested in being envious of what others had and striving towards consuming at least what others were consuming or even something of a better standard. This led to Veblen's effect or conspicuous consumption, an act of purchasing and using certain goods and services, not in order to survive, but rather to identify oneself with others that have superior wealth and social standing. The purpose of consumption was tilted towards display rather than serving the needs. This influence would vary with income inequalities in the society. As the richer spent more lavishly and extravagantly, it generated envy, increased the standard of consumption in the society and increased aspirations level of the society. This could lead to social exclusion for those who fail to meet the standard. This pressure may lead some households to resort to borrowing to keep up with the others rather than limiting spending according to their income level.

1.8 Operational definitions

Teachers: A teacher or formally an educator, is a person who assists students in gaining knowledge, skills, or virtue.

Personal loan: a Personal loan is a credit that is availed to a borrower for any purpose which is paid back in fixed monthly payments, or installments. Usually, these loans are unsecured, which means the borrower is not required to provide any security or collateral in order to obtain the loan and it is solely based on the repayment ability of the borrower (pay roll). The banking institution profits from the credit by charging a percentage of the entire amount as interest.

Public school: A public school is a learning institution that is funded by local, state and/or federal government.

Livelihood: means of making a living. It encompasses people's capabilities, assets, income and activities required to secure the necessities of life.

CHAPTER 2: LITERATURE REVIEW

2.1 Overview

This chapter explored concepts and summarized the literature that is already in existence regarding the topic. Relevant empirical evidence was reviewed in this chapter. The review was focused on the global (Developing countries outside Africa), Africa (Developing countries within Africa) as well as the Zambian perspective.

2.2 Developing Countries Outside Africa.

According to Ferrer (2017), in the Philippines, there seemed to be broad consensus that public school teachers' low pay was the primary explanation for their vulnerability to loans and their susceptibility to be caught in a debt trap. Ferrer conducted research dubbed: Caught in a Debt Trap: An Analysis of the Financial Well-being of Teachers in the Philippines. The aim of this study was to assess the condition of debt among public school teachers and the examination of the factors that made them prone to debt and usurious lending. According to the study, public school teachers in the Philippines were exposed to financial difficulties and debt primarily due to their low pay. A possible contributory factor for this included the fact that majority of teachers (54.2%) belonged to the lowest rank in relation to other professions, thus, earning only entry level salaries. Regrettably, this was the same finding highlighted by Project TAO conducted in 2000 by Seameo innotech, more than a decade earlier. According to Seameo innotech (2000), 65% of the public school teachers were receiving only entry level salaries. This literature points to the persistence of this issue over more than a decade, emphasizing the continued challenges faced by public school teachers in the Philippines.

Furthermore, Manulife (2016), conducted a study on the debt levels of teachers in the Philippines. The findings of this survey confirmed that debt was still a significant challenge in the financial well-being of public school teachers in the Phillipines. For example, A notable statistic from the study stated that 24% of the teachers lost more than half of their gross income to loan repayment deductions. Not only that, an additional 28% of teachers experienced deductions ranging from 25% to 50% of their gross income. These figures highlighted the substantial portion of teachers' income that went towards repaying bank loans, leaving them with limited financial resources. Moreso, the study indicated that 41% of teachers worked part-time on the side to supplement their meager salaries. It can be learnt that there was a financial strain faced by teachers, pushing them to seek additional sources of income to make ends meet.

It is worth noting however that, Over the years, according to the World Bank (2015), the salary of public school teachers had increased several times through the implementation of new salary standardization laws. Despite this, the frequent anecdotes on the financial sufferings due to the high debt of many public school teachers usually highlighted by media and militant teacher organizations suggested that there was still a dearth of research investigating this problem. It could also be suggested that there was need for more in-depth studies to better understand the root causes and potential solutions to alleviate the financial burden on teachers in the Philippines. Addressing this issue is crucial for ensuring the well-being and financial stability of educators, which ultimately impacts the quality of education they provide.

It can also be noted that the effect of financial literacy on financial behaviour in another research conducted by Lopez (2016), had drawn attention to the relationship between low financial literacy and frequent financial mistakes, high debt accumulation, and difficulty in repaying debt. The study elaborated that, low level of financial literacy correlated with the lack of financial planning. There was also a positive link between debt accumulation and poor money management skills. The additional information provided further in this research underscored the importance of financial literacy in understanding and addressing the financial challenges faced by public school teachers in the Philippines. The correlation between low financial literacy and various financial issues highlighted the need for interventions to improve financial education and planning skills among teachers. The passage also discussed the broader context of financial literacy in the Philippines, noting that many Filipinos, including teachers, lack a fundamental understanding of financial concepts. This lack of financial literacy contributed to the high debt rate.

while the research identified low net pays and financial literacy as being cardinal to the high debt rate among teachers in the Philippines, significant question arose such as whether the salary increment had improved teachers' quality of life, enabled better health standards, increased the ability of teachers to discharge their duties or if the teachers were less prone to borrowing. These questions could not be answered by the study thereby necessitating another research. This study was imperative to the study being done in Lusaka as it would assist the research to discover some of the reasons teachers obtained personal bank loans.

Moreover, the limitations of the research were highlighted, particularly the reliance on structured questionnaires. The downside of this approach was acknowledged, as it may limit the depth of information collected and hinder the capture of nuanced insights from participants. The use of predefined response options in questionnaires may have constrained respondents from providing detailed explanations, potentially leading to a loss of crucial context and rich information. The research conducted in Lusaka employed questionnaires as well as interview guides to obtain a holistic view.

In conclusion, the passage emphasized the multifaceted nature of the financial challenges faced by public school teachers in the Philippines, linking low financial literacy, low net pays, and limited financial planning skills to the high debt rates observed. The identified limitations in the research underscored the need for more studies that employed varied research methods to capture a more holistic understanding of teachers' financial well-being which was done in the research in Lusaka.

In Malaysia, Bankruptcy and its effect on the quality of life among Malaysian public workers such as teachers had received considerable attention from many authorities. Bankruptcy issues became a main concern among government and non-government organizations. Bankruptcy in Malaysia could be seen as the condition of a debtor who has been held by the judicial process to be insolvent or unable to pay his debts as they fall out of his assets. A study was conducted by Yasotha et.al (2016). The main objective of the study was to understand the determinants of bankruptcy probability among Malaysian public service teachers. This research used a logistic regression model to estimate the likelihood of bankruptcy based on respondents’ debt attitude, and financial management practices. It was established that the respondents in this research had a negative rational attitude towards debt. In this study, rational attitude towards debt was defined as a person’s perceptions regarding the ability to think logically about the importance of taking debts. As a result, they would easily fall into bankruptcy due to their incapability to pay off their outstanding payments to creditors.

One of the primary findings of the study was the existence of a negative rational attitude towards debt among the respondents. This rational attitude towards debt was characterized by individuals' perceptions regarding the logical understanding of the necessity and implications of taking on debt. The study suggested that some respondents compromised their financial security by borrowing beyond their financial means and capacity. Consequently, this behaviour increased their vulnerability to bankruptcy, as they were unable to settle outstanding payments owed to creditors.

Furthermore, the research revealed that respondents exhibited insufficient savings to cater to future expenses, leading to challenges in allocating substantial down payments for significant purchases such as homes or vehicles without resorting to personal loans.

The literature also highlighted the various discussions on financial behaviour, attitudes towards debt, financial management practices, and their impact on the financial well-being of Malaysian public teachers.

Though insightful this study had not explained if the research instruments used were tested for reliability and validity. Furthermore, the other limitation was that logistic regression is an assumption of linearity between the independent and dependent variable which is rarely linearly separable in the real world.

2.3 Developing Countries in Africa

Liberalization in the financial industry in Kenya led to increased access to credit facilities. School teachers were among the beneficiaries. In contrast with the Asian developing counterparts, Nangila (2013) conducted a survey on secondary school teachers in Kenya. The aim of this study was to establish the effect of unsecured personal loans on household welfare of Secondary school teachers in Bungoma County. Nangila defined an Unsecured personal loan as a form of debt given to an individual by a financial institution without provision of collateral or security by the borrower. These loans according to his study were mostly granted to people with evidence of a regular income by availing three month's consecutive pay slips. Notably, the study established that personal loans contributed positively to household welfare and that female secondary school teachers were economically empowered as a result of accessing these loans. This research also discovered that teacher households were able to obtain better healthcare, access higher education as well as provide start-up capital, allowing families to gain additional income. Not only that, personal loans also enabled secondary school teachers to build better homes and significantly reduced poverty in the majority of teachers' households. All in all, this research conducted a Correlation analysis to test the study hypotheses. Results of the study showed that there is a statistically significant positive relationship between unsecured personal loans and household financial health. It can be learnt that personal loans in this case had a positive effect on the local secondary teachers in Bungoma county.

This can be supported by Waheed (2009) who stated that access to financial services had been proven to be a powerful tool to help fight poverty. The impact was greatest especially for people that had access to a broad range of financial services with which they would invest in income generating and asset building activities to meet basic needs such as health, education and nutrition. The capacity to manage assets enabled individuals to take control of their future and contribute more to national progress. Additionally, personal loans were a relatively fast way to obtain funds for a special purchase or project. Proponents of personal loans encouraged them for expensive purchases that required immediate payment, allowing one to spread the cost of the purchase and manage short term finances more easily.

However, certain limitations could be noticed in Nangila's (2013) study. The research could not provide empirical evidence to conclusively attribute the significant reduction of poverty in teacher households solely to personal loans, neglecting other potential contributing factors and income sources. Moreover, the regression analysis findings indicated that 33.7% of the variance in household welfare remained unaccounted for by the independent variables studied, particularly in relation to unsecured personal loans which left unanswered questions as to whether personal loans completely enhanced financial health of teachers or other factors could be attributed necessitating other research. Furthermore, the use of structured questionnaires was critiqued for limiting the depth and richness of responses that would have been obtained from the additional use of a qualitative instrument for data collection, prompting the need for a more comprehensive approach.

To address some of these limitations, the proposed research in Lusaka aimed to use structured, unstructured questionnaires and interview guides. This methodological shift was intended to provide a more in-depth understanding of the research problem by allowing for nuanced exploration and capturing a broader range of perspectives.

In summary, the literature review suggested that financial liberalization in Kenya, particularly through increased access to personal loans, had positive effects on the welfare of secondary school teachers. However, it also underscored the importance of considering other factors influencing poverty reduction and critiqued the limitations of the research methodologies.

In Tanzania, Over the past decade, providers of finance such as personal loans had developed a range of models for delivering financial services to their customers that met the dual criteria of sustainability and outreach. As the Tanzanian industry matured, debates within and outside had moved beyond questions of scale and outreach to the question of whether personal loans had an effect on its customers such as teachers.

Commercial banks in Tanzania generated profits by rendering services, attracting and retaining deposits, processing payments in a prompt and efficient manner, and putting to profitable use those funds that were not immediately needed. One of the fundamental obligations perceived by every bank was the need to serve the credit requirements of customers and the community. To fulfill this duty, banks in Tanzania converted the credit function into a variety of loans and investment operations. According to BGL Banking Report (2010), It was clear that bankers themselves regarded lending activities as lying at the heart of commercial banking. Since personal loans were approved without any security, they therefore came along with a high interest rate and were provided purely based on the income. In addition to being extremely lucrative, they had the additional advantages of attracting deposits and providing a necessary service to the community.

Research conducted by Masengo (2018), highlighted the impact of personal loans on primary school teachers in Mvomero, Tanzania. The research highlighted the challenges facing primary school teachers with regard to personal loans accessed. These challenges included over-indebtedness (teachers accessing personal loans from more than one financial institution); lack of transparency on interest rates and other pertinent details in the exorbitant lending procedures from banks as well as steep interest rates which virtually change arbitrarily from time to time. In this case, the teachers made monthly payments to the banks repaying the sum borrowed plus interest. Interest rates for personal loans could range from 12 percent to 30 percent, while the service charges and prepayment penalty were also very high. Despite primary school teachers in Mvomero district accessing loans without any impediment; their reasons for applying and the contribution of personal loans were accompanied by shortfalls of borrowing from more than one financial institution rendering them less able to perform their duties and make repayments (ibid). Masengo also discovered that there were tightening collection conditions for individual borrowers; psychological discomfort as others did not receive any payment at the end of the month; absenteeism at work as a result of the debt as well as changing jobs to escape debts as the other challenges teachers faced.

In any education system, teachers lay the foundation of education. They perform a significant role in knowledge and skill transmission. This implies that teachers are very cardinal in the teaching and learning process. According to UNESCO (2019) the success of teaching and learning was mainly influenced by the resources which were available to support the process of teaching and learning. In this case an adequate monthly income. The Tanzanian Ministry of Education and Culture (MOEC) emphasized that the teacher in the classroom was the main instrument for bringing about qualitative improvement in learning however if teachers could not perform their duties due to challenges associated with over and multiple borrowing, the issue of personal loans became of great concern.

Eye catching and insightful as this research was, it was not clear as to whether the research was conducted over a period of time so as to assess the impact of personal loans on primary school teachers in Mvomero. An impact study involves researching a particular subject to ascertain whether a specific action is causing or has the potential to cause an effect on its environment or other related matters. As a general guideline, impact studies could range from several months to several years, or even longer for comprehensive evaluations to track sustained impact over an extended period.

In conclusion, the research addressed a pertinent issue affecting a specific demographic (primary school teachers) in a particular region (Mvomero, Tanzania), providing valuable insights into the challenges they faced in regard to personal loans. Masengo's research outlined specific challenges faced by teachers, including over-indebtedness, lack of transparency in lending procedures, and the adverse effects of high and fluctuating interest rates and charges. The study also highlighted the real-life implications of those challenges on teachers' professional lives, such as psychological discomfort, absenteeism, and job changes to cope with debts, which added depth to understanding the effect of personal loans in regard to the research being conducted in Lusaka.

Overall, the literature review indicated that while personal loans served as a financial tool for individual needs, their unregulated practices and adverse implications posed significant challenges, particularly for teachers in Tanzania.

2.3 Zambia

In the 1990s, Zambia experienced financial sector distress. One of the causes of that crisis was that prudential regulation was not accorded sufficient priority. This had detrimental effects on the banking system's financial stability, especially after locally held private sector banks were established in the 1980s and early 1990s. The predicament resulted in the closure of nine banks

(Martinez, 2010). This led to a loss of consumer confidence and a shift of deposits from small, indigenous, locally owned banks that catered for the average Zambian citizen to bigger, mostly foreign-owned banks which were perceived to be “safer” but whose products and services were outside the reach and affordability of even teachers. However, after the liberalization of the economy in the 1990’s, credit access for teacher was much easier.

In a country where access to credit cards is extremely limited, personal payroll loans were a primary source of credit for many Zambian teachers. Although some banks claimed that their loans were being used to finance income-generating activities, research conducted by Fraser, (2015), revealed that there was no systematic collection of loan utilization information to support the claim. It was established that the lenders (banks) made credit decisions based more on the creditworthiness of the employer (government) than that of the borrower. Banks paid little attention to the reasons for borrowing, nor do they conduct a thorough loan utilization check.

The study referenced above points out critical issues regarding the utilization and consequences of personal payroll loans among Zambian teachers. It can be noted that, Personal payroll loans served as a significant avenue for credit in the absence of accessible credit cards for Zambian teachers. This reliance on such loans signified their importance in fulfilling financial needs for this demographic.

Moreso, the absence of systematic collection of loan utilization data, as revealed by Planet Finance (2015), casts doubt on the claim made by banks regarding the utilization of loans for income-generating activities. This raised concerns about the transparency and accuracy of the reasons provided for lending, potentially indicating a gap between the intended purpose and the actual use of funds. The emphasis on the creditworthiness of the employer (government) rather than the individual borrower during credit assessments indicated a systemic flaw. This practice overlooked the borrower's financial situation and capacity to repay, potentially leading to unequal access to credit and inappropriate loan amounts.

Thus, the banks' minimal attention to the reasons behind borrowing and the absence of comprehensive checks on loan utilization suggested a disregard for understanding borrowers' needs and financial circumstances. This oversight might have contributed to over-lending and exacerbates financial stress among borrowers. And lastly, the combination of a relatively straightforward credit assessment process and infrequent loan utilization monitoring created an environment conducive to over-lending. This situation posed risks for both borrowers, who might receive more credit than they could afford, and lenders, who might face higher default rates.

Another research conducted by Munshi (2019) dubbed teachers and microfinance loans for sustainable development: examining sources, opportunities and challenges in Kasempa and Solwezi districts of Zambia was also insightful. The purpose of this study was to examine the sources, the opportunities and challenges of microfinance loans for teachers. It also aimed to suggest appropriate strategies that would help in alleviating the suffering faced by teachers due to challenges such as high indebtedness resulting from over borrowing. According to the research, despite the introduction of microfinance loans aimed at improving teachers' standards of living, the study found that standards of living among teachers remained relatively low. This observation suggested a disparity between the intended purpose of the loans and their actual impact on the quality of life for teachers in these districts. As a result, A significant portion of the teachers resorted to overborrowing and multiple loans, resulting in increased indebtedness. This trend raised concerns about the sustainability of borrowing practices and highlighted the challenges faced by teachers in managing their debt burdens effectively.

To add on, the study also indicated that teachers felt that loans had a lesser effect on their overall classroom performance but generally agreed that teachers with many loans (indebted) were generally demotivated to work. The study suggests that while microfinance loans might have had a limited effect on teachers' overall classroom performance, highly indebted teachers expressed feelings of demotivation. This correlation between indebtedness and reduced motivation among teachers implied a potential negative effect on their work enthusiasm and dedication.

Many grey areas, however, were noted in Munshi's study. The concept of micro finance was misinterpreted in relation to his target population (teachers). The study seemed to have misunderstood the essence of microfinance in relation to the targeted group. Microfinance typically catered to individuals or groups with limited access to traditional banking services and by definition, a Microfinance referred to a financial service provided to low-income individuals or groups who were typically excluded from traditional banking (IGI Global, 2022). Traditional banking on the other hand referred to banks with a physical presence with a domestic banking license. This seemed to be a misrepresentation of facts as most public service workers such as teachers in Zambia had access to traditional banking. Furthermore, The criterion used to identify highly indebted teachers lacked transparency and clarity, potentially raising questions about the fairness and validity of the sample selection process which necessitated another study.

In summary, Munshi's research accentuated the gap between the intended benefits of microfinance loans and their actual outcomes in improving the standards of living for teachers in the Kasempa and Solwezi districts of Zambia. The findings underscored the pressing need for effective strategies to address overborrowing, indebtedness, and the resultant demotivation among teachers. This could involve revisiting loan structures, providing financial literacy programs, and instituting policies to ensure responsible lending and borrowing practices among teachers.

CHAPTER THREE METHODOLOGY

3.0 Overview

This chapter provided the research methodology which was used and guided the collection of data of this study, the various procedures and processes that were employed to collect and analyze the data. The chapter gives a detailed discussion on the research philosophy, design, target population, sample size, sampling procedure, research instruments, data collection and data analysis.

3.1 Research Philosophy

This study adopted a pragmatic research philosophy, which emphasized the practical application of research findings and the use of multiple methods to answer research questions (Shirish 2014,). Pragmatism acknowledged that reality was multifaceted, and that knowledge is derived from both objective and subjective perspectives. This philosophical approach aligned with the study's aim to investigate the effect of personal bank loans on the livelihoods of teachers in selected public schools in Lusaka, as it allowed for the integration of quantitative and qualitative methods to gain a comprehensive understanding of the research problem.

The justification for choosing pragmatism lay in its flexibility and focus on the consequences of the research. By embracing both objective and subjective viewpoints, pragmatism enabled the researcher to employ various methods and techniques that best addressed the research objectives. This philosophical underpinning supported the use of a mixed-methods approach, which combined quantitative data from questionnaires and qualitative data from interviews to provide a more nuanced understanding of teachers' experiences with personal bank loans and the effect on their livelihoods.

3.2 Research Design

This study employed a descriptive research design that involved a systematic collection and presentation of data. The descriptive design aimed predominantly at observing, describing and documenting aspects of the study as it naturally occurred. The design was advantageous in producing good number of responses from a wide range of people. At the same time, it provided a more accurate picture of events.

Additionally, this study employed a mixed-methods approach, which involved collecting, analysing, and integrating both quantitative and qualitative data (Creswell & Plano Clark, 2018). The quantitative component of the study consisted of a survey administered through questionnaires, while the qualitative component involved interviews with key informants. The rationale for selecting a mixed-methods approach lay in its ability to provide a more comprehensive understanding of the research problem by leveraging the strengths of both quantitative and qualitative approaches.

The mixed-methods approach also aligned with the research objectives by allowing for the collection of diverse data types to answer the research questions. The quantitative data from the questionnaires provided insights into the prevalence of personal bank loans among teachers, the reasons for obtaining loans, and the challenges associated with loan acquisition. The qualitative data from the interviews complemented the quantitative findings by offering a deeper understanding of teachers' experiences, perceptions, and the effect of loans on their livelihoods. By integrating both quantitative and qualitative data, the study aimed to provide a more robust and nuanced understanding of the effect of personal bank loans on teachers' lives in selected public schools in Lusaka.

3.3 Selection of the Study Area

The study was conducted in Lusaka city. Lusaka is a large city located in Lusaka District. The city has a total population estimated to be 3 million (Zambia statistics Agency, 2022). Lusaka was selected as the study area due to its high concentration of public schools and its diverse socio-economic landscape, which provided a representative sample of teachers. The study focused on 15 selected public schools, including primary, secondary, and basic schools, to ensure a comprehensive representation of teachers across different educational levels. The selected schools were: Chainda Primary School, Chelstone Secondary School, Vera Chiluba Basic School, Mtendere Secondary School, Kalingalinga Primary School, Twin Palm Secondary School, Kaunda Square Secondary School, Kamwala Secondary School, Libala Primary School, Libala Secondary School, Kamanga Primary School, Kalingalinga Primary School, Bayuni Secondary School, Kabanana Secondary School, and Lusaka Secondary School. These schools were chosen based on their geographical spread across the city and their proximity to the researcher for easy access.

3.4 Sampling Procedure and Sample Size

3.4.1 Target Population

Two target groups were used to undertake this research. The first target group constituted of teachers/head teachers in selected public schools in Lusaka, Zambia. The inclusion criteria required participants to be actively teaching in one of the 15 selected schools at the time of the study. Teachers/Head teachers from all educational levels (primary, secondary, and basic) who had obtained personal bank loans were eligible to participate. The exclusion criteria encompassed teachers who were on leave, those who had been teaching for less than 2 months, and those who were not willing to provide informed consent. The other target group constituted of key employees from the Credit reference bureau (CRB).

3.4.2 Sampling Procedure

A combination of Convenience and purposive sampling techniques were employed to recruit participants for the study. Convenience sampling was used to select 15 schools in Lusaka. Due to cost, time and other logistics, this method was employed to select schools that had proximity to the researcher. Thereafter, the researcher contacted the head teachers of each school using different methods which included site visits and phone calls to introduce the study as well as request permission to conduct the research. Upon receiving approval, the headmasters introduced the study to the teachers available during a scheduled visit by the researcher. The researcher then provided more detailed information about the study and invited interested teachers that fit the criteria to participate. Purposive sampling was then used to select teachers that have obtained personal loans from the bank. 100 questionnaires were then given to teachers that met this criterion.

For the qualitative component (interviews), data saturation was used as a guiding principle to determine the sample size (Saunders et al., 2018). Saturation was considered achieved when no new themes or information emerged from the interviews. A total of 10 interviews were conducted with 5 head teachers and 5 key employees of the Credit reference bureau (Transunion).

3.4.3 Sample Size

100 participants were selected according to the needs of the study. Applicants who did not meet the profile of obtaining bank personal loans were rejected. A total of 10 interviews were conducted, at which the researchers determined that data saturation had been reached.

The final sample size for the study consisted of 100 teachers who completed the questionnaires while 5 headteachers and 5 key informants from the credit reference bureau (CRB) participated in the interviews. This sample size was deemed sufficient to provide a comprehensive understanding of the research problem and to ensure the reliability and validity of the findings. As advised by professional researchers and other literature.

3.5 Data Collection Instruments

In order to achieve a well-researched study, both questionnaires and interview guides were used in this study, The instruments were chosen based on their suitability for the research objectives and the mixed-methods approach. Questionnaires allowed for the efficient collection of standardized data from a larger sample. An Interview guide was used as it enabled the researchers to have an in-depth perception of responses and feelings that may have been left out by the questionnaire.

Moreso, the questionnaires were administered in-person at the selected schools, with the researcher present to clarify any questions. The interviews were conducted face-to-face in a private setting and an audio was recorded with the participants' consent for later transcription and analysis.

3.6 Data Analysis

The data was prepared for analysis by cleaning and coding the responses. Quantitative data was cleaned to identify and address any missing or inconsistent values. The questionnaires used in the data collection were checked for uniformity, consistency, accuracy and ambiguity. The raw data collected was coded and entered using statistical package for social sciences (SPSS). This program was ideal for quantitative data as it provided graphical summary of data and valid algorithms. Statistics were also manipulated with the use of Micro Soft Excel to come up with graphs and figures of the researcher’s choice. For interview guides, data analysis was done manually by the use of thematic analysis. This is done by grouping similar responses together in order to get a general view from respondents. After transcribing and generating initial codes, the researchers searched for patterns, similarities, and connections among the codes. Thereafter, the researcher grouped related codes together to form potential themes or patterns that capture underlying concepts or phenomena within the data.

Data reliability and validity

Reliability

A Pilot study was carried out to test the questionnaires in the respective study area for their reliability. Thereafter, corrections were done in order to obtain reliable data for the research. The collected data was also verified by experts experienced in research for their reliability.

Validity

This research used methodological data triangulation in order to validate the data. Methodological triangulation involved the use of both qualitative and or quantitative methods to study the problem. The mixed method design made it easier to validate the results because it used both qualitative and quantitative methods such as: semi-structured interviews, and questionnaires, which allowed the researcher to test the results from the differently triangulated data and methods.

3.7 Ethical Considerations

This study adhered to fundamental ethical principles, including informed consent, confidentiality, and anonymity. Participants were provided with detailed information about the study's purpose, procedures, and potential risks and benefits. Written informed consent was obtained from all participants prior to data collection, emphasizing the voluntary nature of their participation and their right to withdraw at any time without consequences.

Ethical clearance was sought from the University of Zambia Institute of Distance Education Ethics Committee before commencing the study. The research proposal, along with the data collection instruments and consent forms, were submitted for review and approval. To protect participants' rights and welfare, the study ensured that no harm or discomfort was caused during the research process. Participants' identities were kept confidential, and all data were anonymized using unique codes.

Data management procedures were put in place to ensure confidentiality. Raw data was only accessible to the researcher, and any identifying information was removed from the transcripts and reports. The findings were presented in aggregate form, preventing the identification of individual participants.

3.8 Summary

This chapter has outlined the research methodology employed in this study, which aimed to investigate the effect of personal bank loans on the livelihoods of teachers in selected public schools in Lusaka, Zambia. The study adopted a pragmatic research philosophy and a mixed-methods approach, combining quantitative and qualitative approaches to gain a comprehensive understanding of the research problem. The target population consisted of teachers from 15 selected public schools in Lusaka, with a sample size of 100 participants for the questionnaire and 10 for the interviews. Data was collected using questionnaires and interviews, and the instruments were developed and validated to ensure reliability and validity. The collected data were analyzed using SPSS and thematic analysis. Ethical considerations were prioritized throughout the study, adhering to principles of informed consent, confidentiality, and anonymity, and ensuring the protection of participants' rights and welfare. With the research methodology clearly defined, the next chapter will present the results and findings of the study, organized according to the research objectives and the data collected through questionnaires and interviews.

CHAPTER 4: RESULTS AND PRESENTATION OF THE FINDINGS

4.1 Overview

This chapter presents the results and findings of the study. The purpose of this chapter is to analyze and interpret the data collected. The findings are to provide an understanding of the reasons teachers obtain personal bank loans, the extent to which these loans meet their financial needs, and the challenges associated with loan acquisition. The chapter begins with an overview of the respondents' demographic profiles, followed by a detailed examination of each research objective, supported by both quantitative and qualitative data. The results are presented using tables, graphs, and direct quotations from the interviews to ensure clarity and authenticity, setting the stage for the discussion and interpretation of the results in the subsequent chapter.

4.2 Demographic Profile of Respondents

The demographic profile of the respondents in this study is presented in the following sections, covering their positions, age distribution, gender, marital status, current net pay range, number of currently running personal loans.

Figure 1: Distribution of respondents by Position.

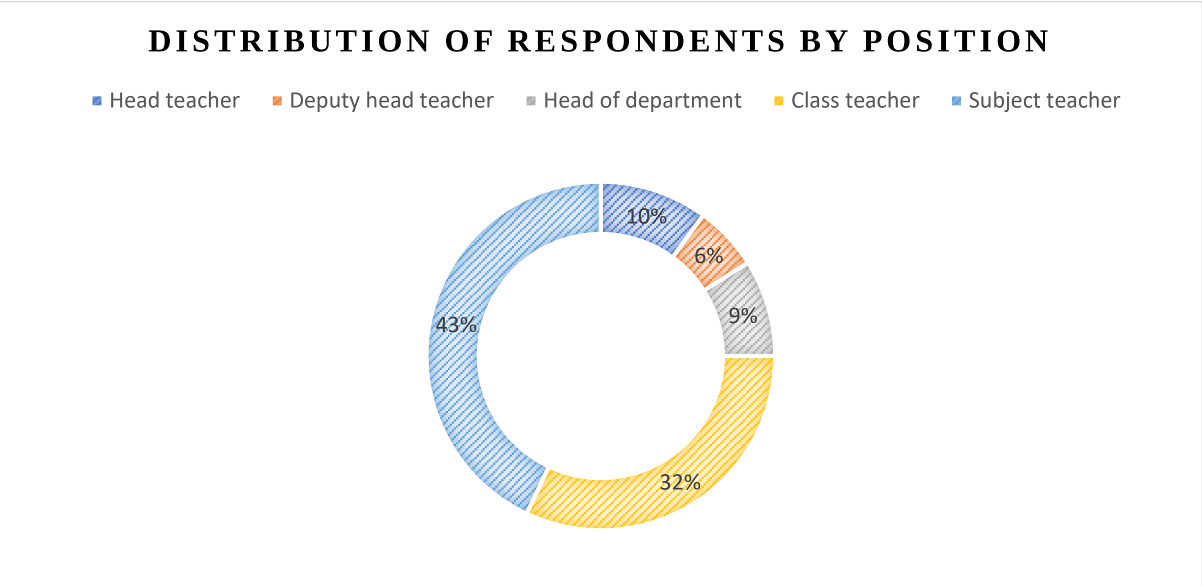
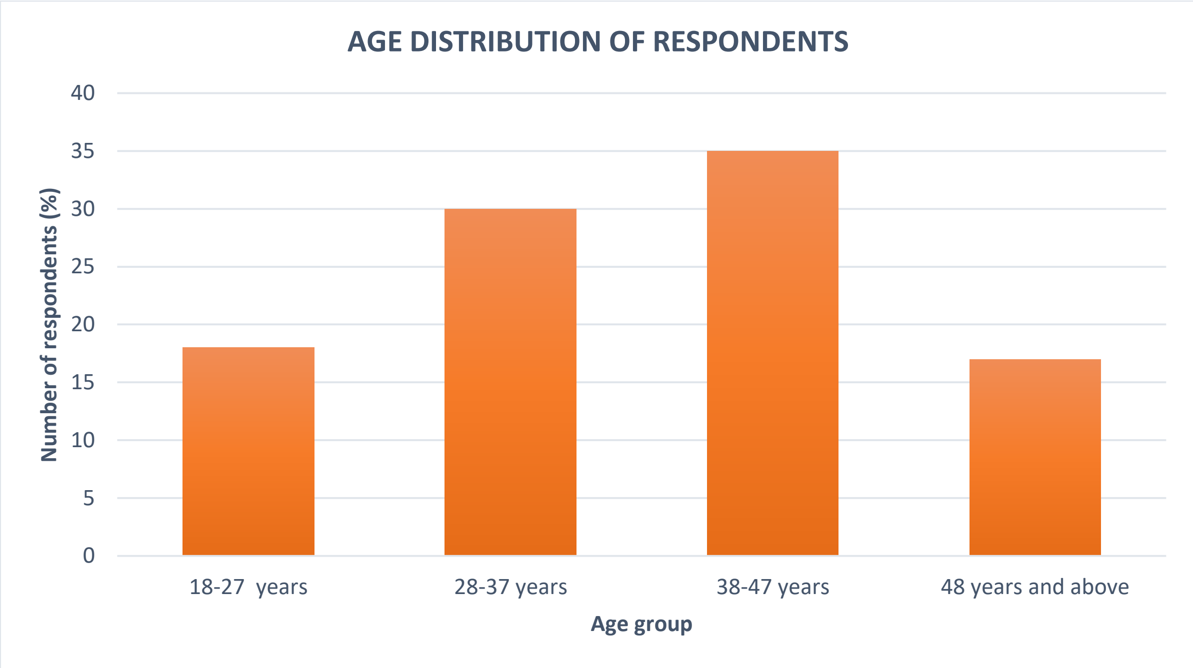


Figure 1 illustrated the distribution of respondents by their positions in the selected public schools. The majority of the respondents (43%) were subject teachers, followed by class teachers (32%). Headteachers constituted 10% of the respondents, while heads of departments and deputy headteachers made up 9% and 6%, respectively.

Figure 2 Age distribution of respondents.



The age distribution of the respondents is shown in Figure 2. The largest age group was 38-47 years, accounting for 35% of the respondents. The second-largest group was 28-37 years (30%), followed by 18-27 years (18%) and 48 years and above accounted for (17%).

Figure 3: Gender Distribution of respondents.

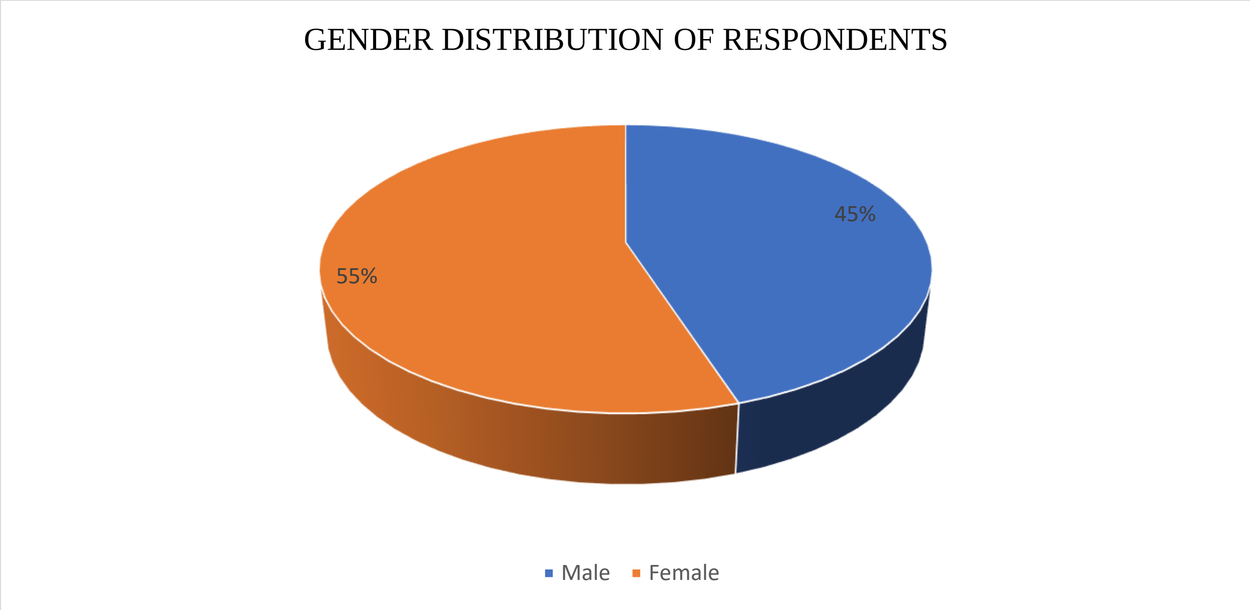
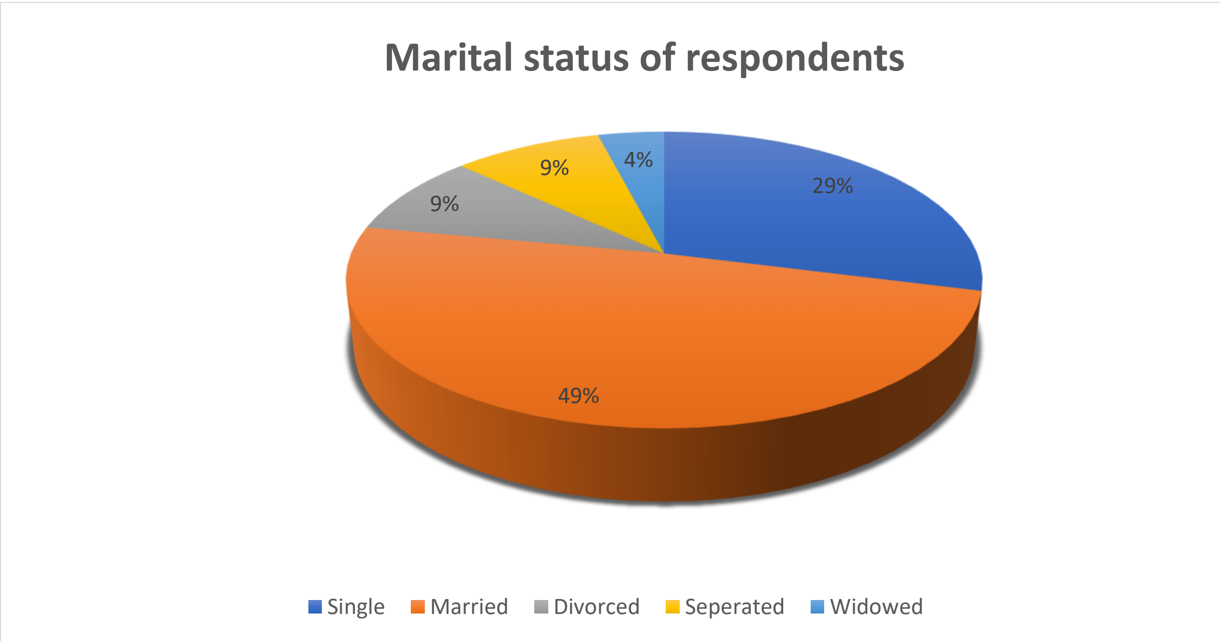


Figure 3, presented the gender distribution of the respondents. Females constituted a slightly higher proportion (55%) compared to males (45%). Thus, it follows that a higher proportion of women than men took part in the study.

Figure 4: Marital status of respondents.



The marital status of the respondents is depicted in Figure 4. Nearly half of the respondents (49%) were married, while 29% were single. Divorced and separated respondents each made up 9% of the total, and 4% were widowed. This shows that among the participants that took part in the study, a larger proportion (49%) were married and had obtained personal loans from the bank.

Table 1 Current net pay range of respondents.

SALARY SCALE (K)	FREQUENCY	PERCENTAGE (%)
1000-2000	6	6%
2000-3000	21	21%
3000-4000	34	34%
4000-5000	28	28%
5000 and above	11	11%
Grand Total	100	100%

The current net pay range of the respondents is presented in Table 1. The largest group (34%) had a net pay range of 3000-4000 kwacha, followed by 4000-5000 kwacha (28%), 2000-3000 kwacha (21%), 5000 and above kwacha (11%), and 1000-2000 kwacha (6%). This showed that a larger portion of the respondents had a lower salary current net pay. This was vital for the researcher to conduct further analysis as to the reason why the net pay was at a lower level.

Figure 5: Number of loans currently running.

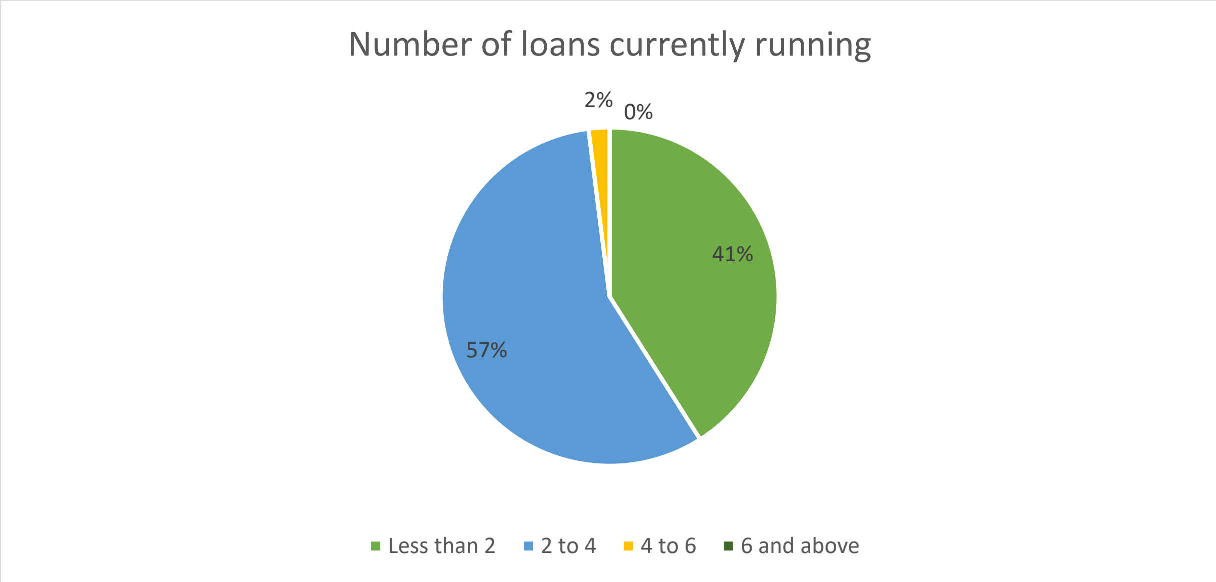


Figure 5. showed that 57% of respondents had 2 to 4 loans currently running, while 41% had less than 2 loans. Only 2% of respondents had 4 to 6 running loans, and none had 6 or more. This indicated that most teachers were managing multiple loans simultaneously.

4.2.1 Cross tabulation of gender of respondents and Number of loans currently running.

Table 2 Cross tabulation of gender and number of loans currently running.

		NUMBER OF LOANS OBTAINED				TOTAL
		LESS THAN 2	2-4	4-6	6 and above	
Gender	Male	14	29	2	0	45
	FEMALE	27	28	0	0	55
Total		41	57	2	0	100

Table 2 demonstrated a cross-tabulation table depicting the relationship between the number of loans currently running and the gender of respondents. It was established that 31.1% of males had less than 2 loans running, while 64.45% had 2 to 4 loans running, 4.45% of males had 4 to 6 loans running and no male had 6 and above loans. On the other hand, 49.1 % of females had less than 2 loans currently running. This was a higher percentage as compared to the male counterpart. However, 50.9% of females had 2 to 4 loans running. This entails a lower percentage as compared to the male respondents. This means that more male respondents were managing multiple loans simultaneously. More so, no female had 4 to 6 and 6 above loans currently running.

These demographic characteristics provided a comprehensive understanding of the respondents' backgrounds and helped contextualize the findings of the study.

4.3 Reasons Leading to Public Service Teachers in Lusaka Obtaining Personal Bank Loans

This section explored the prevalence of personal loan uptake among the respondents, the reasons for obtaining these loans, and the factors that influenced their decision to borrow from banks.

4.3.1 Reasons for obtaining personal loans

Figure 6: Reasons for obtaining personal loans.

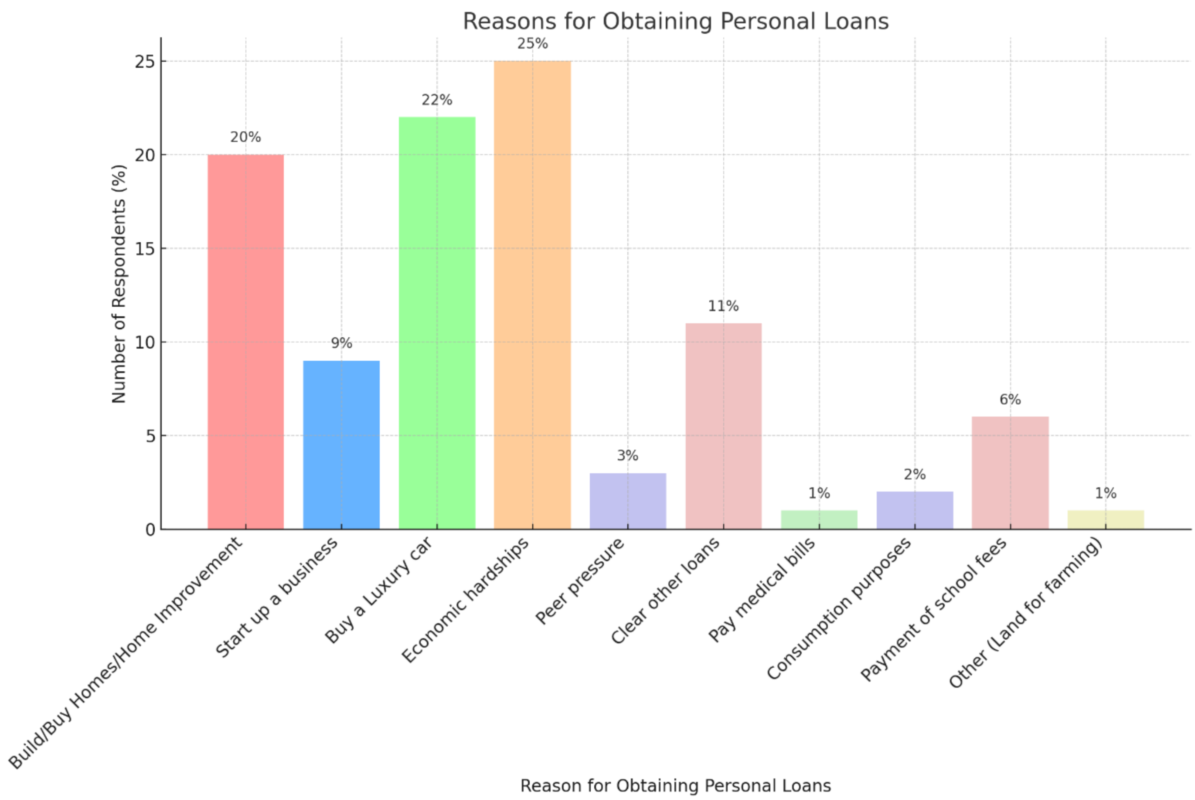


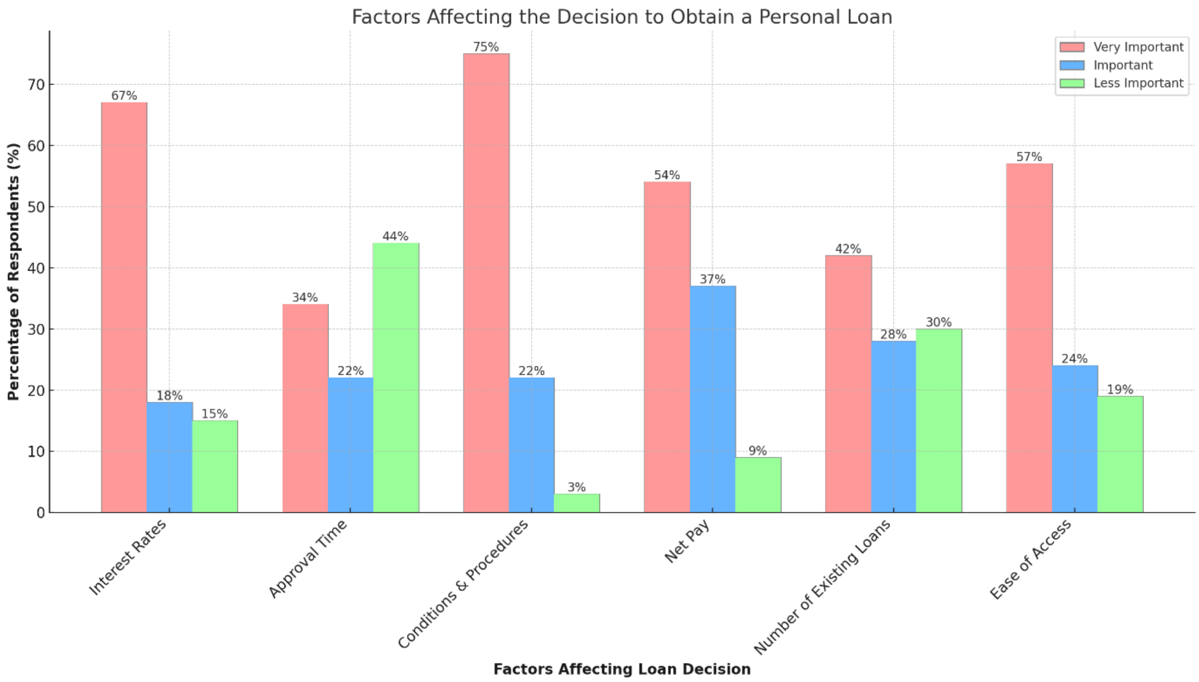
Figure 6. presented the various reasons cited by respondents for obtaining personal loans. The most common reason was economic hardships, reported by 25% of the respondents. Followed closely by purchasing of luxury cars (22%). Building or buying modern homes and home improvement was the third most prevalent reason (20%), Other reasons included clearing other

loans (11%), starting up a business (9%), paying school fees (6%), peer pressure from other loan holders or banks (3%), consumption purposes (2%), paying medical bills (1%), and acquiring land for farming (1%).

These findings suggested that a higher number of teachers that participated primarily sought personal loans to address economic challenges. This is to say that the harsh economic environment played a huge role in loan acquisition. More so, another large group of respondents obtained loans to improve their living conditions through the acquisition of assets such as homes and vehicles. While the results also indicated that a smaller number of respondents used loans to invest in income-generating activities, pay school fees, peer pressure, pay medical bills and acquire farming land.

4.3.2 Factors affecting the decision to obtain a personal loan.

Figure 7: Factors affecting the decision to obtain personal loans.



The study also investigated the factors that influenced teachers' decisions to obtain personal loans. Figure 7 illustrated the perceived importance of six key factors: interest rates, approval time, conditions and procedures, net pay, number of existing loans, and ease of access to loans.

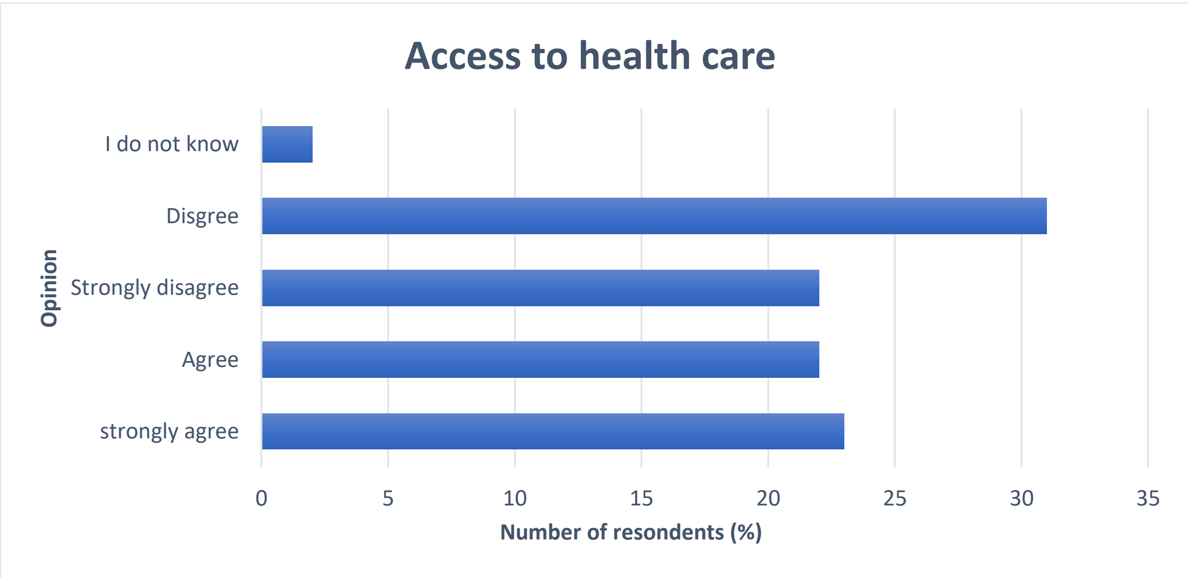
As illustrated in figure 7, In evaluating factors influencing the decision to obtain a personal loan, interest rates emerged as a crucial consideration, with 67% of respondents highlighting their very important role. Conversely, the approval time for loans appeared less critical, with 44% considering it less important. The conditions and procedures for securing a loan were deemed very important by a substantial 75% of participants, underscoring the significance of clear and favourable terms. Additionally, an individual's net pay was a pivotal factor for over half (52%) of the respondents, influencing their borrowing decisions. The number of existing loans a person had also played a vital role, with 42% finding it very important, indicating that current financial obligations weigh heavily on their choices. Lastly, the ease of accessing loans was considered very important by 57%, suggesting that the convenience and simplicity of the loan process were key to borrower satisfaction.

4.4 Extent to which Personal Bank Loans are Meeting the Financial Needs of Teachers

This section examined the extent to which personal bank loans were meeting the financial needs of teachers in selected public schools in Lusaka. The analysis focused on five key areas: access to healthcare, provision of startup capital for extra income, enabling better housing and land ownership, facilitating vehicle purchases for transportation, and improving financial resource management.

4.4.1 Effect on access to healthcare

Figure 8: Access to health care.



As shown in Figure 8, the effect of personal bank loans on access to healthcare was mixed. While 23% of respondents strongly agreed and 22% agreed that loans had improved access to healthcare, a combined 53% either strongly disagreed (22%) or disagree (31%) with this statement. A small percentage (2%) indicated that they did not know. Figure 8 illustrated varied opinions and highlighted the complexity of how financial decisions intersect with healthcare accessibility.

4.4.2 Provision of startup capital for extra income

Figure 9: Provision of start-up capital for extra income.

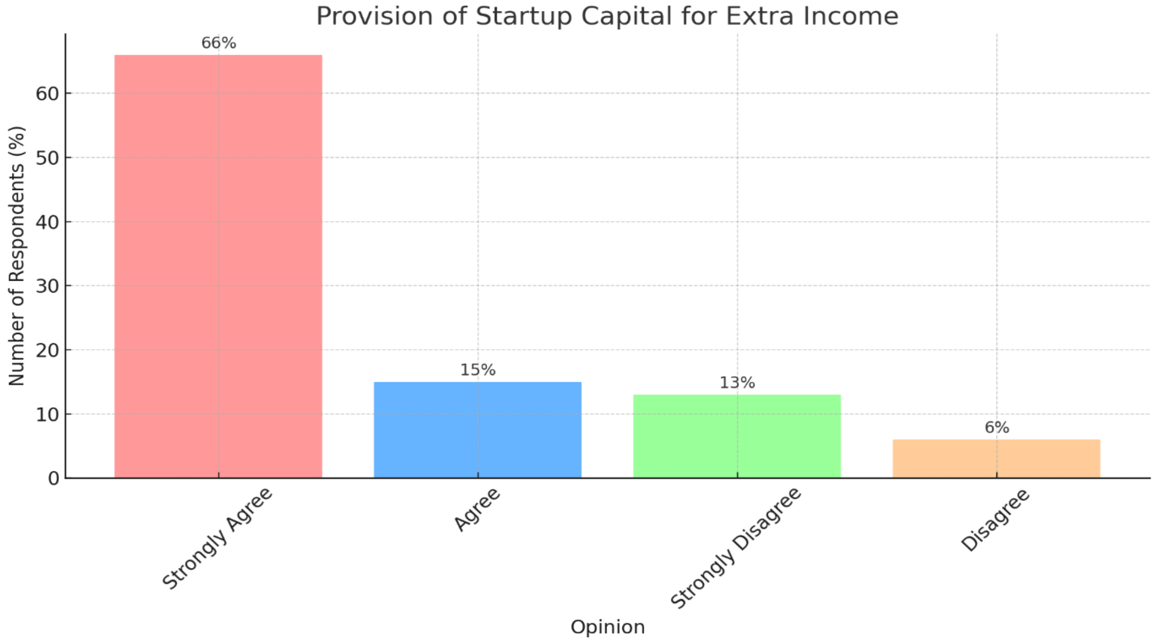
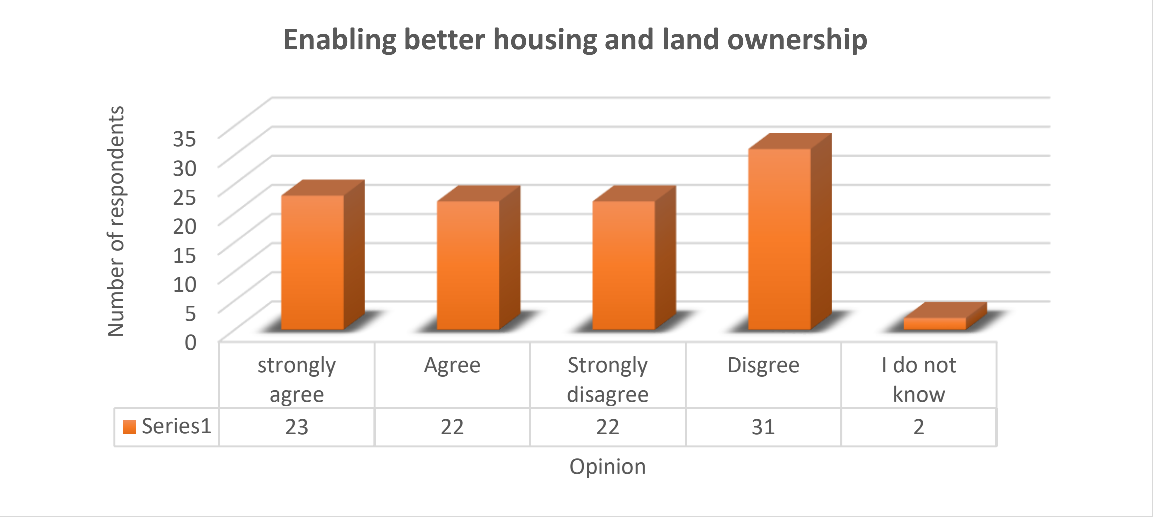


Figure 9, illustrated that majority of respondents believed that personal bank loans provided startup capital for families to earn extra income, thus reducing stress about finances. 66% strongly agreed, and 15% agreed with this statement. However, 13% strongly disagreed, and 6% disagreed, suggesting that some respondents do not find loans helpful in this regard. The visualization above underscored the strong belief among the majority that personal loans can be a key resource for entrepreneurial activities.

4.4.3 Enabling better housing and land ownership

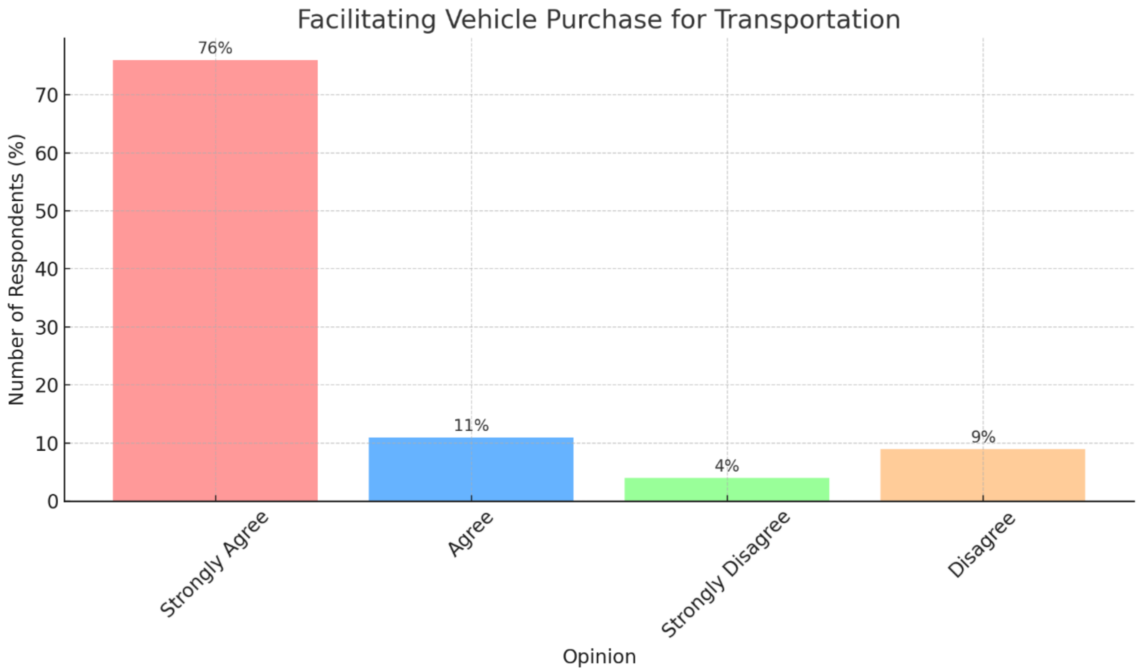
Figure 10: Enabling better housing and land ownership.



Personal bank loans have had a substantial positive effect on enabling better housing and land ownership for teachers, as shown in Figure 10. A vast majority of respondents (91%) either strongly agreed (74%) or agreed (17%) that loans had enabled school teachers to put up better houses and other infrastructure, facilitating better accommodation and land ownership. This also reflected a significant confidence in personal loans as a means to achieving home ownership and land acquisition. Only 7% strongly disagreed, and 2% disagreed with this statement.

4.4.4 Facilitating vehicle purchase for transportation

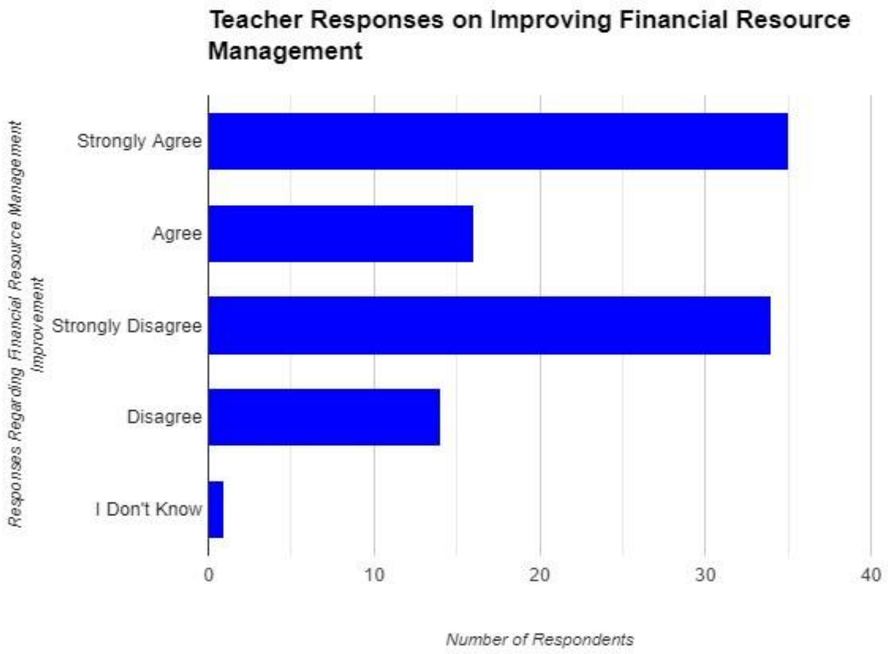
Figure 11: Facilitating vehicle purchase for transportation.



As can be seen from figure 11, the overwhelming majority (76%) of respondents strongly agreed that personal loans played a critical role in facilitating the purchase of vehicles for transportation, with an additional 11% agreeing. This indicated a significant appreciation for personal loans as a means to improve mobility and daily commuting needs. A minor segment of the population disagreed (4% strongly disagree, 9% disagree), showcasing the positive perception of personal loans in enabling individuals to acquire vehicles. This strong agreement reflected the value placed on personal loans as an essential financial tool for achieving greater personal mobility.

4.4.5 Improving financial resource management.

Figure 12: Response on improving financial resource management



Opinions were divided on whether personal bank loans had improved financial resource management and reduced financial burden and stress for teachers, as illustrated in Figure 13. While 35% strongly agreed and 16% agreed that loans had a positive effect on financial resource management, 34% strongly disagreed, and 14% disagreed with this statement. 1% of respondents indicated that they did not know. These findings suggested that teachers had diverse experiences regarding whether personal loans contribute positively to their financial management.

4.5 Challenges Associated with Obtaining Personal Bank Loans by Teachers

This section examined the challenges faced by teachers with regards to personal loans. The analysis covered loan processing time, the effect of loan approval waiting time on class attendance as well as various challenges associated with personal bank loans.

4.5.1 Loan processing time

Figure 13: Distribution of loan processing time among teachers.

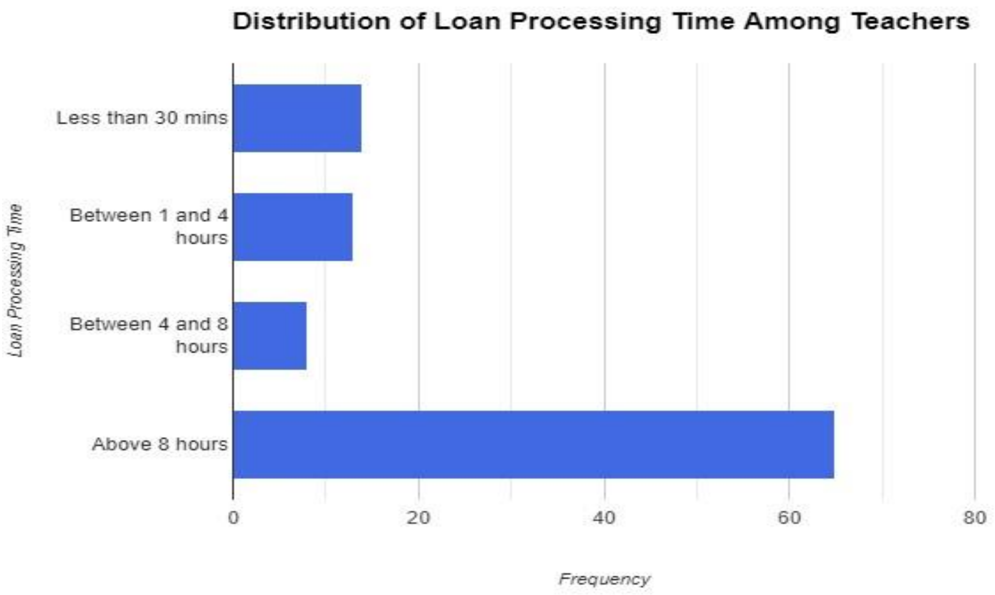
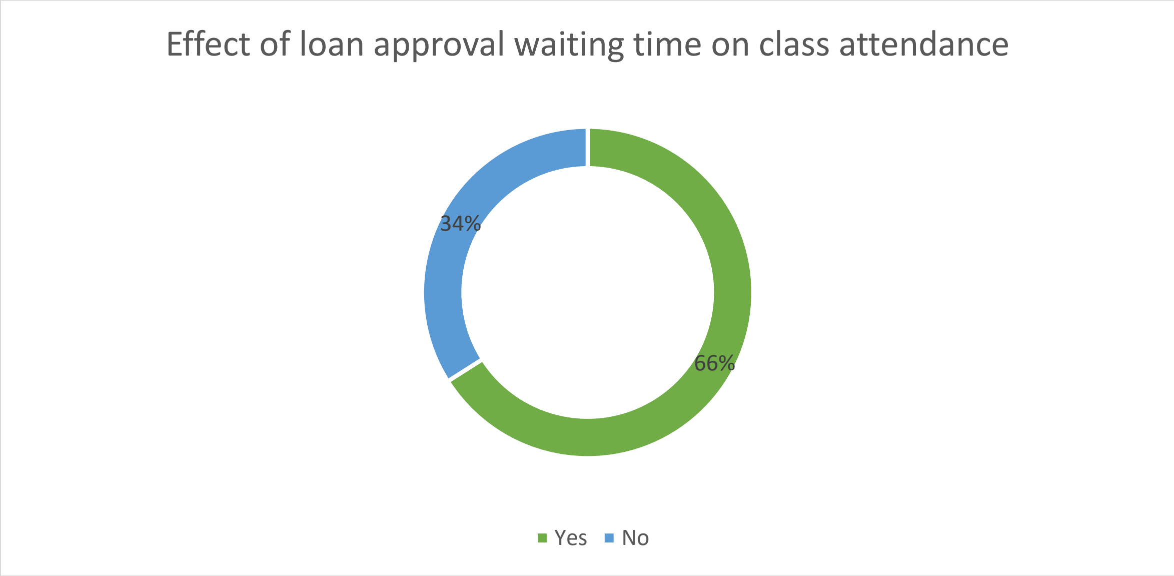


Figure 13, illustrated that the majority of respondents (65%) experienced loan processing times above 8 hours. 14% of respondents reported processing times of less than 30 minutes, 13% between 1 and 4 hours, and 8% between 4 and 8 hours.

Considering the necessity for thorough verification and risk assessment in the loan approval process, the finding that a majority of respondents (65%) experienced loan processing times of above 8 hours can be viewed in a different light. This duration may indeed be reasonable and necessary to ensure due diligence is conducted, safeguarding both the lender and borrower. While 14% of respondents reported a processing time of less than 30 minutes, and smaller percentages fell within the 1 to 8-hour range, the predominance of longer processing times suggested a commitment to careful review rather than inefficiency. This perspective underscored the importance of balancing speed with comprehensive evaluation to maintain financial integrity and trust. The data indicated that while there was a desire for efficiency in loan processing, the overarching need for accuracy and safety in financial transactions is acknowledged and valued by both parties.

4.5.2 Effect of loan approval waiting time on class attendance

Figure 14 Effect of loan approval waiting time on class attendance.



A significant proportion of respondents (66%) reported that the time spent waiting for loan approval affected their class attendance, as shown in Figure 14. This suggested that the loan application process may disrupt teachers' primary responsibilities. However, a notable portion (34%) did not experience this negative effect.

4.5.3 Other challenges associated with personal bank loans

Table 3 presents the challenges associated with personal bank loans faced by teachers in Lusaka.

Table 3 Challenges associated with personal loans.

Challenge	Strongly Agree	Agree	Strongly Disagree	Disagree	I do not know
Stress levels	67%	6%	23%	4%	0%
Absenteeism from classes	36%	10%	42%	12%	0%

Demotivation to work	45%	7%	37%	11%	0%
Reduced net pay affecting personal expenditure	77%	16%	4%	3%	0%
High indebtedness and borrowing culture	65%	14%	15%	6%	0%
Psychological discomfort due to no payment at month-end	53%	15%	25%	7%	0%
Increased alcohol and substance consumption	38%	10%	35%	17%	0%
Contribution to increased divorce levels	58%	13%	9%	17%	3%
Contribution to suicide cases	48%	20%	13%	15%	4%

The findings illustrated in table 3 revealed the profound psychological and social effect of personal bank loans on the respondents. The most significant concern included stress (67%), reduced net pay (77%) affecting personal expenditure, and high indebtedness (65%), with the majority of respondents strongly agreeing on these points. This reflected the heavy burden that debt can impose, extending beyond financial strain to affect personal well-being, work motivation, and social relationships. The substantial agreement on loans contributing to divorce (58%) and, disturbingly, to suicide cases (48%) underscored the critical need for better financial literacy, debt management strategies, and support systems for individuals grappling with debt. The mixed responses on absenteeism (36%) from classes and increased substance abuse (38%) suggested variability in how individuals coped with financial stress, indicating the multifaceted nature of its effect. Overall, while loans could provide necessary financial support, their associated challenges necessitated careful consideration and proactive management to mitigate adverse effects on borrowers' lives.

4.6 Qualitative Findings from Interviews

This section presents the qualitative findings derived from interviews conducted with key informants (Head teachers and CRB employees), providing a deeper understanding of the effects of personal bank loans on teachers' livelihoods in Lusaka. The interviews offered valuable insights into the reasons teachers obtained personal loans, the effect of these loans on their work performance, and the extent to which the loans met their financial needs. The qualitative data also shed light on the benefits and challenges associated with personal loans, the difficulties teachers face in repaying their loans, and the role of loans in contributing to high debt levels among teachers. By analysing the interview responses thematically, this section complemented the quantitative findings and provided a more comprehensive understanding of the research problem, enabling a holistic interpretation of the data collected.

4.6.1 Reasons for teachers obtaining personal loans

The interviews conducted with key informants shed light on the various reasons why teachers in Lusaka obtained personal loans. One of the prominent reasons mentioned is car financing, which included loans for purchasing vehicles for personal use or public transportation. As one respondent stated, *"Teachers have various reasons they obtain loans, one such reason is car financing, many teachers source loans for the purpose of buying luxury cars for use while others obtain loans to purchase cars for public transportation*."

Another significant reason for obtaining personal loans was the consolidation of existing loans. Teachers often sought to reduce their financial stress and monthly deductions by combining multiple loans into a single loan. An interviewee explained, *"A lot of teachers obtain loans to consolidate existing loans especially if they have multiple loans, this helps them reduce financial stress through reduced monthly deductions."* The interview also revealed that the culture of borrowing within the civil service played a role in teachers obtaining personal loans. As one respondent noted, *"Basically, I think it is the culture of borrowing with the civil service that teachers have adopted. Teachers borrow even when it is not necessary."*

Survival due to the harsh economic environment and the rising cost of living is another compelling reason for teachers to seek personal loans. An interviewee stated, *"Simply for survival, the economic environment in Zambia currently is harsh such that it encourages more borrowing. The cost of living has shot up with prices of commodities on the rise, money is also scarce, thus teachers simply borrow to survive."* Lastly, unexpected expenses such as medical bills, home repairs, and family emergencies prompted teachers to obtain personal loans. As one respondent explained, *"Teachers sometimes encounter unexpected expenses such as medical bills, home repairs, and family emergencies that require financial assistance beyond their salaries or savings, this way they resort to bank loans."*

These qualitative findings provided a deeper understanding of the diverse reasons that drive teachers in Lusaka to obtain personal loans, ranging from car financing and loan consolidation to economic survival and unexpected expenses.

4.6.2 Effect of loans on teacher performance at work

The interviews conducted with key informants yielded mixed opinions on the effect of loans on teacher performance at work. On the positive side, some respondents argued that loans could contribute to better performance by reducing the financial burden on teachers, allowing them to concentrate on teaching. As one interviewee stated, *"Loans do contribute in a positive way as they reduce some financial burden on teachers, especially in an emergency state. Teachers worry less about finances and concentrate more on teaching and delivering a quality service."* However, the interview also revealed several negative effects of loans on teacher performance. Being listed on the credit reference bureau with negative information could add stress and cause a lack of concentration at work. One respondent explained, *"Teachers' involvement (being listed) with the credit reference bureau may add another level of stress, especially when the credit report reflects negative information such as missed payments or a default. This may stress teachers and even cause a lack of concentration at work as teachers fear being blacklisted."* Another concern raised in the interviews was that teachers spend time outside of school searching for money to borrow, which affected their class attendance. As one interviewee noted, *"A lot of teachers spend a lot of time outside school searching for money to borrow. This affects their class attendance."* The interview also revealed that some teachers reported to work under the influence of alcohol due to low net pay caused by multiple deductions. An interviewee stated, *"In some cases, some teachers report to work reeking of alcohol, this comes about as a result of the low net pay they receive. At times teachers do not receive a salary due to multiple deductions, this is made worse because salaries remain stagnant for a while now."*

Lastly, financially strained teachers experienced decreased morale and motivation, affecting their interactions with pupils and colleagues. As one respondent explained, *"Teachers who are financially strained have decreased morale and motivation to teach, affecting their interactions* *with pupils and their colleagues. Teachers may also fail to have career advancement through education as all funds go to loan repayment."*

These qualitative findings highlighted the complex effects of loans on teacher performance, with both positive and negative aspects. While loans could alleviate financial burdens and allow teachers to focus on teaching. However, loans could also lead to stress, absenteeism, alcohol consumption, and decreased morale and motivation when teachers faced financial strain.

4.6.3 Extent to which personal loans meet teachers' financial needs

The interviewed conducted with key informants revealed varying perspectives on the extent to which personal loans met teachers' financial needs. Some respondents acknowledged that loans could meet immediate financial needs but cautioned against the potential for creating a lack of self-dependence if the money was not used to generate additional income. As one interviewee stated, *"Yes, the loans obtained are able to meet their immediate financial needs, however, if loans are not used to multiply their money, it brings about a lack of self-dependence giving teachers an easy way out of problems. It makes them highly dependent on credit and advances a bad culture of borrowing even when it is not necessary."*

Other interviewees emphasized that the effectiveness of loans in meeting financial needs depended on the loan purpose and its alignment with the teacher's financial goals. One respondent explained, *"This depends on the loan purpose and if loans align with the teacher's financial goal. If a teacher's goal is self-development and the teacher invests their loan into their education, then the loan would have been purposively used. Loans used for emergencies may be more beneficial if they are used for intended purposes and not for non-essential expenses."* However, some interviewees pointed out that while loans provided short-term relief, they could also lead to a cycle of borrowing due to small salaries after deductions. As one respondent noted, *"No, I do not believe that these loans are meeting the financial needs of teachers in Lusaka as these teachers are barely coping with small salaries that remain after multiple and high deductions from the banks. In fact, these loans are causing teachers to even borrow more to be able to feed their families."*

These qualitative findings suggested that the extent to which personal loans met teachers' financial needs was a complex issue. While loans could address immediate financial needs and support purposeful investments for some, they can also create dependency and perpetuate a cycle of borrowing if not used wisely for a larger portion of them. The effectiveness of loans ultimately depends on factors such as the loan purpose, the teacher's financial goals, and their ability to manage their finances in the face of multiple deductions and small salaries.

4.6.4 Benefits and Challenges of personal loans for teachers

The interviews with key informants highlighted both the benefits and challenges of personal loans for teachers in Lusaka.

The interviewees identified several benefits that personal loans offer to teachers. Loans provided financial freedom to make purchases that would not be affordable with salaries or long-term savings. As one respondent stated, *"Loans are beneficial to teachers in that they provide teachers with financial freedom to make purchases that they normally cannot afford with their salaries or long-term savings. The cost of these loans is spread over a long period of time, making it easier to pay via instalments.*"

Home ownership loans were also mentioned as a significant benefit, enabling teachers to buy or build houses, providing stability and security. One interviewee explained, *"Home ownership loans such as mortgages provided, for instance, by the Zambian National Building Society, had enabled teachers to buy and even build houses providing them with stability and security."* Furthermore, loans allowed teachers to take up investment opportunities and diversify their income streams. As one respondent noted, *"Teachers have been able to take up investment opportunities using bank loans. These include starting up small businesses such as mini-marts, investing in real estate, or purchasing income-generating assets, allowing teachers to diversify their income streams. Some teachers barely rely on their salaries."*

Despite the benefits, the interviewees also identified several challenges associated with personal loans for teachers. One major challenge was wrong and unexplained deductions from salaries, coupled with lengthy refund procedures. An interviewee stated, *"Because most banks and lending institutions have easy access to the government payroll system (PMEC), deductions are done directly on the payroll system. A lot of teachers have experienced wrong and unexplained deductions from their salaries. In addition to the wrong deductions, procedures for refunds are quite lengthy, thus putting a strain on teachers financially as their money isn't made available there and then."*

Reputational damage and reduced access to credit for teachers negligently reported and blacklisted on the credit reference bureau were also identified as challenges. One respondent explained, "*Teachers who are negligently reported and blacklisted on the credit reference bureau as having a very low credit score suffer a lot of reputational damage which can cost their future transactions with other banks. It also takes a period of 7 years to be unblocked on the platform, this means a teacher cannot access [credit] from any bank until that period elapses."* Lastly but not the least, rising interest rates due to economic instability and currency fluctuations were mentioned as a challenge, increasing loan amounts or deductions. An interviewee noted, *"One of the challenges that teachers face is the rising interest rates on bank loans. Unlike other loans whose interest rates do not change, bank loan interest increases according to the economic situation. The rise is caused by economic instability and fluctuation of the currency (kwacha), resulting in the increase in the monetary policy rate. The monetary policy rate will then dictate the rise of interest rates on loans, as a result, the teacher's loan amount or tenure will increase."*

These findings provide valuable insights into the benefits and challenges of personal loans for teachers in Lusaka. While loans offer financial freedom, stability, and investment opportunities, they also come with challenges such as incorrect deductions, reputational damage, and rising interest rates that can negatively affect teachers' financial well-being.

4.6.5 Difficulties in loan repayment and reasons

The interviews with key informants shed light on the various reasons why teachers in Lusaka faced difficulties in repaying their loans.

One of the reasons identified was that teachers sometimes lacked sufficient knowledge about financial management, budgeting, and debt repayment strategies. As one interviewee stated, *"Yes I do, teachers sometimes may lack sufficient knowledge about financial management including budgeting and debt repayment strategies which could lead to difficulties in paying back the loan."* Another significant reason for repayment difficulties was the burden of multiple loans deductions from the bank or payroll, leaving teachers highly indebted and unable to meet their financial obligations. One respondent explained, *"Yes, some teachers find it difficult to pay back loans because they have multiple loans deducting either from the bank or through the payroll. These teachers are highly indebted and fail to meet their financial obligations with the banks."*

Limited advancement opportunities and stagnant salaries were also identified as factors making it difficult for teachers to increase their income to accommodate loan repayments. An interviewee noted, *"Yes, a larger portion. One of the reasons is that within the teaching profession, advancement opportunities are so limited. For example, teachers can stay in the same position for over 10 years. Salary increments and advancement sometimes remain stagnant without opportunities for higher-paying positions. Teachers may struggle to increase their income to accommodate loan repayments which increase every now and then."*

These findings provided an understanding of the challenges teachers faced in repaying their loans. The lack of financial knowledge, the burden of multiple loans, and limited opportunities for career advancement and salary increment all contributed to the difficulties teachers experienced in meeting their loan obligations. Addressing these underlying issues could potentially help alleviate the repayment challenges faced by teachers in Lusaka.

4.6.6 Role of loans in teachers' high debt levels

The interviews with key informants also provided valuable insights into the role of loans in contributing to high debt levels among teachers in Lusaka.

One of the main factors identified was the easy access to credit and simple requirements, which had played a significant role in high debt levels. As one interviewee stated, *"The availability of credit on the market as well as easy access by teachers has played a significant role in the high levels of debt in Lusaka. Teachers borrow even when there is no need to. The requirements are quite simple. All you need are payslips, an original NRC, and a bank statement which are easily accessed."* Teachers' choices to borrow more than they could afford also contributed to staying in debt. One respondent explained, *"As much as banks provide attractive products and services, they are not to blame for high debt levels in Lusaka. However, teachers that have the liberty to borrow more or less than they can afford are to blame. It's the teachers' choice to stay in debt or get out of it."*

Rising interest rates were also identified as a factor contributing to high debt levels, increasing financial burdens for teachers with existing debt. An interviewee noted, "*Yes it does, personal loans' high-interest rates that are always moving in an upward direction can increase financial burden for teachers, especially those with already existing debt/loans. This often results in teachers borrowing more."*

Lastly, low salaries and existing debt were mentioned as factors that solicit more borrowing, perpetuating the cycle of debt. One respondent stated, *"Yes, loans contribute to high levels of debt. The reason being, when a loan is obtained, it has a lower interest rate. However, as* *months pass by, banks tend to increase their rates due to various factors such as the increase in the monetary policy rate. With their salaries dwindling as a result of high deductions, teachers seek more financial help. In the end, they acquire more debt."*

These findings shed light on the complex interplay between easy access to credit, teachers' borrowing choices, rising interest rates, low salaries, and existing debt in contributing to high debt levels among teachers in Lusaka. Addressing these underlying factors could potentially help mitigate the debt burden faced by teachers and promote more sustainable financial practices.

4.8 Summary

This chapter has presented the results and findings of this study. The findings, organized according to the research objectives, had provided valuable insights into the reasons teachers obtain loans, the extent to which these loans meet their financial needs, and the challenges associated with loan acquisition. The chapter also highlighted the demographic profile of the respondents and presented qualitative findings from interviews to complement the quantitative data. The synthesis of key findings by objectives had demonstrated how the study addressed each objective, offering a comprehensive understanding of the research problem. With these results in mind, the next chapter will delve into a detailed discussion of the findings, interpreting their significance, comparing them to existing literature, and exploring their implications for policy and practice.

CHAPTER 5: DISCUSSION OF THE FINDINGS

5.1 Overview

This chapter presents a comprehensive discussion of the findings from the study on the effect of personal bank loans on the livelihoods of teachers in selected public schools in Lusaka. The purpose of this chapter is to interpret and analyze the results in light of the research objectives, existing literature, and the broader context of the study. The discussion will be structured around the three main research objectives: (1) ascertaining the reasons leading to teachers obtaining personal bank loans, (2) establishing the extent to which personal bank loans are meeting the financial needs of teachers, and (3) assessing the challenges associated with obtaining personal bank loans by teachers. By delving deeper into the findings and exploring their implications, this chapter aims to provide a nuanced understanding of the complex relationship between personal bank loans and teachers' livelihoods. The discussion will draw upon both quantitative and qualitative data, as well as relevant literature, to offer insights and interpretations that contribute to the existing body of knowledge on this topic. The chapter will conclude with a summary of the main points discussed and a transition to the final chapter, which will present the conclusions and recommendations based on the study's findings.

5.2 Reasons Leading to Teachers Obtaining Personal Bank Loans

The findings of this study revealed a complex interplay of factors that drive teachers in selected public schools in Lusaka to obtain personal bank loans. These reasons range from economic hardships and the desire for improved living conditions, to the influence of interest rates, net pay, and the culture of borrowing within the civil service. This section will discuss each of these reasons in detail, drawing upon the study's findings and relevant literature to provide a comprehensive understanding of the motivations behind teachers' borrowing decisions.

5.2.1 Economic hardships and the need for financial stability

One of the most prominent reasons teachers in Lusaka obtained personal bank loans was the prevalence of economic hardships and the need for financial stability. The study's findings showed that 25% of the respondents cited economic hardships as their primary reason for obtaining loans. This result was consistent with the broader literature on teachers' financial challenges and borrowing behaviours. For instance, García et al. (2023) emphasized the effect of economic hardships on teachers' well-being and employment decisions, suggesting that financial stability was a key driver for borrowing.

The harsh economic environment in Zambia, characterized by rising costs of living and commodity prices, coupled with scarce financial resources, had compelled many teachers to seek loans as a means of survival. As one interviewee noted, "Simply for survival, the economic environment in Zambia currently is harsh such that it encourages more borrowing. The cost of living has shot up with prices of commodities on the rise, money is also scarce, thus teachers simply borrow to survive." This statement underscored the dire financial circumstances that pushed teachers towards loans as a coping mechanism. Moreover, the study's findings aligned with Plaza and Jamito's (2021) research, which demonstrates how teachers' financial decisions correlated with their conditions and behaviours. They argued that economic hardships led teachers to obtain loans for emergency purposes, affecting both their personal and professional lives. This observation is further supported by the qualitative data in the current study, where teachers reported resorting to loans to cover unexpected expenses such as medical bills, home repairs, and family emergencies.

5.2.2 Desire for home ownership and improved living conditions

Another significant reason that drove teachers to obtain personal bank loans was the desire for home ownership and improved living conditions. The study's findings revealed that building or buying modern homes and home improvement was the second most prevalent reason (20%) for teachers obtaining loans. This result highlighted the aspirational aspect of borrowing, where teachers sought to enhance their living standards and acquire assets like houses. The qualitative data provided further insights into this motivation. As one respondent explained, "Home ownership loans such as mortgages provided, for instance, by the Zambian National Building Society, have enabled teachers to buy and even build houses providing them with stability and security." This statement underscored the perceived benefits of home ownership, such as stability and security, which led teachers to pursue loans for that purpose.

The desire for improved living conditions and home ownership can be understood within the broader context of teachers' socioeconomic status and the cultural value placed on property ownership. In many societies, including Zambia, owning a home is considered a significant milestone and a marker of success. For teachers, who often face financial constraints and limited opportunities for advancement, obtaining a loan to purchase or build a house represents a pathway to achieving this goal and improving their overall quality of life.

5.2.3 Purchasing vehicles for personal use and public transportation.

Purchasing vehicles for personal use and public transportation emerged as another key reason for teachers obtaining personal bank loans. The study's findings in figure 11, showed that 22% of the respondents cited buying luxury cars as their reason for obtaining loans. This result suggested that teachers viewed vehicle ownership as a priority and were willing to take on debt to acquire cars for various purposes. The qualitative data shed light on the different motivations behind vehicle purchases. As one interviewee noted, "Teachers have various reasons they obtain loans, one such reason is car financing, many teachers source loans for the purpose of buying cars for use while others obtain loans to purchase cars for public transportation." This statement indicated that teachers obtained loans for both personal use and income-generating activities, such as using cars for public transportation.

The desire to own vehicles can be attributed to several factors, including the need for reliable transportation to work, the convenience and comfort of personal mobility, and the potential for generating additional income through public transportation. In a context where public transportation may be inadequate or unreliable, owning a vehicle becomes a practical necessity for many teachers. Furthermore, the acquisition of luxury cars could be seen as a status symbol and a means of asserting social standing. In a society where material possessions are often equated with success and prestige, teachers may feel pressured to keep up with societal expectations by obtaining loans to purchase high-end vehicles.

5.2.4 Importance of interest rates, conditions, and procedures in loan decision-making

The study's findings also highlighted in figure 7 the importance of interest rates, conditions, and procedures in teachers' loan decision-making processes. 67% of the respondents considered interest rates as a very important factor when deciding to take a personal loan. Additionally, 75% of the participants deemed the conditions and procedures for securing a loan as very important. These results underscored the critical role that loan terms and requirements play in shaping teachers' borrowing decisions. High interest rates significantly increase the cost of borrowing and the overall debt burden, making loans less affordable and attractive. On the other hand, favourable conditions and straightforward procedures encouraged teachers to pursue loans as a means of addressing their financial needs.

The qualitative data supported these findings, with interviewees expressing concerns about the rising interest rates on loan affordability. One respondent noted, " Unlike other loans whose interest rates do not change, bank loan interest increases according to the economic situation. The rise is caused by economic instability and fluctuation of the currency (kwacha), resulting in the increase in the monetary policy rate. The monetary policy rate then dictates the rise of interest rates on loans."

This statement highlights the vulnerability of teachers to macroeconomic factors that influence interest rates, such as economic instability and currency fluctuations. The unpredictability and potential increase in interest rates can make loans less manageable and exacerbate the financial strain on teachers leading to more borrowing decisions by teachers.

5.2.5 Influence of net pay on borrowing decisions

The study's findings also revealed the influence of net pay on teachers' borrowing decisions. Figure 7 also showed that 54% of the respondents considered their net pay a very important factor when deciding to obtain a personal loan. This result evinced that teachers' income levels and disposable income played a significant role in their ability and willingness to take on debt.

Low salaries and limited disposable income could constrain teachers' ability to meet their basic needs and achieve their financial goals, thereby increasing the likelihood of resorting to loans. As one interviewee observed, "Low salary has led to teachers excessively borrowing. Salaries for teachers must be increased." This statement underscored the link between inadequate compensation and the propensity to borrow among teachers. Moreover, the qualitative data indicated that low salaries and existing debt could create a cycle of borrowing, where teachers take on additional loans to supplement their income and meet their financial obligations. One respondent explained, "Yes, loans contribute to high levels of debt. The reason being, when a loan is obtained, it has a lower interest rate. However, as months pass by, banks tend to increase their rates due to various factors such as the increase in the monetary policy rate. With their salaries dwindling as a result of high deductions, teachers seek more financial help. In the end, they acquire more loans."

This statement highlighted the precarious financial situation that many teachers find themselves in, where low salaries and mounting debt obligations compel them to seek additional loans, perpetuating a cycle of indebtedness.

5.2.6 Culture of borrowing within the civil service

The study's findings also pointed out the existence of a culture of borrowing within the civil service, which influences teachers' decisions to obtain personal bank loans. The qualitative data revealed that borrowing had become a normalized practice among civil servants, including teachers. As one interviewee noted, "Basically, I think it is the culture of borrowing within the civil service that teachers have adopted. Teachers borrow even when it is not necessary."

This statement suggested that the prevalence of borrowing within the civil service had created a social norm that encourages teachers to take on loans, even in the absence of a pressing financial need. The acceptance and normalization of borrowing made it easier for teachers to justify their decision to obtain loans and reduced the stigma associated with indebtedness.

The culture of borrowing within the civil service could be attributed to various factors, such as the availability of credit, the ease of accessing loans through payroll deductions, and the influence of peer pressure. As one respondent observed, "The availability of credit on the market as well as easy access by teachers has played a significant role in the high levels of debt in Lusaka. Teachers borrow even when there is no need to. The requirements are quite simple. All you need are payslips, an original National registration card (NRC), and a bank statement which are easily accessed." This statement highlighted how the accessibility of credit and the simplicity of loan requirements had contributed to the widespread practice of borrowing among teachers. The convenience of obtaining loans through payroll deductions and the influence of seeing colleagues take on debt may also reinforce the culture of borrowing within the civil service.

5.2.7 Unexpected expenses and emergency financial needs

Lastly, the study's findings also showcased that unexpected expenses and emergency financial needs are another significant reason why teachers obtained personal bank loans. The qualitative data indicated that teachers often faced unanticipated costs, such as medical bills, home repairs, and family emergencies, which required immediate financial assistance beyond their salaries or savings. As one interviewee explained, "Teachers sometimes encounter unexpected expenses such as medical bills, home repairs, and family emergencies that require financial assistance beyond their salaries or savings, this way they resort to bank loans." This statement underscored the role of loans as a safety net for teachers when faced with sudden financial shocks. In the absence of adequate savings or alternative support systems, loans become a necessary means of addressing these emergencies. The reliance on loans for unexpected expenses and emergency needs could be attributed to several factors, including low salaries, limited savings, and inadequate financial planning. Teachers' inability to build sufficient emergency funds due to their constrained financial circumstances leaves them vulnerable to financial shocks and compels them to seek loans as a coping mechanism. However, it is important to recognize that relying on loans for emergency needs can also perpetuate a cycle of indebtedness if not managed carefully and accompanied by efforts to improve teachers' financial resilience.

In essence, the findings revealed a multifaceted set of reasons that lead teachers in selected public schools in Lusaka to obtain personal bank loans. Economic hardships, the desire for home ownership and improved living conditions, the need for vehicle purchases, the importance of interest rates and loan conditions, the influence of net pay, the culture of borrowing within the civil service, and unexpected expenses all contribute to teachers' borrowing decisions. These findings align with the broader literature on teachers' financial challenges and borrowing behaviors. For instance, Plaza and Jamito's (2021) research demonstrated how teachers' financial decisions correlate with their conditions and behaviors, arguing that economic hardships lead teachers to obtain loans for emergency purposes, affecting both their personal and professional lives.

The findings also contributed to the understanding of the perceived needs driving teachers towards loans, as highlighted by Pinzon's (2022) communicative study of teachers living with loans. The desire for home ownership, vehicle purchases, and improved living conditions reflects the aspirational aspects of borrowing, where teachers seek to enhance their quality of life and achieve social mobility. However, the study's findings also reveal the potential risks and negative consequences associated with teachers' borrowing practices. The importance of interest rates, loan conditions, and net pay in shaping teachers' borrowing decisions underscored the need for fair and transparent lending practices that take into account teachers' financial circumstances. The culture of borrowing within the civil service and the reliance on loans for unexpected expenses highlighted the importance of promoting financial literacy and developing alternative support systems to help teachers build financial resilience.

In light of these findings and their implications, policymakers, financial institutions, and other stakeholders must collaborate to develop comprehensive strategies that promote teachers' financial well-being and mitigate the negative consequences of over-indebtedness. This may include initiatives such as improving teachers' salaries and working conditions, providing financial education and counselling services, regulating lending practices to ensure fairness and transparency, and establishing alternative support mechanisms for emergency financial needs. By understanding the complex reasons behind teachers' borrowing decisions and their broader implications, stakeholders can work towards creating a more supportive and sustainable financial environment for teachers in Lusaka and beyond. This, in turn, can contribute to the overall improvement of the education sector and the quality of teaching, ultimately benefiting students and society as a whole.

5.3 Extent to which Personal Bank Loans Meet Teachers' Financial Needs

Personal bank loans have become a prevalent financial tool among teachers in selected public schools in Lusaka. However, the extent to which these loans effectively meet teachers' financial needs is a complex issue that requires a nuanced examination, thus this section.

5.3.1 Access to healthcare

The study's findings in figure 8 revealed a mixed perception about personal bank loans on teachers' access to healthcare. While 23% of respondents strongly agreed and 22% agreed that loans had improved their access to healthcare, a combined 53% either strongly disagreed (22%) or disagreed (31%) with this statement. This divergence in opinions suggested that the perception on loans enhancing healthcare access varied among teachers and may depend on individual circumstances.

The qualitative data provided further insights into this mixed opinion. Some respondents acknowledged that loans could help cover unexpected medical expenses, as one interviewee noted, "Teachers sometimes encounter unexpected expenses such as medical bills, home repairs, and family emergencies that require financial assistance beyond their salaries or savings, this way they resort to bank loans." This statement highlighted the potential of loans to serve as a safety net during health-related emergencies. However, the high levels of indebtedness and reduced net pay resulting from loans can also strain teachers' ability to afford healthcare services. As Ecija (2020) found in his study of public high school teachers in Quezon City, debt management is a significant financial practice among teachers, and improved financial literacy and management are necessary to enhance their financial well-being. The burden of loan repayments may limit teachers' disposable income and hinder their ability to prioritize healthcare expenses.

5.3.2 Loans as a source of startup capital for extra income

The study's findings on this matter indicated that personal bank loans serve as a valuable source of startup capital for teachers to generate extra income. A significant majority of respondents (81%) as illustrated in figure 9, believed that loans provided the necessary funds for families to start businesses or engage in income-generating activities, thereby reducing financial stress. This suggests that loans can play a crucial role in enabling teachers to diversify their income sources and improve their financial stability.

The qualitative data supported this finding, with interviewees highlighting the potential of loans to facilitate entrepreneurial activities. As one respondent noted, "Teachers have been able to take up investment opportunities using bank loans. These include starting up small businesses such as mini-marts, investing in real estate, or purchasing income-generating assets, allowing teachers to diversify their income streams. Some teachers barely rely on their salaries." This statement also underscored the importance of loans in providing the initial capital required for teachers to venture into business activities and reduce their dependence on their salaries. Yet, it is important to consider the financial literacy and management skills of teachers when assessing the effect of loans in promoting extra income generation. As Németh et al. (2022) found in their research on teachers' financial literacy, while teachers generally possessed higher financial knowledge as compared to students, there was still a need for targeted financial education to address specific areas of weakness. Without proper financial planning and management, the use of loans for starting businesses may not yield the desired outcomes and could potentially exacerbate financial challenges.

5.3.3 Effect on housing and land ownership

The study's findings in figure 10 revealed a substantial positive effect of personal bank loans on enabling better housing and land ownership for teachers. A vast majority of respondents (91%) either strongly agreed (74%) or agreed (17%) that loans have empowered teachers to construct better houses and acquire land, thereby improving their living conditions and sense of security. This highlighted the crucial role of loans in facilitating asset acquisition and wealth-building among teachers.

The qualitative data reinforces this finding, with interviewees emphasizing the significance of home ownership loans in providing stability and security. As one respondent explained, "Home ownership loans such as mortgages provided, for instance, by the Zambian National Building

Society, have enabled teachers to buy and even build houses providing them with stability and security." This statement underscored the aspirational aspect of loans, where teachers view home ownership as a means of achieving a better quality of life and long-term financial security.

The positive effect of loans on housing and land ownership aligned with the broader literature on the financial well-being of teachers. For instance, Valdez (2022) found in their phenomenological study of teachers at the Ilocos Sur Polytechnic State College that budgeting and saving practices contribute to their financial contentment and stability. The ability to access loans for purchasing homes and land can be seen as an extension of these financial strategies, enabling teachers to build assets and create a foundation for long-term financial well-being.

5.3.4 Facilitating vehicle purchases for transportation

The study's findings demonstrated that personal bank loans have played a significant role in facilitating vehicle purchases for teachers' transportation needs. A substantial majority of respondents (87%) either strongly agreed (76%) or agreed (11%) that loans enabled them to buy vehicles for easy transportation to work. This suggested that loans had been instrumental in addressing teachers' mobility challenges and improving their daily commute.

The qualitative data provided further insight into the motivations behind vehicle purchases through loans. As one interviewee noted, "Teachers have various reasons they obtain loans, one such reason is car financing, many teachers source loans for the purpose of buying cars for use while others obtain loans to purchase cars for public transportation." This statement denoted the dual purpose of vehicle loans, serving both personal and income-generating needs.

The importance of vehicle ownership for teachers can be understood in the context of inadequate public transportation and the need for reliable means of commuting to work. By enabling teachers to purchase vehicles, loans contributed to their overall well-being and professional efficiency. However, it is crucial to consider the financial implications of vehicle loans, such as the cost of maintenance, fuel, and insurance, which can add to the financial burden of teachers if not managed carefully.

5.3.5 Improving financial resource management

The study's findings determined divided opinions among teachers on whether personal bank loans had improved their financial resource management and reduced financial stress. While

35% of respondents strongly agreed and 16% agreed that loans had a positively affected their on financial management, 34% strongly disagreed and 14% disagreed with this statement. This suggested that the effectiveness of loans in enhancing financial management varied among teachers and may depend on individual financial literacy levels and money management practices.

The qualitative data shed light on the potential reasons behind these divided opinions. Some respondents acknowledged that loans could help meet immediate financial needs but cautioned against the risk of creating a lack of self-dependence if the money is not used wisely. As one interviewee stated, "Yes, the loans obtained are able to meet their immediate financial needs, however, if loans are not used to multiply their money, it brings about a lack of self-dependence giving teachers an easy way out of problems. It makes them highly dependent on credit and advances a bad culture of borrowing even when it is not necessary." This statement highlighted the importance of responsible borrowing and the need for teachers to develop financial discipline and self-reliance.

The divided opinions also aligned with the findings of Harter (2021), who used test scores to evaluate the financial literacy of teachers and students. While teachers generally possessed higher financial literacy levels compared to students, the study suggested the need for targeted financial education to address specific areas of weakness. This underscores the importance of providing teachers with the necessary financial knowledge and skills to effectively manage their loans and overall financial resources.

5.3.6 Financial needs, alignment with financial goals, and money management skills

The study's findings determined that personal bank loans meeting teachers' financial needs was largely dependent on the purpose of the loans, their alignment with individual financial goals, and the borrowers' money management skills. The qualitative data provided further insight into how these factors influence the outcomes of loan usage.

As one interviewee noted, "This depends on the loan purpose and if loans align with the teacher's financial goal. If a teacher's goal is self-development and the teacher invests their loan into their education, then the loan would have been purposively used. Loans used for emergencies may be more beneficial if they are used for intended purposes and for non-essential expenses." This statement emphasized the importance of having clear financial objectives and ensuring that loan usage aligns with those goals. When loans are used for productive purposes, such as investing in education or addressing critical needs, they are more likely to contribute positively to teachers' financial well-being. But, the study also highlighted the potential risks associated with loans when they are not accompanied by sound financial management practices. As one respondent observed, "No, I do not believe that these loans are meeting the financial needs of teachers in Lusaka as these teachers are barely coping with small salaries that remain after multiple and high deductions from the banks. In fact, these loans are causing teachers to even borrow more to be able to feed their families." This statement underscored the danger of falling into a cycle of debt when loans are not managed effectively and when they strain teachers' already limited financial resources.

The importance of financial literacy and money management skills in determining loan effectiveness is consistent with the findings of Ecija (2020), who assessed the financial management practices, capability, and well-being of public high school teachers. The study found budgeting and debt management to be significant practices among teachers and highlighted the need for improved financial literacy and management to enhance their financial well-being. This suggested that equipping teachers with the necessary financial knowledge and skills is crucial for ensuring that loans are used effectively and do not exacerbate financial challenges.

In a nutshell, the study's findings revealed mixed opinion on access to healthcare, a positive role in providing startup capital for extra income and enabling housing and land ownership, and a significant contribution to facilitating vehicle purchases for transportation. However, in terms of loans improving financial resource management, views were divided as the overall effect of loans on teachers' financial well-being depended on factors such as the purpose of the loans, their alignment with financial goals, and the borrowers' money management skills.

These findings have broader implications for the financial education and support systems available to teachers. As the literature suggests, improving teachers' financial literacy and management practices is crucial for enhancing their financial well-being and ensuring that loans are used effectively. This calls for targeted interventions, such as financial education programs, counselling services, and support mechanisms that help teachers navigate the complexities of borrowing and manage their financial resources responsibly. Additionally, the study's findings highlighted the need for a holistic approach to addressing teachers' financial needs, one that goes beyond the provision of loans and considered the broader socio-economic factors that influence their financial circumstances. This may involve initiatives to improve teachers' salaries and working conditions, create alternative income-generating opportunities, and establish social safety nets that protect them from financial shocks. By understanding the nuanced ways in which personal bank loans affect teachers' financial well-being and the factors that shape their effectiveness, policymakers, financial institutions, and educational authorities can develop evidence-based strategies to support teachers' financial resilience and ensure that loans serve as a tool for empowerment rather than a source of financial strain. This, in turn, can contribute to a more stable and motivated teaching workforce, ultimately benefiting the quality of education and the overall well-being of teachers and their communities.

5.4 Challenges Associated with Obtaining Personal Bank Loans

The findings of this study revealed a multitude of challenges that teachers in selected public schools in Lusaka face with regard to personal bank loans. These challenges encompass a wide range of issues, from the burden of frequent borrowing and multiple loans to the psychological and financial strain caused by indebtedness. This section will delve into each of these challenges, discussing their implications for teachers' well-being and professional performance, and drawing upon relevant literature to contextualize the findings.

5.4.1 Lengthy loan processing times and their effect on teachers' class attendance

A significant challenge identified in this study was the lengthy loan processing time experienced by teachers and the consequent effect on their class attendance. The findings in figure 13 uncovered that the majority of respondents (65%) face loan processing times exceeding eight hours, with a significant proportion (66%) reporting that the time spent waiting for loan approval affects their presence in the classroom (figure 14). The qualitative data provided further insights into the disruptive nature of loan processing on teachers' professional duties. As one interviewee noted, "A lot of teachers spend a lot of time outside school searching for money to borrow. This affects their class attendance." This statement highlights how the pursuit of loans can lead to absenteeism, potentially compromising the quality of education delivered to students.

The effect of loan processing time on class attendance is a concerning finding, as it suggests that the financial challenges faced by teachers can have direct consequences on their professional performance and the learning experiences of their students. It therefore plausible that the time spent on loan-related activities could contribute to the broader problem of teacher absenteeism, which has been identified as a significant challenge in many educational systems (Guerrero et al., 2012).

5.4.2 High stress levels and psychological discomfort due to indebtedness

The study's findings also divulged the high levels of stress and psychological discomfort experienced by teachers due to their increased loan acquisition as stated in table 3. A substantial majority of respondents (73%) agreed or strongly agreed that teachers with many personal bank loans are associated with high stress levels. Additionally, 68% of the respondents acknowledged that personal loans necessitated psychological discomfort due to the lack of payment at the end of the month. The qualitative data also provided a more nuanced understanding of the psychological burden of indebtedness. As one interviewee explained, "Teachers' involvement (being listed) with the credit reference bureau may add another level of stress, especially when the credit report reflects negative information such as missed payments or a default. This may stress teachers and even cause a lack of concentration at work as teachers fear being blacklisted." This statement highlighted how the consequences of loan default, such as negative credit reports, can exacerbate the psychological strain experienced by teachers.

The relationship between indebtedness and psychological well-being among teachers is consistent with the findings of García et al. (2023), who studied the impact of student loan burdens on teachers' well-being and employment decisions. They found that the stress arising from student loan debt significantly affected teachers' overall quality of life and career choices. While the present study focuses on personal bank loans rather than student loans, the psychological implications of indebtedness appear to be similar, underscoring the need to address the mental health challenges associated with teacher debt.

5.4.3 Reduced net pay and its effect on personal expenditure.

The study's findings also showed the challenge of reduced net pay and its effect on teachers' personal expenditure. An overwhelming majority of respondents (93%) agreed or strongly agreed that high-interest rates on personal loans resulted in reduced net pay, which in turn affects their ability to meet personal expenses. This suggested that the financial burden of loan repayments can severely constrain teachers' disposable income and limit their capacity to cover essential costs. The qualitative data provided further insights into the lived experiences of teachers grappling with reduced net pay. As one respondent noted, "With their salaries dwindling as a result of high deductions, teachers seek more financial help. In the end, they acquire more debt." This statement illustrates the vicious cycle of borrowing and reduced income, where teachers resort to taking additional loans to compensate for the shortfall in their salaries, ultimately exacerbating their financial challenges.

The effect of reduced net pay on teachers' personal expenditure resonates with the findings of Pinzon (2022), who conducted a communicative study of teachers living with loans. Pinzon found that loans significantly reduce teachers' net pay, rendering it insufficient to sustain daily needs and leading to a cycle of re-borrowing. This suggested that the challenges associated with reduced disposable income are not limited to the Zambian context and may reflect a broader pattern of financial strain experienced by teachers in different settings.

5.4.4 Perpetuation of high indebtedness and borrowing culture

The study's findings also shed light on the perpetuation of high indebtedness and a borrowing culture among teachers. A significant proportion of respondents (79%) agreed or strongly agreed that personal loans led to high indebtedness and a culture of borrowing as shown in table 3. This indicates that the reliance on loans has become normalized among teachers, potentially creating a self-reinforcing cycle of debt.

The qualitative data provided further insights into the factors contributing to this borrowing culture. As one interviewee noted, "The availability of credit on the market as well as easy access by teachers has played a significant role in the high levels of debt in Lusaka. Teachers borrow even when there is no need to. The requirements are quite simple. All you need are payslips, an original NRC, and a bank statement which are easily accessed." This statement accentuated how the accessibility of credit, and the ease of meeting loan requirements can encourage teachers to borrow even in the absence of a pressing financial need.

The perpetuation of high indebtedness and a borrowing culture among teachers aligns with the findings of Casingal and Ancho (2021), who studied the financial literacy challenges faced by Filipino public-school teachers. They found that limited financial knowledge and a pervasive borrowing culture contributed to uncontrolled debt, exacerbating the cycle of indebtedness. This suggests that the normalization of borrowing and the resulting high levels of debt are not unique to the Zambian context and may reflect a broader issue faced by teachers in different educational systems.

5.4.5 Potential contribution to increased divorce levels and suicide cases

The study's findings in Table 3,also raised concerns about the potential contribution of personal bank loans to increased divorce levels and suicide cases among teachers. A majority of respondents agreed or strongly agreed that personal loans had contributed to increased divorce levels (71%) and suicide cases (68%). While the study does not establish a direct causal link between loans and these outcomes, the high levels of agreement suggested that the financial strain and psychological burden associated with indebtedness may have far-reaching consequences for teachers' personal lives.

While the literature reviewed for this study does not directly address the relationship between personal loans and divorce or suicide among teachers, the findings on the psychological effect of indebtedness provided indirect support for this connection. As García et al. (2023) found, the stress and financial instability resulting from student loan debt can significantly affect teachers' well-being and overall quality of life. It is also plausible that the financial and psychological strain experienced by teachers in the present study could contribute to personal issues such as marital strain and suicidal ideation. However, it is important to note that the relationship between personal loans and divorce or suicide is complex and multifaceted, and the present study does not provide conclusive evidence of a direct causal link. Further research is needed to explore the specific mechanisms through which financial strain may contribute to these outcomes and to identify potential protective factors that could mitigate the risks associated with personal loans.

5.4.6 Incorrect salary deductions and reputational damage from credit bureau listings

The study's findings also brought to light the challenges of incorrect salary deductions and the reputational damage associated with credit bureau listings. The qualitative data revealed that teachers often experienced wrong and unexplained deductions from their salaries due to the direct access that banks and lending institutions have to the government payroll system. As one interviewee explained, "A lot of teachers have experienced wrong and unexplained deductions from their salaries. In addition to the wrong deductions, procedures for refunds are quite lengthy, thus putting a strain on teachers financially as their money isn't made available there and then." This statement underscored the financial and emotional toll that incorrect deductions can take on teachers, as they struggle to rectify the errors and access their hard-earned money.

Furthermore, the study's findings accentuated the reputational damage that teachers may face when they are listed on credit reference bureaus due to loan defaults or negative credit reports. As one respondent noted, "Teachers who are negligently reported and blacklisted on the credit reference bureau as having a very low credit score suffer a lot of reputational damage which can cost their future transactions with other banks." This outlined that the consequences of loan defaults can extend beyond the immediate financial impact, potentially affecting teachers' ability to access credit in the future and damaging their professional reputation.

While the literature reviewed for this study does not specifically address the issue of incorrect salary deductions or credit bureau listings among teachers, these findings highlighted the importance of ensuring fair and transparent lending practices and providing adequate support for teachers who face financial challenges. The psychological and reputational consequences of loan-related issues underscore the need for interventions that go beyond the provision of credit and address the broader well-being of teachers.

5.4.7 Rising interest rates and their effect on loan affordability

The study's findings also called attention to the challenge of rising interest rates and their effect on loan affordability for teachers. The qualitative data pointed out how economic instability and fluctuations in the local currency can lead to increases in the monetary policy rate, which in turn drives up the interest rates on loans. As one interviewee explained, "The rise is caused by economic instability and fluctuation of the currency (kwacha), resulting in the increase in the monetary policy rate. The monetary policy rate will then dictate the rise of interest rates on loans, as a result, the teacher's loan amount or deduction will increase." This statement underscored the vulnerability of teachers to macroeconomic factors beyond their control, which can significantly affect the affordability of their loans.

The effect of rising interest rates on loan affordability is consistent with the broader literature on personal loans. For instance, Flagg and Hannon (2023) provide an overview of the personal loan market in the United States, highlighting the issue of rising interest rates and their potential to affect borrowers' ability to repay their loans. While the present study focuses on the Zambian context, the challenge of interest rate fluctuations appears to be a common concern for borrowers across different settings.

The findings on rising interest rates and loan affordability underlined the need for interventions that promote financial stability and protect borrowers from the adverse effects of economic volatility. This may include initiatives such as financial education programs that help teachers make informed borrowing decisions, as well as policy measures that regulate lending practices and ensure fair and transparent interest rates.

5.4.8 Lack of financial knowledge and money management skills

The study's findings also accentuated the challenge of limited financial knowledge and money management skills among teachers. The qualitative data revealed that teachers often lack sufficient understanding of financial concepts, budgeting, and debt management strategies, which can exacerbate their financial challenges. As one interviewee noted, "Yes I do, teachers sometimes may lack sufficient knowledge about financial management including budgeting and debt repayment strategies which could lead to difficulties in paying back the loan." This statement suggested that the absence of financial literacy can contribute to the difficulties teachers face in managing their loans and overall financial well-being.

The findings on financial literacy challenges underscored the importance of providing teachers with the necessary knowledge and skills to make informed financial decisions and manage their resources effectively.

In conclusion, the study's findings showcased a wide range of challenges that teachers in selected public schools in Lusaka face in relation personal bank loans. These challenges encompass issues such as lengthy loan processing times, high stress levels, reduced net pay, perpetuation of indebtedness, incorrect salary deductions, rising interest rates, lack of financial knowledge.

Overall, the findings of this study have significant implications for the well-being and professional performance of teachers, as well as for the broader educational system. The financial and psychological strain associated with indebtedness can affect teachers' ability to deliver quality education and maintain a healthy work-life balance. Moreover, the challenges identified in the study underscore the need for interventions that go beyond the provision of credit and address the root causes of teachers' financial vulnerabilities. Addressing these challenges will require a multi-faceted approach that involves collaboration between policymakers, financial institutions, educational authorities, and teachers themselves.

5.5 Summary

This chapter has provided a comprehensive discussion of the findings from the study on the effect of personal bank loans on the livelihoods of teachers in selected public schools in Lusaka. The discussion was structured around the three main research objectives, examining the reasons teachers obtain personal bank loans, the extent to which these loans meet their financial needs, and the challenges associated with loan acquisition. The chapter delved into the complex interplay of factors driving teachers' borrowing decisions, the mixed effect of loans on their financial well-being, and the multifaceted challenges they faced. The discussion drew upon both quantitative and qualitative data, as well as relevant literature, to provide a nuanced understanding of the research problem and its implications for teachers' lives and the broader educational system. The chapter also highlighted the need for a holistic approach to addressing teachers' financial challenges, one that goes beyond the provision of credit and addresses the root causes of their vulnerabilities. As the study moved towards its conclusion, the next chapter will summarize the key findings, draw final conclusions, and offer recommendations for policymakers, financial institution such as banks, educational authorities, and teachers themselves to create a more supportive and equitable financial environment for educators in Lusaka and beyond.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.1 Overview

This study aimed to investigate the effect of personal bank loans on the livelihoods of teachers in selected public schools in Lusaka, Zambia. The primary objectives were to ascertain the reasons leading to teachers obtaining personal bank loans, establish the extent to which these loans meet their financial needs, and assess the challenges associated with loan acquisition. The research problem is significant as it addresses the financial vulnerabilities faced by teachers and the potential effect on their livelihood and professional performance. Understanding the complex interplay between personal bank loans and teachers' livelihoods is crucial for developing targeted interventions and support mechanisms to promote financial stability and resilience among educators.

6.2 Conclusions

The findings of this study revealed a multifaceted interplay of factors that drove teachers' decisions to obtain personal bank loans. Economic hardships as the primary motivator, the desire for improved living conditions, and the need for financial stability. Additionally, the culture of borrowing within the civil service, the influence of interest rates and loan conditions, and the prevalence of unexpected expenses also contributed to the normalization of loans as a coping mechanism for teachers' needs.

Moreso, the extent to which personal loans met teachers' financial needs was a complex issue. While loans could address immediate financial needs and support purposeful investments for some, they can also create dependency and perpetuate a cycle of borrowing if not used wisely for a larger portion of them. The effectiveness of loans ultimately depended on factors such as the loan purpose, the teacher's financial goals, and their ability to manage their finances in the face of multiple deductions and small salaries.

Furthermore, while loans provided immediate relief and enabled asset acquisition, such as housing and vehicles, they also contributed to high levels of indebtedness and reduced disposable income. The study highlighted the psychological burden of debt, with teachers experiencing significant stress and discomfort due to loan repayments and the fear of defaulting. Teachers faced multifaceted challenges which included, lengthy loan processing times. The lack of financial knowledge and money management skills exacerbated these challenges, limiting teachers' ability to make informed borrowing decisions and effectively manage their finances. Furthermore, the potential effect of loans on teachers' personal lives, such as increased divorce rates and suicide cases, underscored the far-reaching consequences of financial strain.

The conclusions drawn from this study emphasized the need for a holistic approach to addressing teachers' financial vulnerabilities. Providing access to credit alone was insufficient; it must be accompanied by efforts to improve financial literacy, strengthen support systems, and address the root causes of financial instability. Policymakers, financial institutions, educational authorities, and teachers themselves must collaborate to create an enabling environment that promotes responsible borrowing, fair lending practices, and the overall financial well-being of educators.

6.3 Recommendations

Based on the findings and conclusions of this study, the following recommendations are proposed for policymakers, financial institutions such as banks, educational authorities, and teachers to address the challenges associated with personal bank loans and promote the financial well-being of teachers in Lusaka and beyond, thereby improving their livelihood.

6.3.1 Recommendations for policymakers

1. Policymakers should prioritize the improvement of teacher compensation and working conditions to reduce the financial vulnerabilities that drive teachers to rely on personal bank loans. This can be achieved through: a) Conducting a comprehensive review of the current salary structure and implementing a fair and competitive compensation package that reflects the value of teachers' work and their contributions to society. b) Ensuring regular salary increments that keep pace with the cost of living and inflation, allowing teachers to maintain a decent standard of living without resorting to excessive borrowing.

2. Policymakers should develop targeted financial support programs that cater to the specific needs of teachers, taking into account their unique financial challenges and life stages. These programs may include: a) Low-interest loan schemes specifically designed for teachers, with flexible repayment terms and longer repayment periods to reduce the monthly financial burden. b) Emergency funds or grants that teachers can

access during times of unexpected financial hardship, such as medical emergencies or family crises, without having to resort to high-interest loans.

3. Policymakers should strengthen regulations on lending practices and interest rates to protect teachers from predatory lending and ensure fair and transparent loan terms. This can be achieved through: a) Implementing caps on interest rates for personal loans, particularly those targeting public servants like teachers, to prevent excessive financial burdens. b) Mandating clear and comprehensive disclosure of loan terms, including interest rates, fees, and repayment schedules, to enable teachers to make informed borrowing decisions. c) Establishing strict guidelines for salary deductions related to loan repayments, ensuring that teachers retain a sufficient portion of their income to meet their basic needs and avoid falling into a debt trap.

6.3.2 Recommendations for financial institutions (Banks)

1. Financial institutions should prioritize transparency and fairness in their lending practices to build trust and support the financial well-being of teachers. This can be achieved through a) Clearly communicating loan terms, including interest rates, fees, and repayment schedules, in simple and understandable language, ensuring that teachers fully comprehend the implications of their borrowing decisions. b) Avoiding hidden costs or misleading promotional tactics that may lure teachers into taking on unsustainable levels of debt. c) Implementing fair and ethical debt collection practices that respect teachers' rights and dignity and providing support for those experiencing repayment difficulties.

2. Financial institutions should offer financial education and counselling services tailored to the needs of teachers, equipping them with the knowledge and skills necessary to make informed financial decisions and manage their loans effectively. This can include: a) Conducting workshops, seminars, or webinars on topics such as budgeting, saving, debt management, and investment planning, delivered in a manner that is accessible and relevant to teachers' experiences. b) Providing one-on-one financial counselling sessions with trained professionals who can offer personalized advice and support to teachers facing financial challenges or seeking to improve their financial well-being. c) Developing online resources, such as guides, calculators, and interactive tools, that teachers can access at their convenience to enhance their financial literacy and decision-making skills.

3. Financial institutions should collaborate with educational authorities to develop financial products and services that are tailored to the specific needs and circumstances of teachers. This can involve: a) Conducting joint research to better understand the financial challenges and aspirations of teachers, using insights to inform the design of relevant and impactful financial solutions. b) Co-creating loan products with favourable terms and conditions that align with teachers' income patterns, career progression, and life goals, such as education loans for further studies or home loans with graduated repayment plans. c) Establishing partnerships with schools or teacher associations to promote financial well-being initiatives and provide access to financial services directly within the educational community.

6.3.3 Recommendations for educational authorities

1. Educational authorities should integrate financial literacy into teacher training and professional development programs to equip educators with the knowledge and skills necessary to navigate their financial lives effectively. This can be achieved through: a) Incorporating financial education modules into pre-service teacher training curricula, covering topics such as personal finance management, budgeting, saving, and responsible borrowing. b) Providing regular in-service training and workshops on financial literacy, delivered in partnership with financial experts or institutions, to keep teachers updated on best practices and emerging trends in personal finance.

2. Educational authorities should establish support systems for teachers facing financial challenges, recognizing the effect of financial stress on their well-being and professional performance. This can include: a) Creating a confidential helpline or counselling service where teachers can seek guidance and support when facing financial difficulties or considering taking on loans. b) Providing access to financial assistance programs, such as hardship grants or interest-free loans, for teachers experiencing temporary financial setbacks or emergencies. c) Collaborating with financial institutions and other stakeholders to develop debt management and restructuring solutions for teachers who are struggling with loan repayments, helping them regain financial stability.

3. Educational authorities should actively advocate for policies that prioritize teacher well-being and financial stability, recognizing the critical role that teachers play in shaping the future of society. This can involve: a) Engaging in policy dialogues and

consultations with government officials, policymakers, and other relevant stakeholders to highlight the financial challenges faced by teachers and the need for systemic reforms. b) Conducting research and gathering evidence on the effects of financial stress on teacher performance, retention, and overall educational outcomes, using this data to inform policy decisions and resource allocation. c) Collaborating with teacher unions, professional associations, and civil society organizations to build a strong coalition advocating for teacher welfare and financial well-being.

6.3.4 Recommendations for teachers

1. Teachers should proactively seek financial education and advice to enhance their knowledge and skills in managing personal finances and making informed borrowing decisions. This can involve: a) Attending financial literacy workshops, seminars, or webinars organized by educational authorities, financial institutions, or other relevant organizations. b) Seeking personalized financial advice from qualified professionals, such as financial advisors or counsellors, who can provide guidance tailored to their specific circumstances and goals. c) Engaging in self-directed learning through reading books, articles, or blogs on personal finance, and utilizing online resources and tools to improve their financial knowledge and decision-making skills.

2. Teachers should develop and consistently apply personal financial management skills to better navigate their financial lives and reduce their reliance on loans. This can include: a) Creating and adhering to a realistic budget that aligns their income with their expenses, prioritizing essential needs and saving for future goals. b) Tracking their spending habits and identifying areas where they can reduce discretionary expenses or find more cost-effective alternatives. c) Building an emergency fund to cover unexpected expenses or income disruptions, reducing the need to resort to loans in times of financial hardship. d) Regularly reviewing their financial situation, assessing their progress towards goals, and making adjustments as necessary to stay on track.

3. Teachers should explore alternative sources of income and support to supplement their salaries and reduce their dependence on loans. This can involve: a) Considering part-time or freelance work opportunities that align with their skills and interests, such as tutoring, writing, or consulting, to generate additional income. b) Investigating grant or scholarship opportunities for further education or professional development, which can enhance their qualifications and potential for career advancement. c) Leveraging their

networks and seeking support from family, friends, or community organizations when facing financial challenges, rather than automatically turning to loans as the first solution.

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APPENDICES

Appendix I: Questionnaire

THE UNIVERSITY OF ZAMBIA

SCHOOL OF BUSINESS STUDIES

COURSE CODE: DISS 500

RESEARCH TOPIC: THE EFFECT OF PERSONAL BANK LOANS ON THE LIVELIHOODS OF TEACHERS IN SELECTED PUBLIC SCHOOLS IN LUSAKA.

Dear Respondent,

I am second (2nd) year student at the University of Zambia pursuing a Master's degree undertaking the course advanced business research methods. I am conducting research on the effect of personal bank loans on the livelihoods of teachers in selected public schools in Lusaka. With reference to the above subject, you have been selected to participate in this research. Please note that your views will also represent those that have not been selected in this study. Be rest assured that the information you will provide will be treated with strict confidentiality. Your co-operation, honesty and objectivity will be highly appreciated.

INSTRUCTIONS

1. **Do not** indicate name on the questionnaire.
2. **Cross (X)** on the answer that maybe appropriate to you.
3. Please try as much as possible to answer all the questions that are applicable.

SECTION A: BACKGROUND INFORMATION

1. Name of school

………………………………………………..

2. Kindly state your position

(a) Head teacher

(b) Deputy head teacher

(c) Head of department

(d) class teacher

(e) subject teacher

2. What is your age range?

(a) 18-27 [ ]

(b) 28-37 [ ]

(c) 38-47 [ ]

(d) 48 and above [ ]

3. What is your sex?

(a) Male [ ]

(b) Female [ ]

4. What is your marital status?

(a) Single [ ]

(b) Married [ ]

(c) Divorced [ ]

(d) Separated [ ]

(e) Widowed [ ]

5. What is your highest educational attainment?

(a) No formal education [ ]

(b) Primary level [ ]

(c) Secondary level [ ]

(d) Tertiary level [ ]

6. What is your current net pay range

a) 1000 to 2000
b) 2000 to 3000
c) 3000 to 4000
d) 4000 to 5000

e) 5000 and above

7. How many personal loans are currently running on your latest payslip?

a) Less than 2
b) 2 to 4
c) 4 to 6
d) 6 and above

SECTION B: REASONS LEADING TO PUBLIC SERVICE TEACHERS IN LUSAKA OBTAINING PERSONAL BANK LOANS

8. Have you ever taken a personal loan from a bank?

a. Yes [ ]
b. No [ ]

9. For what reason was the personal loan obtained?

a. Build/Buy Modern homes/Home Improvement [ ]

b. To start up a business [ ]

c. Buy a Luxury car [ ]

d. Economic hardships [ ]

e. Peer pressure from other loan holders/ banks [ ]

f. To clear other loans [ ]

g. To pay medical bills [ ]

h. For consumption purposes [ ]

i. Payment of school fees [ ]

j. Other Reasons……………………………………………………………

10. How do the following factors affect your decision to obtain a personal loan from the bank.

	Very important	Important	Less important
Low level of interest rate	[ ]	[ ]	[ ]
Time taken before approval	[ ]	[ ]	[ ]
Conditions and procedures	[ ]	[ ]	[ ]
Your net pay	[ ]	[ ]	[ ]
Number of loans already acquired	[ ]	[ ]	[ ]
Easy access to loans	[ ]	[ ]	[ ]

PART C: extent to which personal bank loans are meeting the financial needs of teachers in the public service in Lusaka.

Kindly rate the following statements by ticking strongly agree, agree, strongly disagree, degree, and I do not know.

	STATEMENT	STRONGLY AGREE	AGREE	STRONGLY DISGREE	DISGREE	I DO NOT KNOW
1	The access of Personal loans from banks have improved access to health care thus improved livelihood					
2	Personal Loans from banks provide startup capital enabling families to earn extra income thus stress less about finances					
3	Personal loans have enabled school teachers to put up better houses and other infrastructure					

	enabling better accommodation and land ownership.					
4	Personal loans obtained by teachers enabled the buying of vehicles for easy transportation to work.					
5	Personal loans obtained by teachers have enabled better management of financial resources reducing financial burden and stress.					

PART D: TO ASSESS WHETHER THERE ARE CHALLENGES ASSOCIATED WITH OBTAINING PERSONAL BANK LOANS BY TEACHERS IN SELECTED PUBLIC SCHOOLS IN LUSAKA.

11. How many times have you obtained a loan a bank?

a. Only once
b. Twice
c. Three time
d. Four times and more

12. For how long did you wait for your loan to be processed at the bank?

a. Less than 30 minutes
b. Between 1 and 4 hours
c. Between 4 and 8 hours
d. Above 8 hours

13. Does waiting for a loan's approval or procedure require you to wait in a queue?

a. Yes
b. No.

14.if your answer in question 13 is (a), Does the time spent on the queue affect your class attendance?

a. Yes
b. No

Kindly rate the following statements by ticking strongly agree, agree, strongly disagree, degree, and I do not know.

	STATEMENT	STRONGLY AGREE	AGREE	STRONGLY DISGREE	DISGREE	I DO NOT KNOW
1	Teachers with many personal bank loans have been associated with a high level of stress					

2	Teachers with personal loans tend to be absent from classes					
3	Teachers with many personal loans are generally demotivated to work.					
4	Personal loan high interest rates result in teacher’s reduced net pay which affects personal expenditure					
5	Personal loans obtained by teachers have led to high indebtedness and a culture of borrowing.					
6	Personal loans necessitate psychological discomfort as					

	teachers receive a no payment at the end of the month					
7	Teachers with Personal loans consume more alcohol and other substances.					
8	Personal loans have contributed to increased divorce levels.					
9	Personal loans have contributed to suicide cases					

16. What is your recommendations on this topic………………………………………………………………………………………
………………………………………………………………………………………………

Appendix II: interview Guide

THE UNIVERSITY OF ZAMBIA

SCHOOL OF BUSINESS STUDIES

COURSE CODE: DISS 500

TOPIC: THE EFFECT OF PERSONAL BANK LOANS ON THE LIVELIHOODS OF TEACHERS IN SELECTED PUBLIC SCHOOLS IN LUSAKA.

1. Date of interview………………………………………………………………………

2. Sex of the interviewee…………………………………………………………………

3.Organization

INTERVIEW QUESTIONS

1. Have you ever obtained a loan from any bank?

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2. Why do you think teachers in Lusaka obtain personal loans from the bank?

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3. Do you think loans from the bank have an effect on the performance of teachers at the work place ? If the answer is yes or no, kindly state and explain your reasons.

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4.Do you think personal loans from the bank are meeting the financial needs of teachers in Lusaka?
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5. Do you believe that loans from the bank benefit teachers in Lusaka and to what extent?
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6. If your answer is yes, in what ways do you think personal loans have been beneficial to the teachers in Lusaka? If the answer is No, give a detailed explanation for your answer.

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7. What challenges do you think teachers in Lusaka face when it comes to loans from the bank?
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8.Do you think teachers in Lusaka have difficulties in paying back loans and why do you think so?

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9. Do you think loans from the banks play a role in teacher' high debt levels in Lusaka? Kindly elaborate more.

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10. What recommendation can you make on this topic?

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THANK YOU FOR YOUR PARTICIPATION.