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Financial Awareness and Financial Resilience of Commercial Banks Evidence from Uganda

Dorothy Nabwami[1], Henry Musoke Buwule[2] and *Naome Kakundwa[3]

[1]MBA student at Ndejje University

[2]Senior Lecturer & Director Graduate School Ndejje University

[3]Lecturer and Assistant Coordinator, Ndejje University

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ABSTRACT

In the context of increasing pressures from government of Uganda, to enhance financial inclusion and improve access to banking services, promoting resilience in Commercial banks becomes more critical. The study investigated the effect of financial awareness on the financial resilience of commercial banks in Uganda. The study employed a descriptive, correlational, and cross-sectional design, using semi-structured questionnaires. Data was analysed descriptive, Pearson correlation, and simple regression analyses. Finding revealed that financial awareness significantly contributes to financial resilience with an adjusted R^2 value of 0.495. Financial awareness is a significant factor to the financial resilience of commercial banks as employees with higher levels of financial awareness tend to make more informed decisions which help the bank effectively manage risks and adopt to market changes, thereby strengthening its overall financial resilience. The study emphasizes the need for continuous training and development of financial awareness and more in financial literacy to promote sound financial decision-making and bolster financial resilience in Uganda's banking sector.

Key words: Financial Awareness, Financial Resilience and Commercial Banks

INTRODUCTION

Financial resilience is fundamental to long-term stability and sustainability of commercial banks, as it withstand economic shocks, that are evolved in market conditions, and recover from crises. This resilience is essential for ensuring the continued operation of critical banking services, maintaining customer confidence, and safeguarding overall economic stability, even in the face of global uncertainties or local disruptions (Lusardi, 2019). The interconnected nature of financial systems shows the resilience of banks in preventing economic instability, with far-reaching implications for national economies (Lusardi, Hasler & Yakoboski, 2021; Klapper & Lusardi, 2020). In the context of increasing governmental pressures on financial inclusion and access to banking services, there is a need for promoting financial resilience in banks (World Bank, 2009). However, there could be many factors responsible for promoting financial resilience, financial awareness, which includes understanding key financial concepts, policies, and the importance of sound financial resilience could be a key driver of financial resilience as (Zahra, 2023), observes.

Banks in African have experienced many challenges in building and maintaining financial resilience, such as weak credit assessments, poor capital adequacy planning, and mismanagement of financial risks threaten the stability of commercial banks (BoU, 2022; BoU, 2023). More to that, the levels of non-performing loan ratio, is also increasing, for instance a report from Fitch Rating (2024) indicate that the NPL of banks in Uganda increased from 4.6% to 5.1% and this signals the vulnerability of the sector. Such challenges underscore the need for commercial banks in strengthening financial awareness that enhance financial resilience. Financial awareness among employees, managers, and key decision-makers is crucial in fostering a culture of proactive risk management and sound financial planning, which are essential components of financial resilience (Crossen, Liang, Protsyk, & Zhang, 2014).

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Given these challenges, the study was done to analyze the influence of financial awareness on the financial resilience of commercial banks. The research is meant to draw valuable to policymakers, regulators, financial institutions, and consumers of banking services, including depositors and borrowers. The study can also address the questions of financial awareness significantly influences the financial resilience of commercial banks in Uganda.

LITERATURE REVIEW

Financial Resilience

Resilience in the context of business refers to the ability of businesses to withstand crises and adapt to adverse situations while maintaining their operations and pursuing growth opportunities (Dahles & Susilowati, 2015). This capability allows banks to continue providing essential services, even in the face of adverse events, such as economic downturns or operational disruptions (Nguyen, Tsai, Nguyen Vu, & Dao, 2020; Zahra, 2023).

Financial resilience draws the ability to face, adapt, and recover from financial shocks using the right resources (Saliganae et al., 2019) and it shows the ability of financial institutions to withstand and recover from economic shocks or adversity (Klapper & Lusardi, 2020). It is also the ability of individuals or households to resist, cope, and recover from financial shocks (OECD, 2021). Moody Institute (2014) noted that financial resilience shows the ability to absorb shocks and maximize performance in the event of a shock in a financial system. Financial institutions need to pay attention to the concept of financial resilience to survive in turbulent financial markets (Crossen et al., 2014). To add on that, Stanford Center on Longevity (2023) noted that financial resilience has shown the ability to withstand unexpected, adverse shocks that impact one's income or assets." The World Economic Forum (2023) emphasizes financial resilience as the capacity of financial institutions in the endurance of economic downturns and continue providing essential services. According to, Financial Resilience Institute (2023) some household financial resilience is the ability to navigate financial hardships resulting from unforeseen life events, measured through behavioural, sentiment, and resilience indicators." In this study, financial resilience was operationalized as financial planning, risk management, and liquidity management.

Financial Awareness

Financial awareness is the ability to recognize, understand, and act upon financial information that impacts one's personal or professional financial well-being (OECD, 2013). In the dynamic and intricate world of finance, the importance of financial awareness has grown significantly, especially as individuals and organizations strive to make informed financial decisions that promote long-term stability. Unlike financial knowledge, which focuses on understanding specific financial concepts and principles, financial awareness emphasizes an individual's capacity to identify financial situations, recognize associated risks, and make decisions accordingly. It is about being alert to the financial circumstances and opportunities that exist, and how these affect one's financial decisions (Zahra, 2023).

The concept of financial awareness goes beyond theoretical understanding; it involves the ability to evaluate one's financial environment and assess the implications of financial decisions. It encourages individuals to understand the importance of financial planning, budgeting, saving, investing, and managing debt, and to identify the long-term impact of these actions on their financial stability (Klapper & Lusardi, 2020). Financial awareness has become particularly crucial as financial markets grow increasingly complex and individuals face more financial products, services, and risks than ever before (Bonga & Mlambo, 2016). The rise of digital banking, mobile money services, and alternative investment products has made financial awareness essential, especially in developing economies like Uganda, where access to financial products has expanded significantly.

While financial knowledge serves as the foundation, financial awareness empowers individuals to apply this knowledge effectively in everyday decision-making. It is not just about understanding the theory of finance but being attuned to one's financial reality, recognizing financial opportunities and risks, and making informed decisions based on the circumstances at hand (Namreeu, 2023). Financially aware individuals can navigate complex financial situations more confidently and with greater success, whether they are managing personal finances or working within a financial institution such as a commercial bank.

In the context of commercial banks, financial awareness plays an essential role in fostering financial resilience. Employees and managers who are financially aware are more likely to make decisions that contribute to the bank's ability to withstand financial crises, adapt to market changes, and maintain profitability (World Bank, 2009). Financial awareness is crucial for institutions, as it helps staff understand the broader economic and financial landscape, the risks associated with different financial products, and the potential consequences of financial decisions. For banks in Uganda, enhancing financial awareness within the workforce can lead to better decision-making, reduced financial risk, and improved resilience in the face of financial shocks (World Bank, 2009).

Moreover, financial awareness helps individuals recognize the importance of financial preparation, such as savings, insurance, and emergency funds, which are essential components of financial resilience (Zahra, 2023). When people are aware of their financial status and understand the potential risks and benefits of various financial choices, they can better prepare for unforeseen circumstances, contributing to their financial stability and well-being. Therefore, promoting financial awareness is vital for improving the financial resilience of individuals and institutions, especially in emerging markets like Uganda, where financial systems continue to evolve, and the need for proactive financial management is paramount.

Financial awareness is conceptualized by the ability to recognize the financial risks and opportunities around them and make informed decisions to improve their financial well-being. This ability not only supports personal financial resilience but also contributes to the broader financial stability of the institutions like commercial banks. By fostering a culture of financial awareness, banks can strengthen their operations and better serve their customers, ensuring long-term sustainability in an increasingly complex financial environment Bank of Uganda. (2021).

Theoretical frame work

This study is grounded on Regulatory Compliance Theory, Cognitive Theory of Financial Decision-Making, and Financial Distress Theory. Which collectively provide a robust foundation for understanding the relationship between financial awareness and resilience within Uganda's banking sector. Regulatory Compliance Theory (Mitnick, 1980) asserts that adherence to legal and regulatory standards is essential for organizational legitimacy and stability. In the banking sector, compliance is not only a legal obligation but also a strategic necessity to mitigate risks and ensure the long-term sustainability. Commercial banks in Uganda operate within a regulatory framework set by the Bank of Uganda (BoU) and international financial oversight bodies, such as the Basel Committee on Banking Supervision.

Some financial institutions are equipped with regulatory requirements, and adopt to policy changes, and have implemented adaptive measures that reinforce resilience (Kasaija, 2021). Within the Ugandan context, regulatory compliance is a critical aspect of financial awareness, as it enables employees and institutions to align with national financial regulations, thereby reducing legal risks and strengthening resilience. Anyanzwa (2024) supports this view, noting that commercial banks in Uganda that invested in regulatory training and internal compliance systems that demonstrate greater financial resilience in the face of external shocks and policy changes.

The Cognitive Theory of Financial Decision-Making (Lusardi et al., 2021) explains how financial literacy influences risk assessment, investment choices, and the strategic financial management. Given the complexity of financial markets, commercial banks must make informed decisions under conditions of uncertainty. Institutions with high financial awareness can evaluate macroeconomic trends, assess credit risk, and implement contingency plans that safeguard against systemic disruptions. This theory highlights the role of cognitive factors such as financial education, experience, and analytical skills in fostering sound decision-making processes that strengthen financial resilience, particularly in volatile economies such as Uganda.

Financial Distress Theory (Altman, 1968) provides a framework for identifying the early warning signs of financial instability and implementing corrective measures to prevent bankruptcy. Commercial banks that exhibit high financial awareness can detect signals of distress such as declining asset quality, liquidity constraints, and regulatory infractions at an early stage. This enables proactive interventions, such as capital restructuring, risk diversification, and regulatory compliance enhancements, that ensure long-term financial stability. Given Uganda's exposure to macroeconomic volatility, foreign exchange fluctuations, and credit risks, banks with strong financial knowledge are more adept at crisis management and sustainability planning.

Financial Awareness and Financial Resilience of Commercial Banks

The IMF Financial Access survey (2020) revealed that out of 1,000 Ugandan adults, 290 had bank accounts with commercial banks in 2019 compared to 210 in 2015, indicating a moderate increase in the number of bank accounts with commercial banks. Despite the improvement in the usage of the formal financial services, the percentage of those who were completely financially excluded had remained the same since 2013, standing at 22% (Finscope, 2018). With respect to the usage of bank accounts, 32% of the adult population had used their accounts within a period of one month, while 39% had used their accounts within a period of six months (Finscope, 2018). This meant that while a number of Ugandans had bank accounts, a large percentage were not active users of the available services. According to a survey conducted by the World Bank in 2021, 30% of Ugandans did not have accounts in the financial institutions because of trust-related issues; this was higher than the average for low-income countries, which stood at 28% (World Bank Global Findex, 2021). It was anticipated that the Government's decision to create a Deposit Protection Fund (DPF), which was separate from the Central Bank, would boost confidence in the financial sector (Deposit Protection Fund of Uganda, 2021).

The study by Lyons et al (2020) asserted that elevated financial awareness empowered banks to implement proactive risk management strategies, which foster a culture of informed decision-making. She continued to advance that by identifying, assessing, and mitigating risks effectively, banks enhanced their resilience to unexpected financial challenges. This proactive approach not only minimized the impact of adverse events but also positioned the bank to navigate uncertainties with greater agility. As a result, higher financial awareness became a strategic asset that bolstered the overall risk resilience of the bank, contributing to its stability and long-term success in a dynamic of the financial landscape. However, Mahdzan et al. (2019) noted that excessive focus on risk management driven by heightened financial awareness led to a more conservative approach. In certain situations, this conservatism could have resulted in missed opportunities for growth and innovation. Banks might have become overly cautious, potentially hindering their ability to adapt to changing market dynamics or capitalize on emerging trends. Striking the right balance between risk mitigation and strategic growth was crucial, as an overly risk-averse approach could have had drawbacks, impacting the bank's the competitiveness and long-term resilience.

The FinScope surveys conducted over the years provided valuable insights into the progress of the financial inclusion in Uganda. According to the 2009 FinScope survey, only 16% of Ugandans had accounts with commercial banks, which limited access to safe and secure financial services. However, this situation significantly improved in recent years. The 2023 FinScope study reported that 81% of Ugandan adults, equating to about 20 million individuals, were financially served, with only 19% remaining financially excluded. This marked a notable increase from the 78% of financially served adults (14.4 million people) in the 2018 survey, 70% in the 2013 survey, and 57% in 2006. This trend highlighted the positive strides made toward financial inclusion, although challenges remained in addressing the financial needs of the remaining 19% of the population. While financial inclusion expanded, the rate of exclusion was still significant, emphasizing the ongoing need for targeted financial literacy initiatives and further innovation in the financial sector to reach underserved populations (UBA, 2023). Moreover, the Ministry of Finance, Planning, and Economic Development reported that overall financial inclusion in Uganda increased from 54% in 2006 to 78% in 2019. This growth was partly attributed to efforts in improving financial literacy, which enhanced the public's ability to utilize banking services effectively, contributing to the stability and resilience of commercial banks (MoFPED, 2019).

According to Belayeth et al. (2019) financial awareness served as a critical tool in safeguarding banks against financial crimes such as fraud and money laundering. Institutions that prioritized and enhanced financial awareness implemented robust measures to detect, prevent, and mitigate the risks associated with illicit activities. Moreover, by fostering a culture of vigilance and compliance among both employees and customers, these banks created a resilient environment that actively guarded against threats to their financial standing. This proactive stance not only protected the institution from potential legal and reputational damages but also contributed to the financial resilience and trustworthiness of the bank within the financial ecosystem (Bank of Uganda, 2011; Uganda Bankers Association, n.d.).

On the flip side, an overemphasis on financial awareness, especially in the context of preventing financial crimes, led to increased surveillance and potential privacy concerns. Excessive monitoring and stringent measures impacted the customer experience, eroded trust, and potentially drove clients away (United Nations Capital Development Fund, 2022; Bank of Uganda, 2021). Striking a balance between effective fraud prevention and respecting customer privacy was crucial to maintaining a positive relationship with clients while ensuring the financial resilience of the banks. Additionally, Bunyamin & Wahab (2022) argued that the implementation of complex anti-fraud measures incurred significant costs for the bank, impacting the operational efficiency and overall financial health. Therefore, while financial awareness was vital for combating financial crimes, it should have been approached judiciously to avoid unintended negative consequences.

The study by Erdem & Rojahn (2022) asserted that internal staff with high financial awareness played a pivotal role in strengthening the bank's operational efficiency and overall financial stability, thereby enhancing the financial resilience of the institution. The employees, armed with a profound understanding of financial intricacies, contributed significantly to various facets crucial for the bank's financial well-being. Nguyen et al. (2022) added that their financial acumen enabled them to navigate intricate tasks such as financial analysis, risk management, and decision-making with adeptness, leading to streamlined and efficient operations. Moreover, their ability to make informed and strategic choices in critical areas such as investments and resource allocation contributed substantially to the bank's capacity to maintain stability amid a dynamic financial landscape. Additionally, Epaphra & Kiwia (2021) conferred that financially aware staff members excelled in risk assessment and mitigation, proactively identifying and addressing potential challenges. This proactive risk management approach enhanced the bank's resilience to financial shocks and uncertainties. The collective efforts of such employees, rooted in financial proficiency, contributed significantly to the overall financial stability of the bank. Furthermore, Karakurum-Ozdemir et al. (2019) proclaimed that their collaborative spirit and ability to align efforts across divisions enhanced operational efficiency. This collaborative and informed approach not only reduced the likelihood of errors but also streamlined workflows. Ultimately, it contributed to the effective financial resilience of the bank by creating a cohesive and well-informed operational environment.

According to the IMF's Financial Access Survey results, which were released in 2020, Uganda's branch coverage had steadily reduced since 2015. In 2019, the branch coverage per 100,000 adults stood at 2.58, compared to 3.03 in 2015, while the ATM coverage per 100,000 adults stood at 4.04, compared to 4.64 in 2015 (International Monetary Fund, 2021). From the statistics, there had been an evident decline in branch and ATM coverage across the country over the four-year period. It was no wonder, therefore, that proximity was considered the second biggest factor affecting access to financial services in Uganda (Finscope, 2018). People needed to be aware of the various banking products offered so that they could make informed decisions (Akileng et al., 2018). According to Finscope (2013), nearly five million adult Ugandans, or 31% of the adult population, had never saved before, mainly because they lacked information on how and where to save (Finscope, 2013). The various players in the financial sector, therefore, had an uphill task of creating awareness of their services to the average Ugandan. According to Akileng et al. (2018), the burden lay mostly on the financial institutions to devise creative means of reaching the public and informing them about the products they offered.

According to Lusardi (2019) conferred that the prowess of internal staff with high financial awareness extended beyond individual tasks, shaping the efficiency and stability of the bank's operations at a broader level. Their collective contribution became instrumental in fortifying the financial resilience of the institution, allowing it to navigate the challenges of a dynamic and unpredictable financial landscape. However, dependence on a small group of employees with high financial awareness created vulnerabilities. If these individuals left the organization or faced extended absences, the bank might have struggled to maintain the same level of financial proficiency, potentially impacting decision-making and risk management, thereby affecting the financial resilience of banks adversely (Lusardi et al., 2021). Moreover, the costs associated with recruiting and retaining highly financially aware staff contributed to financial considerations. Striking a balance and fostering financial awareness across the organization was crucial for financial resilience, ensuring that no single point of failure compromised the bank's stability and adaptability. Salignac et al. (2019) conferred that the risk of overreliance on a few individuals with high financial awareness created a bottleneck in decision-making processes. This concentration of expertise led to a lack of diversity in perspectives and ideas within the bank. Additionally, if there was a gap in sharing financial knowledge across the entire workforce, it created silos within the organization, hindering effective collaboration and communication. Moreover, the reliance on a few highly aware individuals could have posed a challenge in succession planning, as the departure or absence of key staff members might have significantly impacted the bank's financial resilience.

The Bank of Uganda's National Financial Inclusion Strategy (NFIS) emphasized the importance of financial literacy in achieving financial inclusion. The strategy outlined plans to enhance financial awareness through education programs, which were expected to improve the public's engagement with formal financial institutions, thereby bolstering the resilience of commercial banks (Kasaija & Atingi-Ego, 2023). Oyet (2023) found that increased financial awareness among the population led to greater inclusion, which in turn enhanced the quality of life and economic stability. This inclusion was vital for the resilience of commercial banks, as a more financially literate customer base engaged more effectively with banking services.

Furthermore, Moore et al. (2019) conferred that the adoption of financial innovations driven by financial awareness often resulted in improved operational efficiency. Automation, streamlined processes, and enhanced data analytics contributed to a more agile and efficient operation. Operational efficiency was a crucial component of resilience, allowing the bank to adapt quickly to changing circumstances and maintain stability in its day-to-day functions. Financial awareness enabled banks to be adept at assessing and managing risks associated with financial innovations. Whether it was the introduction of new financial products or the adoption of technological advancements, such banks evaluated risks comprehensively. This risk-aware approach contributed to effective risk mitigation, preventing potential disruptions that could have compromised the bank's financial stability, thus bolstering financial resilience (BIS, 2020; World Bank, 2021).

Furthermore, Kass-Hanna et al. (2021) advanced that banks with a high level of financial awareness not only optimized their capital allocation strategies but also excelled in navigating regulatory landscapes. A deep understanding of financial regulations allowed the banks to ensure compliance, mitigating the risk of legal issues and financial penalties. This regulatory acumen contributed to the financial resilience of the bank by fostering a stable and legally sound operational environment. Additionally, financial awareness empowered banks to proactively engage with regulators, staying ahead of regulatory changes and adapting their strategies accordingly. This proactive regulatory approach enhanced the bank's ability to anticipate and navigate potential challenges, further solidifying its financial resilience in a dynamic regulatory landscape. However, an overemphasis on financial awareness, without considering other aspects of business operations, led to challenges. Banks became overly conservative in their strategies, hesitating to explore innovative opportunities that could have driven growth (Morris & Smith, 2020; Kasaija, 2021). This conservatism resulted in missed chances for diversification and adapting to emerging market trends. Moreover, Goyal et al. (2021) posited that excessive focus on financial awareness alone might have diverted attention from other critical areas of operational efficiency, potentially hindering the bank's financial resilience.

METHODLOGY

Research Design

A descriptive, correctional, and cross-sectional survey design was utilized. A descriptive design was used to answer the question of how, what, who, and when associated with the current research problem. The correlation design was chosen so as to test the relationship between the independent variable (financial Awareness) and dependent variable (financial resilience). The study was cross-sectional because it was conducted across participants at a point in time and was intended to pick only some representative sample elements of the cross-section of the population. It did not necessitate the researcher to make follow up on the participants. It was thus, used on account of its rapid turn-around in data collection as Creswell (2003) advises.

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The survey design enabled collection of data from a large number of respondents. It was preferred because the researcher intended to generalize from the sample used, to the whole target population. The study employed both qualitative and quantitative approaches of data collection and analysis. The qualitative approach helped in collection of data using views, comments and judgments of selected respondents on the various theories the study raised. It was quantitative because it was based on testing a theory which consisted of variables measured with numbers and analyzed with statistical procedures to determine, whether the predictive generalization of the theory held true (Creswell, 2003).

Study Area and Population

The study focused on the financial resilience of commercial banks in Uganda, with a specific case study of Centenary Bank. This area was selected to explore how financial resilience is managed and influenced within one of Uganda's leading commercial banks. Centenary Bank was chosen due to its significant role in the Ugandan banking sector, providing a relevant context for understanding the factors that contribute to financial resilience, including employees' financial literacy and other operational factors that may affect the bank's ability to withstand financial shocks and maintain stability.

The population consisted of 170 individuals, including bank supervisors, officers, Heads of Division, and managers. The selection of this specific population was driven by their key roles and experiences integral to the process aimed at instilling financial resilience within the case study. Supervisors and officers handle operational aspects such as risk management and compliance, while Heads of Division and managers oversee strategic financial decisions and resilience-building measures. Their diverse positions and experiences made them valuable participants for a thorough examination of the strategies, challenges, and outcomes associated with enhancing financial resilience at Centenary Bank.

Additionally, this selection ensured representation from different hierarchical levels within the bank, allowing for a holistic perspective on both strategic and operational aspects of financial resilience. Senior managers provided insights into high-level policy decisions, while officers and supervisors contributed perspectives on day-to-day financial management and risk mitigation. The population size of 170 was confirmed by the HR Manager of Centenary Bank-Mapeera, ensuring that the selection was based on reliable organizational records. Furthermore, access to internal reports was sought to supplement respondents' insights with empirical data, enhancing the credibility of the study. The unit of analysis was commercial banks, as the findings from Centenary Bank were expected to provide broader implications for financial resilience within Uganda's banking sector. The selection of respondents with direct involvement in financial decision-making strengthened the study's ability to draw relevant conclusions applicable to other commercial banks.

Study Sample

The study sample is detailed under the following headings.

Sampling Design

A combination of simple random sampling and census sampling was used in this study. Simple random sampling, a probability sampling technique, was employed to ensure that every employee within the target population (Centenary Bank) had an equal chance of being selected. This approach minimizes selection bias and guarantees that the sample is representative of the larger population, enhancing the reliability and validity of the study's findings. Simple random sampling was particularly suitable for evaluating the relationship between financial awareness and financial resilience across a diverse group of bank employees.

In addition to simple random sampling, census sampling, a non-probability technique, was also applied. Census sampling involves selecting all individuals from certain departments or even the entire population of a specific group, depending on the size and scope of the study. This method was particularly useful in gathering comprehensive data from all employees in selected divisions, especially when examining factors influencing financial resilience within specific units of the bank. By using census sampling for the selection of division heads, the study ensured a thorough understanding of the entire population, providing valuable insights into organizational-wide patterns and behaviors.

Sample Frame and Sample Size

The sampling frame comprised a list of actual cases from which the sample was drawn, accurately representing the population. This frame included employee records and stakeholder lists. Employee data from the bank's human resources department were used to identify individuals across various levels, divisions, and roles. A total of 140 participants, knowledgeable in financial literacy and financial resilience, were selected for the study. This sample size was carefully chosen to ensure it represented each group adequately, as outlined below. The sample size was determined using Krejcie and Morgan's (1970) table for calculating sample sizes from finite populations, ensuring effective representation of the target population.

Sample Size

Category	Population	Sample size	Sampling methods
Heads of Divisions	9	9	Census
Managers	15	15	Census
Officers	30	26	Simple random
Supervisors	166	90	Simple random
Total	**220**	**140**	

Source: Centenary Bank Data Survey, 2025

Reliability Statistics		
Variables	**Cronbach's Alpha**	**N of Items**
Financial awareness	.744	5
Financial resilience	.863	7

Source: Primary data

The results indicate that the measurement scales for both financial awareness and financial resilience are internally consistent and suitable for further analysis. The Cronbach's Alpha for financial awareness is 0.744 based on 5 items, and, financial resilience has a Cronbach's Alpha of 0.863 across 7 items, all indicating a high level of reliability and they are above the threshold of 0.7

Data Collection

Data were collected using methods including face to face interviews and administering of questionnaires (survey method) and using instruments including interview guide and a questionnaire.

Data Analysis

The quantitative data were analyzed using correlation analysis, regression analysis, and descriptive statistics, employing SPSS v.29. Descriptive statistics, including central tendency measures (such as the mean) and dispersion measures (such as standard deviation), were used to summarize and characterize the dataset. This approach was chosen because it provides a clear overview of the distribution and key features of the sample, forming the basis for subsequent analyses. To examine the relationships between variables, correlation analysis, specifically Pearson's correlation coefficient, was applied. This technique was selected for its ability to determine both the strength and direction of relationships, offering valuable insights into the interconnections between different factors.

Exploratory Factor Analysis (CFA)

	Kaiser-Meyer-Olkin (KMO)	**Bartlett's Test of Sphericity**		
Variables	Measure of Sampling Adequacy	Approx. Chi-Square	Df	Sig.
Financial awareness	.732	150.646	10	.000
Financial resilience	.700	622.736	21	.000

To confirm the correlation matrices are not identity matrices and ensure that the variables are sufficiently correlated to justify factor analysis of financial awareness and financial resilience. Results indicate that data for both financial awareness and financial resilience are suitable for factor analysis based on the results of KMO values are 0.732 and 0.700 respectively, both of which are above the acceptable threshold of 0.7, showing adequate sampling. Additionally, Bartlett's Test of Sphericity is significant for both variables ($p < .000$).

Ethical Consideration

Throughout the study, the researchers adhered to strict ethical standards to ensure that the rights and well-being of the participants were protected. Ethical guidelines were rigorously followed to avoid any actions that could potentially harm participants. Before the study commenced, explicit permission was sought from all participants, with an emphasis placed on the voluntary nature of their involvement. Participants were made fully aware of the study's objectives, and informed consent was obtained, ensuring that they understood the purpose of the research and their role in it.

Furthermore, the researchers took responsibility for the accurate interpretation of data and ensured that findings were presented transparently, allowing others to critically evaluate the validity and reliability of the interpretations. To preserve participants' privacy, the research was conducted with confidentiality and anonymity at the forefront. No personal identifiers were collected, and participants were not required to write their names on the questionnaires. The researchers assured participants that their responses would remain confidential and would be used solely for academic purposes. Participants were informed that their involvement in the study was completely voluntary and that they could withdraw at any time without any consequences.

Additionally, the research team made sure to comply with all ethical guidelines in line with the relevant ethical boards or institutions overseeing the study, further assuring participants of the integrity and ethical nature of the research process. By maintaining these ethical practices, the researchers aimed to foster trust and ensure that the study was conducted in a manner that respected the participants' rights, dignity, and confidentiality.

RESULTS AND DISCUSSIONS

The objective of the study was to investigate the effect of financial Awareness on financial resilience of commercial banks, in Uganda. The findings are organized and presented in line with the objective of the study. According to the study the independent variable was financial Awareness operationalized as knowledge of backing products and services and digital financial literacy**.** The dependent variable was financial resilience conceptualized as financial planning, risk management and liquidity management in the next sub-sections, the summary descriptive results, and associative relationship and regression results are given. The section ends with the discussion of results.

Descriptive Results

To provide an overview of the sample from which data was collected, descriptive analysis was conducted, and the results are presented in Table 1. The mean values were interpreted according to the following scale: 1.00 – 1.80, very low; 1.81 – 2.60, low; 2.61 – 3.40, moderate; 3.41 – 4.20, high; and 4.21 – 5.00, very high.

Table 1: Summary descriptive statistics on financial awareness and financial resilience

Variable	T-Values	Mean	Standard Deviation
Financial Awareness	3.066	3.63	1.184
Financial Resilience	6.169	3.35	0.543

The summary descriptive results in Table 1 indicate that respondents rated themselves high on average for financial awareness (mean = 3.63, standard deviation = 1.184, t = 3.066) at a 0.01 significance level. This suggests that the respondents are well-versed in the banking products and services offered by Centenary Bank, and they possess the necessary knowledge to guide customers effectively. The high self-rating indicates that financial awareness within the bank is a strength, and this plays a critical role in improving the bank's ability to withstand financial shocks, particularly during economic uncertainties. This can be attributed to consistent training programs, effective communication of product details, and a culture that prioritizes employee education and awareness.

Further, the results indicate that respondents rated themselves moderately on average for financial resilience (mean = 3.35, standard deviation = 0.543, t = 6.169) at a 0.01 significance level. This suggests that financial resilience within Centenary Bank is moderate, with employees demonstrating a reasonable level of preparedness and ability to adapt to financial challenges. The standard deviation for financial awareness (1.184) is relatively large compared to financial resilience (0.543), indicating greater variation in how respondents perceived their financial awareness. This suggests that while most employees demonstrate a reasonable level of financial resilience, there is a wider disparity in the understanding of financial awareness across the sample.

Associative Relationship

To determine whether an associative relationship exists between financial awareness and financial resilience in commercial banks in Uganda, a bivariate analysis was conducted using the Pearson correlation method.

The strengths of the correlation were interpreted according to the following scale: (0.00-0.29, very low; 0.30-0.49, low; 0.50-0.69, moderate; 0.70-0.89, high; and 0.90-1.00, very high). The results of the associative relationship are presented in Table 2.

Table 2: Correlation between financial awareness and financial resilience

		Financial Awareness	Financial Resilience
Financial Awareness	Pearson Correlation	1	.706**
	Sig. (2-tailed)		.000
	N	132	132
	Pearson Correlation	.706**	1

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Financial Resilience	Sig. (2-tailed)	.000	
	N	132	132

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis in Table 2 reveals a strong positive relationship (r=0.706) between financial awareness and financial resilience at Centenary Bank, based on a sample of 132 respondents. This positive relationship indicates that as financial awareness increases, financial resilience also tends to improve. The relationship is statistically significant (p=0.000) at the 1% level, implying a very low likelihood that the result occurred by chance. There was need however to run a regression analysis to confirm whether the relationship was predictive or not as reflected in the next sub-section.

Regression Analysis of Financial Awareness on Financial Resilience

Regression analysis was conducted to evaluate whether the relationship was predictive. Results are presented in Table 3

Regression Results on Financial Awareness and Financial Resilience

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.706[a]	.498	.495	.51241
a. Predictors: (Constant), Financial Awareness				

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.916	1	33.916	129.173	.000[b]
	Residual	34.133	130	.263		
	Total	68.050	131			
a. Dependent Variable: Financial Resilience						
b. Predictors: (Constant), Financial Awareness						

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.181	.196		6.033	.000
	Financial Awareness	.596	.052	.706	11.365	.000
a. Dependent Variable: Financial Resilience						

The adjusted $R2$ value in Table 3 is 0.495, indicating that 49.5% of the variance in financial resilience, is explained by changes in financial awareness. This demonstrates that financial awareness significantly contributes to the variability in financial resilience, with the remaining 50.5% potentially influenced by other factors not included in the model.

The F-value of 129.173 in Table 3 is a measure of the overall significance of the regression model. It compares the variance explained by the model (due to financial awareness) to the unexplained variance (residuals). A high F-value suggests that the regression model provides a significantly better fit than a model with no predictors. In this case, the F-statistic is substantial, and the p-value of 0.000 confirms that the relationship between financial awareness and financial resilience is statistically significant, meaning that financial awareness is a strong predictor of financial resilience. This is also supported by the regression value of 33.916 compared to residual value of 34.133.

The regression coefficients analysis demonstrated a positive and statistically significant relationship between financial awareness and financial resilience at Centenary Bank. The unstandardized coefficient (B) for financial awareness was 0.596, with a standard error of 0.052, indicating that for every unit increase in financial awareness, there was a 0.596 increase in financial resilience. The t-value of 11.365 and p-value of 0.000 showed that this effect was statistically significant. The hypothesis that there is no statistically significant effect of financial awareness on financial resilience was therefore rejected. There is thus a statistically significant effect of financial awareness on financial resilience.

DISCUSSION OF FINDINGS

This section presents, analyzes, and interprets the results within the broader context of the theoretical and conceptual frameworks that guided the study. It also integrates insights from the reviewed literature to address the research question, aiming to draw conclusions on the impact of financial awareness on financial resilience in commercial banks in Uganda.

Financial Awareness and Financial Resilience

The main focus of this study was to investigate the influence of financial awareness on financial resilience in commercial banks. The results obtained demonstrate a clear connection between financial awareness and enhanced financial resilience. Employees at commercial banks with higher levels of financial awareness exhibited stronger decision-making capabilities, enabling the institution to navigate financial risks more effectively. This finding supports Lyons et al. (2020), who emphasize that financial awareness fosters improved risk management and strengthens financial stability within organizations.

Correspondingly, the results are consistent with Bunyamin & Wahab (2022), who highlight the importance of financial education in improving a bank's ability to withstand financial shocks. Employees with heightened financial awareness are better able to assess financial situations accurately, leading to more informed decisions that contribute to organizational resilience. In addition, the study supports Mahdzan et al. (2019), who argue that financial awareness helps to mitigate risks by equipping employees with the skills necessary to understand both the opportunities and challenges that may arise in the financial landscape.

However, while financial awareness is instrumental in building resilience, the findings suggest that an overemphasis on caution and risk aversion could potentially limit growth opportunities. This aligns with Mahdzan et al. (2019), who caution that an excessively conservative approach may hinder the exploration of new business avenues or innovations that could drive the bank's success. Therefore, striking a balance between financial awareness and a willingness to embrace calculated risks is crucial for sustaining long-term growth and adaptability in a competitive financial sector.

Furthermore, cybersecurity emerged as an essential aspect of financial awareness in the modern banking environment. In the context of digital transformation, employees with a strong understanding of cybersecurity were found to be better prepared to protect the bank’s financial stability from digital threats. This finding resonates with Kass-Hanna et al. (2021), who assert that financial awareness extends beyond traditional financial

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literacy, encompassing digital literacy and risk management in the face of technological disruptions. The study suggests that, to bolster financial resilience, commercial banks should integrate cybersecurity awareness into their financial training programs, ensuring that employees are equipped to manage both traditional and emerging financial risks effectively.

Overall, these findings underscore the importance of fostering a culture of financial awareness within commercial banks. This not only strengthens resilience by enabling informed decision-making but also ensures that employees are adaptable and capable of navigating both financial and technological challenges. By prioritizing financial awareness, commercial banks can enhance their ability to weather economic volatility and ensure long-term stability and growth.

CONCLUSIONS AND RECOMMENDATIONS

This study set out to examine the influence of financial awareness on financial resilience in commercial banks in Uganda. The findings demonstrate that financial awareness plays a pivotal role in enhancing the resilience of banks. Employees with higher levels of financial awareness exhibited better decision-making capabilities, which enabled their institutions to manage risks effectively, respond to market fluctuations, and maintain overall financial stability. Nonetheless, the study also uncovered notable gaps in the consistent updating of employee knowledge especially regarding new financial products and digital innovations underscoring the need for continuous learning in an ever-evolving financial environment.

To strengthen financial resilience, commercial banks should institutionalize structured, ongoing financial awareness initiatives. Ensuring that staff remain current with financial developments will enhance their capacity to navigate emerging risks and seize new opportunities. A culture of proactive financial learning can be fostered through periodic training, interactive e-learning modules, and peer learning forums. Additionally, embedding financial awareness into performance appraisals may encourage accountability and sustained engagement with financial education.

While the study offers meaningful insights, its limitations must be acknowledged. The research focused on a narrow set of variables, yet financial resilience is shaped by a broader ecosystem that includes financial behavior, organizational culture, and regulatory frameworks. Future studies should adopt more comprehensive models to capture these additional dimensions. Moreover, the cross-sectional nature of this study limits causal inferences; thus, longitudinal approaches or econometric analysis would provide a more nuanced understanding of the dynamic interplay between financial awareness and resilience over time.

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