

## **FACTORS INFLUENCING THE ADOPTION OF STUDENTS' LOAN SCHEMES IN GHANA.**

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### **Abstract**

The focus of the study was to examine the factors that affect the adoption of students' loan scheme in Ghana as well as the moderating role of financial knowledge in the relationship between the factors affecting adoption of the students' loan scheme. The two main factors considered to be affecting the students' loan scheme were technological factors; relative advantage, trialability, complexity, observability, compatibility and behavioral factors; and attitude and control behaviors. An estimated sample of seven hundred (700) tertiary students with experience in accessing students' loan schemes were drawn using a convenience sampling method. The study employed a mixed-method approach. Psychometric tests performed in the study ensured that all measurement scales were both valid and reliable. The results showed that relative advantage, trialability, observability, compatibility, attitude and control behavior were positively related to adoption of the students' loan scheme while financial knowledge only moderated the relationship between compatibility, attitude, behavioral control and students' loan adoption. A key implication of this study was that financial knowledge plays a major role in influencing the relationship between both the technological and behavioral factors on one hand and students' loan adoption on the other. Thus, the knowledge people have about finance goes a long way to determine the decisions they make with regards to a particular investment package. The study recommends that to enhance loan scheme patronage, all other technical challenges be bettered by the management of such loan schemes. To scale these challenges, managements should offer financial education to students. As part of their orientation programs, management of loan schemes can take it upon themselves to educate students on their students' loan schemes in order to clear all financial doubts and misconceptions surrounding the scheme. Again, they should revise their loan requirements. It is known that a lot of concerns raised by students who had never accessed a loan scheme from the focus group discussion were in the area of guarantors and the compound interest rate. In order to make the scheme more compatible and less complex, some of the requirements should be relaxed.

**Keywords:** relative advantage, trialability, observability, compatibility, attitude and control behavior, financial knowledge, student loan adoption.