



**AN ANALYSIS OF THE EXPENDITURE PATTERNS AND BUDGETING
PRACTICES AMONG UNIVERSITY STUDENTS: A CASE STUDY OF
THE SCHOOL OF STATISTICS AND PLANNING, MAKERERE
UNIVERSITY**

BY

OPAMAN MERCY

23/U/16862/PS

**A DISSERTATION SUBMITTED TO THE SCHOOL OF STATISTICS AND
PLANNING IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF BACHELOR OF SCIENCE IN QUANTITATIVE ECONOMICS DEGREE
OF MAKERERE UNIVERSITY**

JULY 2026

Declaration

I, Opaman Mercy, hereby declare that this research study on the topic an analysis of the expenditure patterns and budgeting practices among university students is my original work and has not been submitted to any other academic institution for an award of any kind.

Signature:

Date:01/09/2026.....

OPAMAN MERCY

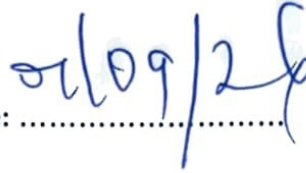
Approval

This dissertation has been submitted to the School of Statistics and Planning with the guidance and approval of the following supervisor.

Signature:



Date:



PROF. JAMES WOKADALA

Acknowledgement

My sincere gratitude goes out to the following people whose unwavering support and invaluable feedback made the completion of this dissertation possible.

First of all, I want to thank the almighty God for seeing me this far in life and for the provisions and guidance up until now.

Special thanks to my supervisor, Prof. James Wokadala. Your guidance, feedback and expertise immensely helped in shaping this research.

My appreciation goes to the participants of this study for sparing their valuable time to provide the data, without which this research would not have been possible.

Last but not least, I would like to thank my friends and family for the support rendered to me both emotionally and financially during this period.

Table of Contents

Declaration	ii
Approval	iii
Acknowledgement	iv
Table of Contents	v
List of Tables.....	viii
List of Figures.....	ix
Abstract	x
Chapter One: Introduction	1
1.1 Background to the study	1
1.2 Problem Statement.....	2
1.3 Objectives	3
1.3.1 Main Objective.....	3
1.3.2 Specific objectives	3
1.4 Research questions and hypotheses	3
1.4.1 Research questions.....	3
1.4.2 Hypotheses	4
1.5 Significance of the study.....	4
Chapter Two: Literature Review.....	5
2.1 Introduction.....	5
2.2 Categorization and Drivers of Student Expenditure	5
2.3 Theoretical Framework.....	8
2.4 Conceptual Framework.....	9
Chapter Three: Methodology	10
3.1 Introduction.....	10
3.2 Research Design.....	10

3.3 Study population and sampling.....	10
3.4 Sample size determination	10
3.5 Data collection methods and tools	11
3.6 Data Analysis Techniques	11
3.6.1 Descriptive statistics	11
3.6.2 Inferential statistics	11
3.7 Ethical Considerations	12
3.8 Limitations	12
Chapter Four: Presentation of Findings	13
4.1 Introduction.....	13
4.2 Univariate Analysis	13
4.3 Bivariate Analysis	17
4.3.1 Diagnostic and Assumption Testing.....	17
4.3.2 Two-way ANOVA.....	17
4.3.3 Chi-Square Test of Independence	18
Chapter Five: Discussion of Findings.....	19
5.1 Introduction.....	19
5.2 Budgeting Practices and Tools.....	19
5.3 Motivations, Barriers and Deviations in Financial Management	19
5.4 The Impact of Living Arrangement on Essential Spending.....	20
5.5 Budgeting Behavior is Independent of Income Source	20
Chapter six: Conclusions and Recommendations.....	21
6.1 Introduction.....	21
6.2 Conclusions.....	21
6.3 Recommendations.....	22

References	24
Appendices.....	26
Questionnaire	26
Budget.....	28
Work plan.....	28

List of Tables

Table 1: Demographic Characteristics (Gender and Living Arrangement)	13
Table 2: Budgeting Tools	13
Table 3: Primary Motivations and Perceived Barriers to Budgeting	15
Table 4: Summary Statistics for Student Expenditure	16
Table 5: Anova Summary.....	17

List of Figures

Figure 1: Conceptual Framework	9
Figure 2: Primary Sources of Income	14
Figure 3: Expense Tracking using budgets	14
Figure 4: Reasons for budget deviation	16

Abstract

This study analyses the expenditure patterns and budgeting practices among university students, focusing on a case study of the School of Statistics and Planning at Makerere University. The study aimed to assess how demographic characteristics influence spending habits and to identify the motivations and barriers impacting financial management. By utilizing a quantitative cross-sectional design, data was collected from 203 third year undergraduate students using a stratified random sampling technique that transitioned into convenience sampling. Findings from a two-way ANOVA revealed that living arrangement significantly affects essential expenditure ($p < 0.001$), while gender does not. However, neither gender nor living arrangement showed a statistically significant effect on non-essential spending ($p = 0.613, 0.174$). A chi-square test of independence demonstrated that student's primary income source - which was predominantly parental support (70%) - has no significant relationship with their choice of a budgeting tool ($p = 0.066$). The data highlights a heavy reliance on informal financial tracking, with 51.24% of the students using either mental budgets or no budget at all. While students are motivated to budget to control daily spending (44.8%), they are mainly hindered by the perceived complexity of tracking expenses (28.1%), and income unpredictability (26.6%). It was also noted that students' budgets frequently deviate due to unforeseen expenses (47.3%). The study concludes that financial management behaviors are largely driven by psychological factors and structural living conditions rather than income sources, which underscores the need for context specific financial literacy interventions.

Chapter One: Introduction

1.1 Background to the study

The university period is a significant transition for many young adults, marking the first time they assume primary responsibility for their own financial welfare. Globally, the ability of students to manage their personal finances is seen as a prerequisite for long-term economic stability and resilience (Klapper & Lusardi, 2020). As students navigate this complex landscape, they are often required to balance academic costs with daily living expenses like housing, nutrition, and transportation. The expenditure patterns established during these years are not just temporary habits; they form the behavioral foundation for their future financial lives.

In many developing economies, including Uganda, the financial environment for university students is particularly challenging due to rising inflation and a mismatch between available resources and the high cost of living. Recent research underscores that the success of a student's financial management is heavily influenced by their level of financial self-efficacy - the confidence they have in their ability to make effective financial decisions (Namutamba et al., 2025). This self-efficacy is a product of various determinants, ranging from prior financial socialization at home to the quality of financial education received at the institutional level. Students with higher self-efficacy tend to be more proactive in their budgeting, often showing greater discipline in prioritizing essential needs over impulsive wants. However, modern university life frequently drives students toward non-essential spending resulting in a significant portion of their income being redirected away from academic needs to wants like digital entertainment, social media-driven lifestyle choices and peer-influenced outings.

Evidence suggests that a significant number of students enter university without the necessary skills to manage the large lump sums provided by government loans or parental allowances and they do not maintain formal budgets which leads to impulsive spending early in the semester followed by extreme deprivation toward the end (Singh et al., 2020). Furthermore, international bodies have noted that while financial literacy among adolescents is an area of concern (OECD, 2020), the habits formed during the university years are the most immediate predictors of how these individuals will handle debt and wealth accumulation as they enter the professional

workforce. Understanding the intersection of these patterns with global financial literacy frameworks is essential for developing interventions that protect student well-being.

However, limited empirical data exists on the expenditure patterns of Ugandan university students, particularly regarding how they allocate their resources, and the expenditure practices, which are the methods, habits and strategies they use to manage and allocate funds. This study seeks to understand how Ugandan students navigate their complex financial realities through a case study of the School of Statistics and Planning at Makerere University. The school serves as an ideal case study due to its focus on data-driven disciplines which may influence the financial management behaviors of students pursuing analytical careers.

1.2 Problem Statement

Despite the recognized importance of financial literacy for personal and academic success, many university students struggle with effective financial management which results in high levels of financial stress and poor financial well-being (Archuleta et al., 2013). The financial landscape for students is highly heterogeneous, shaped by diverse living arrangements, sponsorship types, and varied income sources such as family support, scholarships, employment, or loans. These contextual factors create distinct financial pressures and opportunities that can adversely affect academic performance, mental health, and long-term financial resilience by influencing how students allocate their expenditure between essential and non-essential items.

While global frameworks emphasize the necessity of financial literacy (OECD, 2023), there is a persistent disconnect between theoretical knowledge and the daily financial habits of students. This lack of empirical clarity regarding how students actually prioritize their spending leads to a cycle of financial distress that compromises their focus and academic performance. While international surveys provide a broad overview of financial literacy among adults (OECD, 2023), there remains a critical gap in understanding how specific, localized factors shape the day-to-day expenditure patterns and budgeting practices of university students in the context of Uganda. Furthermore, while existing academic research and institutional interventions frequently focus on the outcomes of student debt or the promotion of savings, there is a critical gap in addressing the foundational behavior: budgeting. Budgeting is the starting point of financial well-being (Consumer Financial Protection Bureau, 2017); if students are equipped to establish effective

budgeting practices early on, the subsequent challenges regarding debt management and savings can be significantly mitigated.

Without a clear understanding of the behavioral and environmental factors that lead to poor budgeting, students will continue to graduate with low financial resilience and high dependence on others. This study, therefore, seeks to complement global findings by analyzing the current spending behaviors and budgeting practices among Ugandan university students to provide context-based evidence needed for comprehensive financial wellness programs and for designing interventions that promote responsible financial management and reduce the risk of long-term financial mismanagement, debt stress, and low wealth accumulation.

1.3 Objectives

1.3.1 Main Objective

To assess how the demographic and socioeconomic characteristics influence student spending habits, and to identify the underlying motivations and barriers impacting their financial management and budgeting.

1.3.2 Specific objectives

- i. To analyze the variation in spending allocations on essential and non-essential items among students by living arrangement and gender.
- ii. To identify the predominant budgeting tools used by students.
- iii. To examine the relationship between primary sources of income and the choice of a budgeting tool among students.
- iv. To determine the primary motivations for, the perceived barriers to, and the main causes of deviations in student budgeting.

1.4 Research questions and hypotheses

1.4.1 Research questions

What are the predominant budgeting tools used by students?

What are the primary motivations for, perceived barriers to, and the main causes of deviations in student budgeting?

1.4.2 Hypotheses

H_{01} : There is no significant difference between spending allocations on essential and non-essential items among students based on living arrangement and gender.

H_{02} : There is no significant relationship between a student's primary income source and their choice of a budgeting tool.

1.5 Significance of the study

Through this study, policymakers, university administrators, and students will be better-equipped to promote sustainable financial practices because the findings can inform the development of more relevant and effective financial literacy programs and counseling services within the university, tailored to the actual needs and challenges faced by the students. Without this context-specific understanding, interventions by university administrations, policymakers, and financial educators' risk being misdirected and ineffective, failing to address the pressing financial challenges faced by Ugandan students.

Chapter Two: Literature Review

2.1 Introduction

Understanding the expenditure patterns and practices of university students has become an important area of inquiry in higher education research. Student spending behavior is shaped by multiple factors, including socio-economic background, housing arrangements, cultural influences, and institutional environments. Existing studies highlight the fact that financial decisions made during university years not only affect students' academic performance and well-being but also have long-term implications for their financial literacy and future economic stability (Singh et al., 2020). This literature review will synthesize global and local evidence to identify key themes and gaps surrounding student expenditure in order to establish a foundation for analyzing how financial practices among students reflect broader socio-economic realities and institutional challenges.

2.2 Categorization and Drivers of Student Expenditure

Research from diverse contexts has examined how students allocate resources to essential needs such as accommodation, food, and tuition, while also exploring discretionary spending on leisure, technology, and social activities. For instance, studies on Asian university students have revealed cultural and regional variations in spending behavior, showing that consumption and saving practices differ across contexts and are influenced by social norms and financial awareness (Sorooshian & Teck, 2014).

This suggests that expenditure patterns are not uniform but are shaped by both structural necessities and cultural expectations. The categorization of spending into essential and discretionary items provides a useful framework for understanding how students balance immediate survival needs with social and identity-driven consumption.

Digitalization and Social Identity

Modern spending habits are heavily shaped by digital transformation. While mobile money platforms offer convenience, they often encourage impulsive spending by reducing the psychological pain of paying (Prajapati & Vidani, 2025). Furthermore, brand consciousness drives non-essential expenditure, as young adults associate branded products with social significance. This often leads students to prioritize luxuries even when struggling to meet basic needs. This

points to a tension between rational budgeting and socially motivated consumption, raising questions about how universities and policymakers can foster financial literacy in a digital age.

Impact of Living Arrangements and Housing Security

The choice of residence is perhaps the most significant structural determinant of expenditure. On-campus students benefit from fixed costs and proximity to resources, leading to higher average GPAs (3.85) compared to off-campus residents (3.47) as shown in the research conducted at Mbarara University of Science and Technology by Kamugisha & Omedo (2025). Conversely, off-campus students face "rent shocks" and high transportation expenses. Every additional mile from campus may offer a rent discount, but this is frequently offset by the increased time and financial cost of commuting. This evidence underscores the broader link between housing security and academic success.

Income Sources and Mental Health

Income sources also influence student behavior. In Uganda, Higher Education Students' Financing Board (HESFB) loans are often perceived as inadequate (Peter et al., 2026), with 78.9% of beneficiaries stating funds do not cover daily needs like food and rent. Interestingly, higher income does not always lead to savings, higher income was associated with reduced savings due to increased discretionary spending. Ultimately, financial distress is a leading predictor of student anxiety and depression (Archuleta et al., 2013), which can cause a decline in academic performance as students worry about their next meal or rent payment. This demonstrates that financial well-being is inseparable from mental health outcomes because the inadequacy of income sources not only constrains expenditure but also creates psychological burdens that hinder academic achievement.

Financial Literacy and Saving and Budgeting Practices

In addition, while extensive research on saving behavior among students emphasizes the importance of financial literacy and long-term planning, these studies usually treat saving as an isolated action rather than a downstream outcome of effective budgeting. For instance, Alda et al. (2023) observed that saving practices among economics students were shaped by regional background and access to financial resources, underscoring the role of socio-economic context in

expenditure decisions. However, focusing primarily on savings overlooks the fact that budgeting is a foundational prerequisite, because a student's capacity to save or avoid debt is determined by their daily financial tracking. This aligns with the broader findings of Fernandes et al. (2014), who demonstrates that financial education alone yields minimal downstream impact unless it's accompanied by active planning habits and structured tools. Budgeting serves as the primary tool available to students for managing financial stress, yet the adoption of formal budgeting techniques is heavily influenced by students' financial literacy (Irumba & Zikusooka, 2025). While students often practice short-term money management, such as tracking daily expenses, they frequently lack the skills for long-term financial planning.

All the above studies indicate that expenditure patterns among university students are shaped by a complex interplay of structural determinants (housing, income sources), cultural influences (social identity, brand consciousness), and individual capacities. Therefore, addressing the mechanics of budgeting is a necessary step to bridging the gap between survival-oriented spending and sustainable financial practices.

2.3 Theoretical Framework

To comprehensively analyze the expenditure patterns and practices of university students, it is necessary to integrate multiple theoretical perspectives that account for the economic, social, and psychological drivers of student spending behavior.

One such theory is the Theory of Planned Behavior, developed by Ajzen (1991), which is widely regarded as the premier model for predicting human social and economic behavior. The theory suggests that an individual's decision to engage in specific behavior is determined by their intention which is influenced by three components; the attitude toward the behavior, the subjective norms (perceived social pressures), and perceived behavioral control. This theory explains why students with high financial knowledge might have low financial discipline if their subjective norms (peer groups) encourage an extravagant lifestyle. It also explains why a student who feels they have the skills is more likely to practice proper financial management than one who feels otherwise.

Complementing the theory of planned behavior, the Social Cognitive Theory by Bandura (1997), emphasizes the three-way interaction between personal factors, behavior, and the environment. The important part of this theory is that one's financial self-efficacy is built through previous successes in financial tasks, observing peers or mentors manage their finances successfully, receiving positive feedback or encouragement from parents or mentors, and managing the stress and anxiety associated with financial decisions. A recent study by Namutamba et al. (2025) found that mastery experience and physiological state are the strongest predictors of financial literacy and behavior among university students, which further supports this theory. The theory therefore highlights the role of social learning and emotional regulation in shaping financial practices, reinforcing the idea that financial behavior is not only cognitive but also experiential.

From an economic perspective, the Life-Cycle Hypothesis (Ando & Modigliani, 1963), adds depth to the analysis of student spending. It suggests that individuals aim to maintain a stable level of consumption throughout their lives by borrowing during periods of low income and saving during their prime earning years. For a university student, current spending is influenced not just by their current allowance, but by their expectations of future earnings after graduation. This helps explain the high consumption and low saving patterns commonly observed among university students.

All the above theories converge on the idea that student's financial behavior is not random, but rather a structured outcome of knowledge, social context, university environment and future income expectations. This integrated framework is crucial for analyzing how expenditure patterns reflect both immediate challenges and long-term financial trajectories.

2.4 Conceptual Framework

The theoretical framework showed how the psychological and environmental triggers (i.e. attitude, subjective norms, and perceived behavioral control) converge to form behavioral intentions in the presence of external influences such as expectations of future earnings which affect actual expenditure behavior.

Building on this foundation, the conceptual framework for this study illustrates the ways through which the Demographic & Socio-Economic factors influence Psychological Mediators. These mediators influence students' Budgeting Intentions which ultimately translate into observable Expenditure Patterns across essential and discretionary categories.

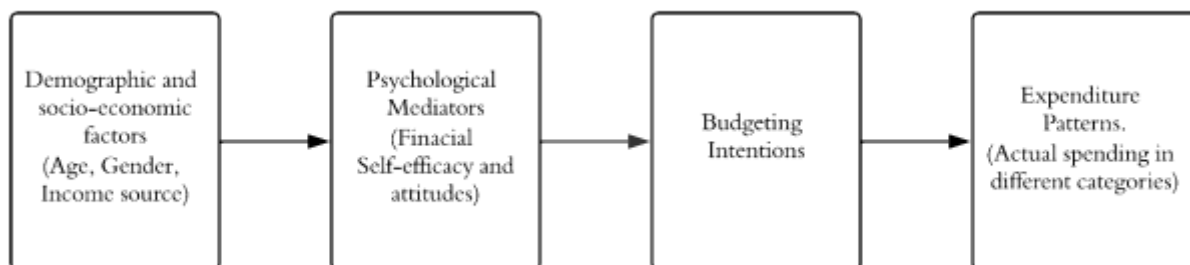


Figure 1: Conceptual Framework

The conceptual framework integrates economic expectations (Life-Cycle Hypothesis), social influences (Theory of Planned Behavior), and self-efficacy mechanisms (Social Cognitive Theory). It therefore provides a holistic lens for analyzing how structural realities, psychological dispositions, and future-oriented expectations converge to shape the financial practices of university students.

Chapter Three: Methodology

3.1 Introduction

This chapter outlines the methodological framework used to investigate the research questions and hypotheses guiding this study. The details of the research design, participant selection, data collection instruments and data analysis procedures are provided below.

3.2 Research Design

The study adopted a quantitative research design with a cross-sectional approach. The design is appropriate for the study because data was collected at a single point in time in order to analyze the relationship between the variables. A combination of quantitative data for pattern identification and qualitative data for gaining deeper insights into the practices was used.

3.3 Study population and sampling

Target population: All the undergraduate year 3 students at Makerere university, school of statistics and planning.

Sampling technique: Stratified random sampling

3.4 Sample size determination

Given the target population, the sampling frame consisted of all year 3 students currently enrolled in the various courses offered at the school of statistics and planning.

The total number of students in the sampling frame was N. To determine the sample size, n , the Cochran formula (Cochran, 1997) was applied, using a 95% confidence interval, 5% margin of error and a proportion of 0.5.

$$n = \frac{n_0}{1 + \frac{n_0 - 1}{N}} = 203 \quad \text{where} \quad n_0 = \frac{Z^2 p(1-p)}{e^2} = 384$$

To ensure the representativeness of the sample, the stratification was based on the courses offered at the school and proportional allocation was used to determine the strata sizes using the formula below (Cochran, 1997);

$$n_h = \frac{N_h}{N} \times n \quad \text{where } n_h \text{ is the sample size for stratum } h \text{ and } N_h \text{ is the size of each stratum.}$$

To obtain the final sample, simple random sampling was used to select the required number of students from each stratum.

3.5 Data collection methods and tools

The study mainly used primary data that was collected from respondents using questionnaires administered online via google forms.

3.6 Data Analysis Techniques

Quantitative analysis was done using various statistical methods like descriptive statistics for univariate analysis, and inferential statistics like ANOVA and the chi-square test of independence for bivariate analysis.

The software for the analysis was Microsoft excel and STATA. The data was cleaned and organized in Microsoft excel followed by a detailed analysis in Stata.

The following data analysis techniques were used:

3.6.1 Descriptive statistics

Summary statistics of the variables were provided that is the mean, median, counts, minimum and maximum values.

Frequency analysis was used to find the predominant budgeting methods, as well as the motivations and barriers to budgeting.

$$\text{Frequency} = \frac{n}{N}$$

3.6.2 Inferential statistics

1. Two-way Anova

This was used to analyze the variation in spending allocations by students on essential and non-essential items.

$$\text{Model: } Y_{ij} = \mu + \alpha_i + \beta_j + \epsilon_{ij}$$

Where Y_{ij} is expenditure allocation on essential and nonessential items

μ is the population mean

α_i is the gender effect

β_j is the living arrangement effect

ϵ_{ij} is the error term

Hypotheses.

H_{01} : There is no significant difference in mean expenditure between the two genders.

H_{A1} : There is a significant difference in mean expenditure between the two genders.

H_{02} : There is no significant difference in mean expenditure based on living arrangement.

H_{A2} : There is a significant difference in mean expenditure based on living arrangement.

2. Chi-Square test of independence.

This was used to analyze the relationship between students' primary income sources and choice of budgeting tools.

Formula

$$\chi^2 = \sum_{i=1}^r \sum_{j=1}^c \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

Where O_{ij} is the observed frequency and E_{ij} is the expected frequency.

H_0 : Primary income source and choice of a budgeting tool have no relationship.

H_A : Primary income source and choice of a budgeting tool are dependent.

3.7 Ethical Considerations

All participants in the study were made aware of the study's purpose and their rights. They were required to provide their consent before answering the questionnaire.

All form responses were treated anonymously and were used for academic research purposes only.

To ensure anonymity, the respondents were not asked for personal details like their names.

3.8 Limitations

The study was based on self-reported data which is prone to recall bias as some students may not accurately recall their expenditure on various items.

Another limitation was the exclusion of accommodation costs from the final analysis. Due to inconsistencies in the reporting periods - as many participants reported full semester figures instead of weekly or monthly figures - it became difficult to standardize the data, which resulted in the variable being omitted from the essential expenditures.

While the study initially intended to utilize stratified random sampling, a significant nonresponse rate among the targeted participants required a shift to convenience sampling to meet the target sample size for each stratum. Therefore, the findings of the study may not reflect the broader student population's expenditure behavior.

Chapter Four: Presentation of Findings

4.1 Introduction

This chapter presents the findings obtained from the data collection process outlined in the methodology. The following sections provide both the descriptive and inferential analysis of the data based on a sample of 203 respondents.

4.2 Univariate Analysis

From the target population, a sample of 203 respondents were surveyed. Below is the detailed summary of the demographic and socioeconomic characteristics and budgeting habits.

Table 1: Demographic Characteristics (Gender and Living Arrangement)

Variable	Category	Frequency	Percentage (%)
Gender	Male	106	52.22
	Female	97	47.78
Living arrangement	Living with roommates	110	54.19
	Living with parents/family	50	24.63
	Living alone (renting off-campus)	43	21.18

The table above shows the living arrangement and gender distribution of the students who participated in the study. Out of the 203 respondents, a slight majority were male comprising 52.22% of the sample and the remaining 47.78% were female.

In terms of accommodation, over half of the students (54.19%) reported living in halls and hostels, while 24.63% live with family and 21.18% live alone.

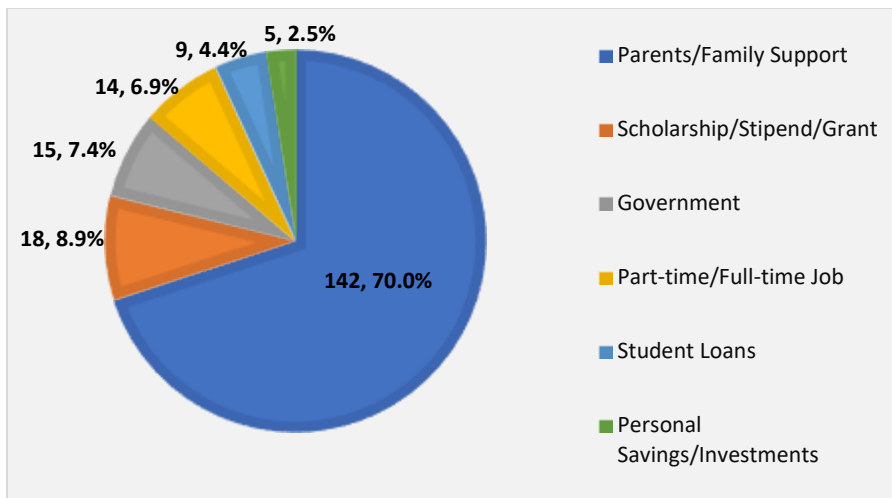
Table 2: Budgeting Tools

Tool Utilized	Frequency	Percentage (%)
Mental budget	62	30.54
No budget	42	20.70
Envelope system	34	16.75
Simple written budget	31	15.27
Spreadsheet	20	9.85

Budgeting App/Software	17	8.37
------------------------	----	------

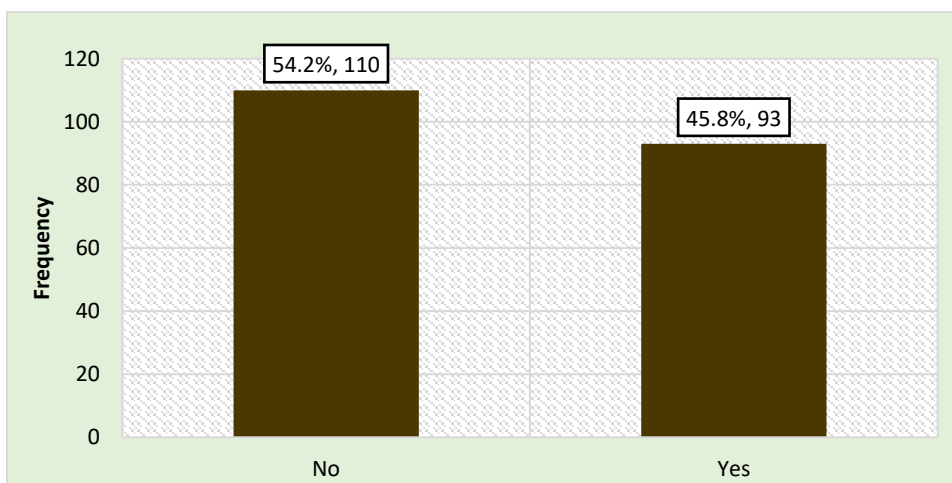
The table above shows the budgeting tools used by the participants. A majority 30.54% of the participants reported using mental budgets, 20.70% do not budget, 16.75% use the envelope system, 15.27% use written budgets, 9.85% use spreadsheets and the remaining 8.37% use budgeting apps.

Figure 2: Primary Sources of Income



As shown in Figure 2, parental support is the predominant primary source of income for most of the participants (70%). With scholarships accounting for 8.9%, government sponsorship 7.4%, part-time employment 6.9%, student loans 4.4%, and 2.5% for personal savings.

Figure 3: Expense Tracking using budgets



As illustrated in Figure 3, 54.2% of the participants reported that they don't track their expenditure using a budget while 45.8% reported that they track their expenses using a budget.

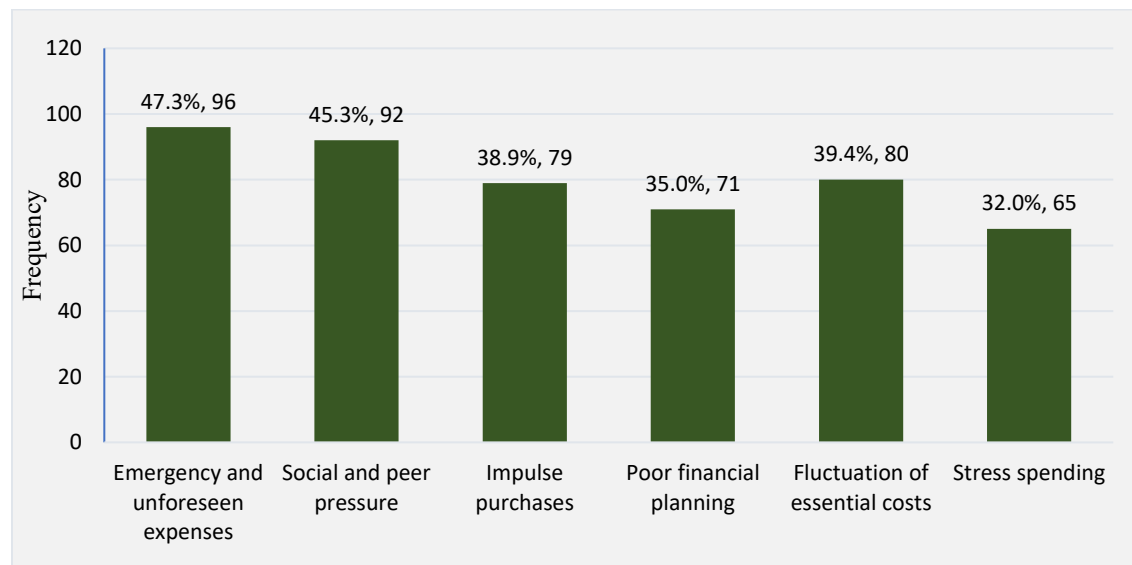
Table 3: Primary Motivations and Perceived Barriers to Budgeting

Variable	Category	Frequency	Relative Percentage
Budgeting Motivations	To control daily spending	91	44.8%
	To reduce financial stress and anxiety	69	34.0%
	To build good financial habits for the future	66	32.5%
	To save for a specific goal	65	32.0%
	To build long-term savings/investments	59	29.1%
	I am not motivated to maintain a budget	41	20.2%
	To reduce debt or avoid new debt	33	16.3%
Budgeting barriers	It's too complicated to track everything	57	28.1%
	My income is too irregular/unpredictable	54	26.6%
	Lack of time	51	25.1%
	It feels too restrictive or stressful	48	23.6%
	I don't think it's necessary for my situation	34	16.7%
	I don't have any barriers	29	14.3%
	Lack of knowledge	28	13.8%

Table 3 presents the motivations and barriers to participants budgeting using frequencies and relative percentages of the total responses. When it comes to budgeting motivations, controlling daily spending emerged as the most prominent driver (91, 44.8%), followed by reducing financial stress and anxiety (69, 34%), building good financial habits (66, 32.5%), saving for a specific goal (65, 32%), and building long-term investments (59, 29.1%). Only 41 of the 203 participants reported lack of motivation, and debt reduction was the least reported motivator (16.3%).

For the barriers, the complexity of tracking expenditure was the most frequent barrier (n = 54, 28.1%), closely followed by income irregularity/unpredictability (n = 54, 26.6%) and lack of time (n = 51, 25.4%). 23.6% of the respondents thought it restrictive while 16.7% of the responses indicated that budgeting wasn't necessary for their current situation. Lack of financial knowledge (13.8%) and having no barriers (14.3%) were the least reported categories.

Figure 4: Reasons for budget deviation



The main reason reported for budget deviation was unforeseen expenses (47.3%), closely followed by peer pressure (45.3%) and fluctuation of essential costs (39.4%). Smaller proportions of the participants reported impulse purchases (38.9%), poor planning (35.0%), and stress spending (32.0%) as causes for deviations.

Table 4: Summary Statistics for Student Expenditure

Variable	Mean	Minimum	Maximum	Mode	Median	Standard Deviation
Monthly expenditure	174,049	95,000	330,000	150,000	160,000	49,919
Semester expenditure on essentials	515,546	187,000	874,000	408,000	480,000	151,395
Semester expenditure on non-essential	224,983	42,500	595,000	340,000	182,000	136,578

The table above shows that on a monthly basis; an average student's expenditure is 174,049, ranging from a minimum of 95,000 to a maximum of 330,000. 150,000 was the most reported amount.

On a semester basis, spending on essentials outweighs the non-essential spending. The mean expenditure on essentials is 515,546, which more than double the mean expenditure on non-essentials, 224,983.

4.3 Bivariate Analysis

4.3.1 Diagnostic and Assumption Testing

Before interpreting the inferential models, diagnostic tests were run to check for normality and homoscedasticity assumptions. The Shapiro-Wilk test was used to test for normality and the Breusch-Pagan test was used to test for homoscedasticity.

The residuals for the essential spending model met the assumption of normality ($p = 0.379$) and the assumption of constant variance ($\chi^2(1) = 0.93$, $p = 0.334$).

The residuals for the non-essential spending model violated the assumption of normality ($p < 0.001$) but met the assumption of constant variance ($\chi^2(1) = 0.45$, $p = 0.502$). However, relying on the central limit theorem, the analysis proceeded without any changes.

4.3.2 Two-way ANOVA

A Two-way ANOVA was conducted to test hypothesis H_{01} , analyzing the independent effects of gender and living arrangements on expenditure allocations on essential and non-essential items.

Table 5: Anova Results Summary

Model	Variable	F-statistic	p-value
Essential Spending	Overall model	42.23	< 0.001
	Gender	0.86	0.356
	Living arrangement	62.56	< 0.001
Non-essential Spending	Overall model	1.24	0.295
	Gender	0.26	0.613
	Living arrangement	1.77	0.174

The overall model for essential spending was statistically significant ($p < 0.001$). The findings indicate that while living arrangement strongly affected essential expenditure ($p < 0.001$), gender had no significant effect ($p = 0.356$).

Post hoc Tukey HSD tests revealed statistically significant differences in expenditure across all the pairwise comparisons for living arrangement. Students living with family/parents reported significantly higher mean expenditure than those living alone (contrast = 122,821, $p < 0.001$) and

those living with roommates (contrast = 225,329, $p < 0.001$). Students living alone spent significantly more than those living with roommates (contrast = 102,508, $p < 0.001$).

On the other hand, the model predicting non-essential expenditure was not statistically significant ($p = 0.295$). This shows that non-essential expenditure did not vary by gender ($p = 0.613$) or by living arrangement ($p = 0.174$).

4.3.3 Chi-Square Test of Independence

To address the objective H_{02} , a cross-tabulation and Pearson Chi-Square tests were used to evaluate the relationship between a student's primary income source and their choice of budgeting tools.

The relationship was not statistically significant at 5% level ($\chi^2(25) = 36.385$, $p = 0.066$). We, therefore, failed to reject H_{02} and concluded that primary income sources have no significant effect on the choice of budgeting tools among the students.

Chapter Five: Discussion of Findings

5.1 Introduction

This chapter interprets the findings presented in Chapter Four, in relation to existing literature and the study's established theoretical framework.

5.2 Budgeting Practices and Tools

The data reveals a heavy reliance on informal financial tracking, with 30.54 % of students utilizing mental budgets and 20.70% maintaining no budget at all. Combined, nearly half the participant population operates without a structured financial framework. This supports the observation that while students attempt short-term money management, they frequently lack the mechanisms for long-term planning. The low adoption rates of spreadsheets (9.85%) and dedicated budgeting applications (8.37%) contrast with the high digital literacy typically found in data-driven disciplines. This suggests that technological proficiency does not automatically translate to digital financial management.

5.3 Motivations, Barriers and Deviations in Financial Management

The strongest motivation for maintaining a budget among the respondents is the desire to control daily spending (91 respondents), followed by the need to reduce financial stress and anxiety (69 respondents). This aligns with the Life-Cycle Hypothesis discussed in chapter two. According to this theory, students often have high consumption and low saving patterns because they expect to earn higher income after graduation. This results in students prioritizing the management of their daily cashflows over long term saving/investment.

However, even when students want to manage their money, they run into challenges. The dominant obstacle cited is the perception that tracking expenses is too complicated (57 respondents). Another barrier is having unpredictable/irregular income (54 respondents). This reflects a critical misunderstanding among students, the belief that budgeting is a wealth management tool rather than a scarcity management tool.

On top of that, the students who try to stick to budgets end up derailing from them. Almost half of the respondents said unexpected expenses (47.3%) caused deviations from their budgets, and 45.3% blamed peer pressure. Linking this to the Theory of Planned Behavior, it is clear that social pressure from friends and low perceived behavioral control (feeling like budgeting is too hard)

prevents students from adopting and adhering to good financial habits, even when they recognize the benefits.

5.4 The Impact of Living Arrangement on Essential Spending

The ANOVA results reveal a distinct divide in how demographic variables influence student finances. Gender has no significant effect on spending behavior on essential and non-essential items. However, where a student lives has a significant impact on their essential expenditure ($p < 0.001$). This directly aligns with the literature which notes that off-campus students face unpredictable rent shocks and high transportation costs, unlike the fixed costs of living on-campus.

Interestingly, living arrangements does not affect non-essential spending ($p = 0.174$). This implies that while essential costs are imposed by housing choices, non-essential spending is discretionary and uniform across the student body. This suggests that discretionary spending is driven much more by peer influence, digital trends and social identity rather than where a student lives.

5.5 Budgeting Behavior is Independent of Income Source

One of the most important findings of this study is that a student's primary income source has no significant relationship with their choice of a budgeting tool. Whether a student is funded by parents, government, loans, or a part-time job, it does not determine how they budget, or if they even budget at all.

This strongly supports both the Social Cognitive Theory and the Theory of Planned Behavior. It shows that good financial habits come from a student's mindset - like their attitude, personal motivation, and confidence in managing money (financial self-efficacy) - rather than the origin or size of the money. As noted earlier, students fail to budget because they perceive it as too complicated or they feel their income is too unpredictable. Thus, behavioral intent and financial literacy outweigh financial source when shaping budgeting practices.

Chapter six: Conclusions and Recommendations

6.1 Introduction

This chapter presents the conclusions drawn from the study's findings regarding university students' expenditure patterns and budgeting practices. In addition to this, it outlines recommendations for university administrators, policy makers and students. By focusing on budgeting as the foundational starting point for financial well-being, these recommendations aim to foster sustainable habits that ultimately address broader issues of student savings and debt.

6.2 Conclusions

Based on the analysis of the data collected, the following conclusions are drawn:

Income origin does not dictate financial discipline. The lack of a relationship between income sources and choice of budgeting tools demonstrates that financial behavior is a psychological trait, not circumstantial. The type of funding a student receives does not equip them with the mechanisms needed for effective financial planning and poor financial management cannot be solved by simply increasing funding.

Informality in financial management. Despite the fact that the school offers data-driven academic disciplines, majority of the students predominantly rely on unstructured mental budgets or avoid budgeting entirely. Formal tools like spreadsheets and applications are underutilized, indicating a gap between general digital literacy and specific financial tracking behaviors.

Housing choices drive essential costs. A student's living arrangement is the main factor affecting their essential expenditure. Since gender doesn't significantly affect how much students spend, the best way to understand a student's basic financial pressure is by looking at where they live.

Misconceptions hinder budgeting. The primary barriers to effective financial management are psychological and educational rather than strictly financial. The belief that expense tracking is too complex and that unsteady income negates the need for a budget reveals a fundamental misunderstanding of financial planning principles, because budgeting is a survival tool meant to help them manage unpredictable funds.

6.3 Recommendations

To address the challenges identified in this study, the following recommendations are proposed:

For University administrators and financial educators

Simplify financial literacy programs. Financial literacy programs should shift away from teaching complex, long-term wealth accumulation models and focus heavily on simplified, low-effort daily strategies, like teaching the envelope system which is already utilized by 16.57% of the sample, or introducing simplified digital templates. This could reduce the perceived complexity of budgeting.

Address the misconceptions about income and budgeting. Interventions must target financial mindsets rather than just income management. Financial workshops and counseling services should counter the belief that budgeting is only for those with steady incomes and emphasize the crucial role it plays in managing scarcity and irregular incomes.

For policy makers and funding agencies

Build students financial capacity. Since funding alone does not dictate sound financial behavior, organizations should incorporate mandatory, practical financial management workshops during the disbursement of funds that teach students how to manage their finances effectively.

Transition from lump sum to periodic disbursements. Sponsoring agencies should consider disbursing living allowances in installments rather than a single lump sum at the start of the semester. This is because receiving large sums at once often results in overspending early in the semester and severe financial strain towards the end. Periodic disbursements will help students manage their day-to-day cashflow more effectively.

For university students

Shift from mental to tangible expense tracking. Students are encouraged to move away from keeping track of money in their heads and start using physical or digital tools like simple notebooks. Mental budgets make it easy to overlook small daily purchases, leading to unexpected cash shortages.

Keep it simple to avoid feeling overwhelmed. Students stop budgeting because they feel its too complicated. Instead of tracking every single detail right away, students should focus on recording major daily expenditure categories like food and transport, in order to build consistency before trying more advanced financial systems.

Plan for surprise expenses and social outings. Since unforeseen expenses and peer pressure are the main reasons students' budgets fail, they should build a small emergency buffer into their budget each month. This can prevent their budgets from falling apart when unexpected spending happens.

For future research

Track expenditure habits over time. While this study provides a cross-sectional snapshot of student behavior, future research should consider longitudinal studies to track how students spending and budgeting habits evolve as they mature and face changing financial pressures from their first year until graduation.

Expand to different fields of study. Future studies should include students from non-analytical disciplines like humanities or arts. This would help to determine if the reliance on mental budgeting is uniform across different academic backgrounds.

Investigate what triggers behavioral change. Researchers can explore the specific events or triggers, such as attending a financial workshop or facing a severe financial shock, that make students abandon mental tracking and adopt formal budgeting methods.

References

- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Alda, E., Ristati, R., Nurlela, N., & Asbar, Y. (2023). Analysis of saving behavior in students of the faculty of economics and business at Malikussaleh University. *Management Research and Behavior Journal*, 3(1). <https://doi.org/10.29103/mrbj.v3i1.10643>
- Ando, A., & Modigliani, F. (1963). The “Life Cycle” Hypothesis of Saving: Aggregate Implications and Tests. *The American Economic Review*, 53(1).
- Archuleta, K. L., Dale, A., & Spann, S. M. (2013). College students and financial distress: Exploring debt, financial satisfaction, and financial anxiety. *Journal of Financial Counseling and Planning*, 24(2).
- Bandura, A. (1997). *Albert Bandura's Social Cognitive Theory*. <https://www.simplypsychology.org/social-cognitive-theory.html>
- Cochran, W. G. (1997). *Sampling Techniques*. (3rd ed.). John Wiley and Sons. <https://onlinelibrary.wiley.com/doi/10.1002/bimj.19650070312>
- Fernandes, D., Lynch, J. G., & Netemeyer, R. G. (2014). Financial literacy, financial education, and downstream financial behaviors. *Management Science*, 60(8), 1861–1883. <https://doi.org/10.1287/MNSC.2013.1849>
- Consumer Financial Protection Bureau. (2017). *Financial well-being in America*. U.S. Consumer Financial Protection Bureau. <https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-america/>
- Irumba, A., & Zikusooka, E. (2025). Financial Literacy and Its Effect on University Students' Budgeting and Spending Habits: A Case Study of Uganda Christian University (UCU). *Metropolitan Journal Of Academic Multidisciplinary Research*, 4(3), 76–89.
- Kamugisha, S., & Omedo, V. (2025). The Effect of Student Housing Conditions on Academic Performance: A Case Study of Mbarara. *Metropolitan Journal Of Academic Multidisciplinary Research*, 4(3), 65–75.
- Klapper, L., & Lusardi, A. (2020). Financial literacy and financial resilience: Evidence from around the world. *Financial Management*, 49(3). <https://doi.org/10.1111/fima.12283>
- Namutamba, K. T., Kigongo, T. K., Orobias, L. A., Nabeta, I. N., Tumwine, S., & Mindra, R. K. (2025). Determinants of financial self-efficacy among selected university students in Uganda. *Makerere Journal of Higher Education*, 13(1). <https://doi.org/10.4314/majohe.v13i1.6>

- OECD. (2020). *PISA 2018 Results (Volume IV): Are Students Smart about Money?*
<https://doi.org/10.1787/48ebd1ba-en>
- OECD. (2023). OECD/INFE 2023 International Survey of Adult Financial Literacy. *OECD Business and Finance Policy Papers, OECD Business and Finance Policy Papers*, 39.
<https://doi.org/10.1787/56003a32-en>
- Peter, S., Arinaitwe, J., & University, A. (2026). The Student Loan Scheme and Access to Education: An Impact Assessment of the Higher Education Students' Financing Board (HESFB) on Rural Enrollment. *Avance International Journal of Academic and Applied Research*, 2(1), 83–101.
https://www.researchgate.net/publication/400132556_The_Student_Loan_Scheme_and_Access_to_Education_An_Impact_Assessment_of_the_Higher_Education_Students'_Financing_Board_HESFB_on_Rural_Enrollment
- Prajapati, H., & Vidani, J. (2025). Digital Payment Apps: A Study on Saving and Spending Habits among College Students in Ahmedabad City. *International Journal of Sustainable Applied Sciences*, 3(11), 727–744. <https://doi.org/10.59890/ijzas.v3i11.203>
- Singh, S., Gupta, S., Jain, S., Kabra, S., & Gupta, S. (2020). Student Budgeting and Spending Behaviour. *International Journal of Creative Research Thoughts*, 8(7).
- Sorooshian, S., & Teck, T. S. (2014). Spending Behaviour of a Case of Asian University Students. *Asian Social Science*, 10(2). <https://doi.org/10.5539/ass.v10n2p64>

Appendices

Questionnaire

Section 1: Basic Information, Demographics and Income Source

Qn1. Select your gender (1 = Male, 2 = Female)

Qn2. What course do you do? (1 = BSTAT, 2 = BSQE, 3 = BSAS, 4 = BPOP)

Qn3. What is your current living arrangement?

1. Living alone (renting/off-campus)
2. Living with parents/family
3. Living with roommates (hall, hostel or non-family)

Qn4. What is your primary source of income? (Select the one that provides the most funds)

1. Parents/Family Support
2. Part-time/Full-time Job
3. Scholarship/Stipend/Grant
4. Student Loans
5. Personal Savings/Investments
6. Other (please specify): _____

Section 2: Spending allocations on essentials and non-essentials

Qn5. On average, how much money do you spend in a month? (Enter a specific amount)

Qn6. How best can you accurately report your expenditure? (1 = Weekly, 2 = Monthly, 3 = Semesterly)

Qn7. On a weekly/monthly/per semester basis, approximately how much do you spend on the following categories? Please estimate your average spending in the following categories. (provide figures for the categories you spend on only)

1. Food (day to day meals)
2. Transport
3. Accommodation/rent
4. Academic materials (notes, books, etc.)
5. Utilities (power, water, internet)
6. Entertainment and socializing (subscriptions, nightlife, events)
7. Aesthetics (decor, comfort items)
8. Technology and gadgets
9. Appearance and personal care (Haircuts, manicures, saloon visits, etc.)

Section 3: Budgeting practices

Qn8. Do you track your expenses using a budget? (1 = Yes, 2 = No)

Qn9. Which of the following best describes your primary approach to managing your money?
(Please choose one)

1. I do not maintain a budget.
2. Mental budget (I keep track in my head).
3. Simple written budget (e.g., pen and paper).
4. Spreadsheet (e.g., Excel, Google Sheets).
5. Budgeting App/Software (e.g., Mint, YNAB).
6. Envelope system (I separate my money in envelopes for different needs).

Section 4: Motivations, Barriers and Deviation from budgets

Qn10. What are your main motivations for maintaining a budget? (Select all that apply)

1. To control daily spending
2. To save for a specific goal (e.g., travel, car)
3. To reduce debt or avoid new debt
4. To build long-term savings/investments
5. To reduce financial stress and anxiety
6. To build good financial habits for the future
7. I am not motivated to maintain a budget

Qn11. What are the main barriers or challenges you face in creating or maintaining a budget?
(Select all that apply)

1. Lack of time
2. Lack of knowledge or not knowing how to start
3. My income is too irregular/unpredictable
4. It feels too restrictive or stressful
5. I don't think it's necessary for my situation
6. It's too complicated to track everything
7. I don't have any barriers

Qn12. Which of the following factors cause deviations from your budget? (Select all that apply)

1. Social and peer pressure (social events)
2. Emergency and unforeseen expenses
3. Impulse purchases
4. Fluctuation of essential costs (rent, academic materials, transport changes)
5. Poor financial planning
6. Stress spending

Budget

Item	Estimated cost (UGX)
Data collection; data for designing questionnaire and sending it out.	10,000
Stationary	10,000
Printing and binding.	30,000
Miscellaneous.	10,000
Total.	60,000

Work plan

Activity	Time Frame			
	Aug - Oct 2025	Nov - Dec 2025	Jan - March 2026	April - July 2026
Choosing a research topic				
Approval of research topic				
Literature review and concept note development				
Submission and approval of research proposal				
Getting approval for data collection				
Data collection and analysis				
Dissertation writing				
Submission of final copies of the dissertation				