

**IMPACT OF FINANCIAL LITERACY ON THE PERFORMANCE OF SELECTED
FASHION DESIGN SMALL AND MEDIUM ENTERPRISES IN MUNICIPAL AREA
COUNCIL FCT ABUJA**

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ABSTRACT

The study examined the impact of financial literacy on the performance of selected fashion design Small and Medium Enterprises in Municipal Area Council FCT Abuja. The study specific objectives were centered on financial knowledge, behavior, and attitude of owners' managers toward funding options, debt management, savings habit, budgeting and planning, and record keeping on the Performance (profitability and output) of selected fashion design in Municipal Area Council Abuja. The population of the was 210, which was adopted as the sample size. Purposive sampling and simple random sampling technique was adopted for the study. Linear regression statistical tool was used to test the hypothesis using SPSS. The findings of the study revealed that financial literacy have positive significant impact on the profitability of selected Fashion design enterprise. The findings further indicate a positive and significant impact of financial literacy on the output of Fashion design enterprises in Municipal Area Council FCT Abuja. The study concludes that financial literacy (financial knowledge, financial attitude and behavior) has positive significant impact on the Performance (profitability, and output) of selected Fashion design enterprises in Municipal Area council Abuja. the study recommends that Government agencies on entrepreneur, micro finance institutions and deposit money banks should organize financial education training that will create awareness for SMEs owners on areas that are lacking such as sources of funds and financing options for startup businesses. This will encourage SMEs in Fashion design to Operate profitably. Training programs for owners and Managers of Small and Medium Enterprises on debt management, budgeting and planning, record keeping, saving and retirement plans in schools and other institutions that seek to promote financial literacy and practice for improved output.

Keywords: Financial Literacy, SMEs, Performance, Economic, Government

INTRODUCTION

Financial literacy has emerged as a crucial aspect of economic decision-making, gaining widespread recognition across nations at different stages of development—whether advanced, emerging, or underdeveloped. Its significance is particularly evident in well-

established economies like the United States, where financial literacy plays a fundamental role in business operations across various sectors. Acknowledging its importance, the U.S. government initiated a strategic intervention in January 2008 by establishing the President's Advisory Council on Financial

Literacy, which was mandated to enhance financial education across all economic levels.

Similarly, developing nations have taken proactive steps to promote financial literacy, recognizing its impact on economic growth and individual financial well-being. Countries such as Nigeria, Malaysia, and South Africa have launched targeted programs designed to enhance financial awareness and skills among their citizens. At its core, financial literacy entails the ability to understand and effectively manage financial resources, equipping individuals with the necessary skills to make sound financial decisions tailored to their personal and familial economic situations.

For business owners and entrepreneurs, financial literacy has become an area of growing concern, as it directly influences their capacity to navigate complex financial landscapes. It is not merely a fixed state of knowledge but rather an evolving competence that allows individuals to adapt to shifting social, economic, and personal financial realities. Researchers such as Hilgert and Hogarth (2018) suggest that financial literacy is a key factor influencing the long-term viability of businesses. A strong foundation in financial knowledge is often seen as a decisive element in determining whether a business thrives or struggles to sustain itself in a competitive environment.

MSMEs are widely acknowledged as the backbone of economic expansion and industrial advancement, accounting for over 90% of global businesses. They play a crucial role in employment generation, poverty alleviation, and the enhancement of sustainable economic growth (Kraemer-Eis et al., 2017). In emerging economies like Nigeria, MSMEs contribute approximately 50% to the national Gross Domestic Product (GDP) and employ around 60% of the urban labor force (SMEDAN, 2017; NBS, 2020). However, despite their economic significance, MSMEs in Nigeria face considerable financial challenges, including disparities in financial education, inconsistent financial policies, and restricted access to financial resources (Central Bank of Nigeria, 2020).

Financial literacy, defined as the ability to comprehend and apply financial management principles, is a crucial enabler of economic

sustainability and individual financial well-being (Huston, 2010). Its effect on key performance indicators such as growth, profitability, innovation, and productivity within the MSME sector remains a subject of academic and policy interest. Many small businesses suffer from limited financial acumen, particularly in areas such as funding alternatives, proper debt management, disciplined saving practices, structured budgeting, and systematic record-keeping. These deficiencies have significant repercussions on the survival and long-term sustainability of MSMEs in the Municipal Area Council.

Although various empirical studies (Gbemigun & Abaje, 2022; Irikefe & Opusunju, 2021; Usama & Yusoff, 2019) have examined the correlation between financial literacy and SME performance in Nigeria, most have focused on selected geographical regions and failed to isolate and measure specific financial literacy indicators comprehensively. This study, therefore, aims to fill this gap by providing a nuanced analysis of financial literacy's role in enhancing business outcomes within the fashion design industry.

Financial literacy is an indispensable factor in the expansion and sustainability of business enterprises. Despite its significance, limited attention has been paid to financial literacy as a distinct research area in Nigeria. Many studies, such as those by Aja-Okorie & Adali (2013), Ediagbonya (2013), Ayegba & Omale (2016), and Anyebe (2017), have often conflated financial literacy with broader concepts such as entrepreneurial education or general business knowledge. However, financial literacy extends beyond basic business skills—it encompasses comprehensive financial management expertise that empowers business owners to evaluate financial products critically, make informed investment decisions, and manage debt prudently.

A major challenge confronting MSMEs in Nigeria is the lack of structured financial management practices. Many small business owners, particularly those with low financial literacy levels, do not prioritize accurate bookkeeping or systematic financial reporting unless mandated by statutory requirements. Instead, they often rely on unskilled personnel to handle financial records, resulting in

inaccurate accounting information that undermines business transparency (Ezejiofor et al., 2014). The inability to maintain credible financial records hampers their ability to attract investors or secure credit facilities, as financial institutions require verifiable documentation of a business's financial health before approving loans or investments.

Despite numerous government initiatives aimed at supporting SMEs—including the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Poverty Alleviation Program, the Subsidy Reinvestment Program (SURE-P), the Youth Enterprise With Innovation in Nigeria (YOUWIN), the People's Bank, the National Agency for Poverty Eradication (NAPEP), the National Open Apprenticeship Scheme, the Graduate Job Creation Loan Guarantee Scheme, and the Agricultural Sector Employment Program (Idam, 2014; Tende, 2014)—MSMEs continue to struggle with financial sustainability. Scholars such as Sanusi (2003) argue that the underperformance of Nigerian MSMEs is largely attributable to inadequate financial literacy, which impedes sound financial decision-making, weakens profitability, and limits business growth.

Given this backdrop, this study underscores the vital role of financial literacy in shaping business success. By investigating its impact on the performance of fashion design enterprises in the Municipal Area Council, this research contributes to the ongoing discourse on the intersection between financial knowledge and MSME sustainability. The findings will provide empirical insights into how financial literacy influences profitability, efficiency, and overall business resilience within the fashion design industry.

The overarching aim of this study is to explore the influence of financial literacy on the operational effectiveness of selected fashion design enterprises within the Municipal Area Council of the Federal Capital Territory (FCT), Abuja. The research specifically seeks to achieve the following objectives:

1. To analyze the extent to which financial literacy contributes to the profitability of selected fashion design enterprises in the study area.

2. To assess the relationship between financial knowledge and business growth, productivity, and innovation among Micro, Small, and Medium Enterprises (MSMEs) in the fashion design sector.
3. To identify key financial literacy components—such as knowledge of funding alternatives, debt management strategies, savings culture, budgeting, and financial planning—and their impact on the performance of MSMEs.
4. To bridge the research gap by isolating and measuring critical financial literacy indicators against MSME performance, particularly in the fashion design industry in the Municipal Area Council.

Statement of Hypotheses

- i. H_{01} : Financial literacy does not have significant impact on the profitability of selected fashion design enterprises in Municipal Area Council FCT Abuja.
- ii. H_{02} : Financial literacy does not have significant impact on the output of selected fashion design enterprises in Municipal Area Council FCT Abuja.

LITERATURE REVIEW

Concept Financial Literacy

Financial literacy is a broad and dynamic concept that encompasses a range of essential competencies necessary for making informed financial decisions. Fundamentally, it entails an individual's ability to comprehend and apply financial principles such as budgeting, saving, investing, and managing debt effectively. Beyond theoretical understanding, financial literacy also involves the capacity to analyze financial statements, assess investment opportunities, and evaluate associated financial risks. Furthermore, it extends into practical applications, influencing behaviors and decision-making processes in personal and business finance.

The scope of financial literacy can be categorized into three primary dimensions: financial knowledge, financial skills, and financial attitudes and behaviors. Financial knowledge pertains to an individual's

familiarity with key financial concepts, principles, and terminologies, such as interest rates, inflation, taxation, and financial products. Financial skills, on the other hand, involve the practical application of financial knowledge in real-life scenarios, including budgeting, setting financial goals, managing cash flow, and making informed investment choices. Meanwhile, financial attitudes and behaviors reflect an individual's perspective and habitual practices regarding financial management, encompassing aspects such as savings discipline, spending habits, credit usage, and long-term financial planning.

Possessing financial literacy is crucial in enabling individuals to make prudent financial choices that support long-term financial stability. It equips people with the necessary tools to navigate complex financial systems, achieve their economic objectives, and mitigate financial risks. Additionally, financial literacy fosters responsible financial practices, enhances economic resilience, and promotes financial security at both individual and societal levels.

Despite its significance, financial literacy remains a challenge for many demographics, including small-scale business owners in Nigeria. A variety of factors contribute to this deficiency, including limited access to comprehensive financial education, ingrained cultural perspectives on money, and economic disparities. As a result, a considerable number of individuals struggle with effective financial management, leading to issues such as financial insecurity, debt accumulation, and missed opportunities for financial growth. Tackling this challenge necessitates strategic interventions from policymakers, educators, and financial institutions to enhance financial education initiatives and promote financial literacy across various segments of society.

Dimensions of Financial literacy

Financial Knowledge

Financial knowledge is defined as the understanding of key financial terms and concepts needed to function daily (Huston, 2017). It is defined by (Potrich, Kelmara & Wesley, 2016) as a particular kind of capital acquired in life through the ability to manage income, expenditure and savings in a safe way. Financial knowledge is wisdom acquired

through learning the ability to manage income, expenditure and savings in a safe way (Lusardi & Mitchell, 2018). Financial knowledge is associated with a number of "best practice" financial behaviors, including possessing an adequate emergency fund, monitoring credit reports, avoiding checking account overdrafts, avoiding revolving debt, owning a dedicated retirement account, and having insurance protection (Robb, 2014).

Financial Behaviour

Financial behavior as defined by Zeynep (2015) is the capability to capture of understanding overall impacts of financial decisions on one's circumstances and to make the right decisions related to the cash management, precautions and opportunities for budget planning. Research has shown that financial literacy consistently predicts measures of financial behavior of individuals (Hung, Parker & Yoong, 2019). Sucuahi (2013) highlighted that a good financial behavior involves the ability to make financial decisions that increase wealth and prevent uncertainties of businesses and individuals. These activities generate more financial assets, prevent over indebtedness, finance retirement, and insure against major life contingencies. The profitability of micro and small enterprises highly depends on the financial decisions that are made by the owners ranging from financing to working capital management and saving decisions.

Financial Attitude

Financial attitude can be defined as the application of financial principles to create and maintain value through decision making and proper resource management (Latif, Razak, & Lumpur, 2011). Financial attitude is one of the factors that have significant impact on financial management practice. It is defined by Eagly and Chaiken (2013) as psychological tendency that is expressed by valuating a particular entity with some degree of favor or disfavor". That is, it a psychological predisposition when it comes to agreeing or disagreeing with certain financial management practices. Latif et al. (2011) defined financial attitude as the creation of value in decision making and resource management through application of financial principles. Financial attitude is improved through procurement of adequate information (Abiodun, 2016). Financial attitude such as the

risk averseness, time orientation, social environmental factors and training may add value to the profitability of a business.

Concept of Performance of SMEs

There are so many ways through which the performance of SMEs can be evaluated. It could be by their total output, financial health, market share or innovations. Stobierski (2020) identified “profitability, liquidity, solvency, efficiency and valuation” as key indicators of the financial health of companies. Since SMEs, like any other commercial organizations, aim at cost minimization and output maximization for higher profit, this study measures the performance of SMEs as their total annual output as contribution to Nigeria’s GDP.

Small and Medium Enterprises (SMEs)

Oyelaran-Oyeyinka (2020) stated that, SMEs are businesses with annual turnover of less than 100 million naira and whose employees are not up to 300. SMEDAN has classified enterprises into micro, small and medium scale enterprises (MSMEs). The classification is based on the worth of their assets and number of employees but excludes land and buildings. Their unique characteristics are as follows; (i) Microenterprise has an asset base of less than 5 million naira with fewer than 10 employees. (ii) Small Enterprise has an asset base ranging from 5 to 50 million naira with its employees ranging between 10 and 49. (iii) Medium Enterprise has an employee base that lies between 50 and 199 personnel with an asset base of between 50 and 500 million naira.

Theoretical Framework for the Study

Financial Literacy Theory

According to Gallery, Newton, and Palm (2011), financial knowledge is a type of human capital investment, and several empirical studies suggest that individuals need to know more to be informed. As per Atkinson and Messy (2005), financial literacy is the integration of an entrepreneur’s understanding of financial products and concepts, and also their desire to comprehend financial opportunities and risks, make informed choices, know where and how to ask for help, and take other actions to improve their financial well-being. Lursadi and Oliver (2006) contend that financial literacy aids in the empowerment

and education of investors, allowing them to be informed about financial services in a manner that relates to their own business and allowing them to utilize this skill to assess financial products and services and arrive at fully informed choices. Lusardi and Oliver (2006) further remarked that greater financial knowledge is widely expected to aid in overcoming latest challenges in sophisticated financial system. This theory stipulates that SMEs whose owners are financially literate are able to understand financial products and services as well as risks and opportunities involved. Therefore, SMEs make informed financial choices (borrowing, saving and investing) while minimizing risks of exploitation.

Empirical Review

Simeon et al. (2022) conducted a study to evaluate the overall impact of financial literacy on the performance of small and medium-sized enterprises (SMEs) in Nigeria from 1990 to 2019. The analysis employed the augmented Dickey-Fuller unit root test, which revealed a mixed integration order among the variables. Additionally, the bounds test confirmed that the variables within the model would remain stable over time. Findings from the error correction model indicated that while the variables demonstrated a natural tendency to revert to equilibrium following unexpected disruptions, only financial competence and past SME contributions to economic growth showed a positive influence on business productivity in the short term. Conversely, financial awareness and financial accessibility had a negative impact on SME growth over the same period. However, in the long run, all three dimensions—financial awareness, financial access, and financial competence—exerted a significantly positive effect on SME productivity. Based on these findings, the study recommended increasing the allocation of funds for SME loans and grants, ensuring that entrepreneurs are well-informed about available funding opportunities, and implementing stringent monitoring measures to prevent fund misallocation.

Ibitomi et al. (2024) explored the relationship between financial literacy and SME performance in Abuja, Nigeria, utilizing a survey research design. Primary data were collected through questionnaires distributed to

550 SME owners across all six area councils of Abuja, with 469 completed responses analyzed. The study employed multiple regression analysis to assess the relationship between financial literacy and business performance. The results indicated that most SME owners in Abuja possessed substantial financial knowledge, which positively influenced their business performance. Moreover, financial behavior significantly enhanced business outcomes, while financial attitudes played a crucial role in improving operational success. However, the study found that the financial influence of SME owners contributed only marginally to their overall business performance. Based on these insights, the researchers concluded that financial literacy plays a vital role in the growth and sustainability of SMEs in Abuja. The study recommended that government agencies, in collaboration with microfinance institutions and commercial banks, should initiate financial education programs aimed at addressing existing gaps in financial literacy and fostering business growth.

Bamidele and Samson (2023) examined the effect of financial literacy on the profitability of micro and medium-scale enterprises (MMSEs) operated by students in Nasarawa State. The research targeted a population of approximately 100 student-owned MMSEs, with a sample size of 60 respondents selected using a simple random sampling technique. Primary data were collected through structured questionnaires. Findings from the study revealed that financial knowledge did not have a statistically significant effect on profitability. However, financial behavior and attitudes had a considerable impact on business profitability. The study recommended that government agencies, in partnership with financial institutions, should develop financial education initiatives that enhance students' understanding of funding mechanisms and financial management. Such initiatives would enable small enterprises to expand their operations and contribute more significantly to economic growth. By addressing financial literacy deficiencies, these programs could foster business expansion and overall economic development, given the essential role MSEs play in local economies.

Olalekan (2024) investigated the influence of financial literacy on the financial performance of SMEs in Bauchi metropolis, using a sample of 223 businesses. The study established a significant positive correlation between financial literacy and SME performance. Findings indicated that improved financial literacy led to enhanced business performance, affirming the critical role of financial knowledge and skills in business success. The study recommended that financial literacy programs should be tailored to align with the cultural and traditional context of the target audience. Additionally, it emphasized the need to enhance technological infrastructure, such as stable electricity and reliable internet connectivity, to ensure the successful implementation of financial education and digital financial solutions.

METHODOLOGY

The study made use of quantitative research methodology centered on Survey design was employed in the investigation. The study used structured questionnaire for the gathering of primary data for analysis is the rationale for the survey research design. The population of the study is 210, which consist of the owner Managers and staff of the selected Fashion Design Enterprises in Municipal area council FCT Abuja. the selected enterprises include Balls gown, hudayya, Kathyantony, Xstheey fashion enterprises. others are Leboubou chateau, Fatush, lafashion trend, mozabella, EP fashion houses, and Atelier fashion design enterprises. The entire population was adopted as the sample size, hence it was not too large. Purposive sampling technique was adopted in selecting the fashion design enterprises, and simple random sampling technique was adopted for collecting data from the respondent. Data were analyzed using least square regression analysis, with the significant level set at 5% as basis for the acceptance or rejection of the tested hypothesis. The model of the was also develop. For the purpose of this study, the independent variable is financial literacy proxies by Financial Knowledge, financial attitude and financial behavior while the dependent variable is Performance proxies by output and profitability of the selected fashion enterprises. The instrument was tested for internal consistency, for validity and reliability using Cronbach Alpha.

Empirical Model

Thus, the Model is presented below;

$$PFT = \beta_0 + \beta_1 FK + \beta_2 FAT + \beta_3 FB + \varepsilon I \dots\dots$$

$$OPT = \beta_0 + \beta_1 FK + \beta_2 FAT + \beta_3 FB + \varepsilon I \dots\dots$$

PFT= profit, OPT= output, β_0 = Constant or Intercept, β_1 , β_2 , and β_3 = Parameter Estimate, FK = Financial Knowledge, FAT= Financial attitude, FB= Financial behaviour, and ε =Stochastic Error.

RESULT AND DISCUSSION

Table 4.1: Analysis of Response rate of Questionnaire

Responses	Questionnaire administered	Questionnaire not returned	Questionnaire returned	% return to administered
Central Business district	51	5	46	21.9
Wuse District	48	4	44	20.95
Karu	39	8	31	14.76
Lugbe	32	6	26	12.38
Area 1	40	3	37	17.62
Total	210	53	184	87.61

Source: Survey, 2023

The rate of return of the questionnaire administered on small and medium selected fashion design enterprises shown in Table 4.1. The following data was obtained from the respondents who returned their administered questionnaire copies: 21.9% represent respondent from the owners and staff of fashion design in Central Business District of the Abuja

Metropolis, 20.95% were from the Wuse District. 14.76% represent respondent of fashion design in Karu a sub-bob from the city centre, 12.38% are from Lugbe fashion design enterprises and 17.62% represent fashion design respondent from area 1 axis of the city which represent a total of 87.61% return rate which is adequate for the study.

4.2 Test of Hypothesis

Hypotheses One H_{01} : Financial literacy does not have significant impact on the profitability of selected fashion design enterprises in Municipal Area Council FCT Abuja

Table 4.2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.449a	.340	.290	.816	2.762

Source: Author's Fieldwork Computation, 2025

- Predictors: (Constant), Financial literacy
- Dependent Variable: Profitability

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	111.884	1	111.884	19.573	.000b
	Residual	1131.716	198	5.716		
	Total	1243.600	199			

Regression coefficient.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.646	1.200	.11372		.000
	Financial literacy	.104	.062	.119	1.683	.004

a. Dependent Variable: Profitability

Source: Author's Fieldwork Computation, 2025

Test of hypotheses one shows the result of regression as contained in Table 4.2: Model Summary indicate a weak correlation of 0.449 between financial literacy and profitability of selected fashion design enterprises in Municipal area Council. The R Square gave a value of 0.34. This means that the independent variable financial literacy explained about 34.0 per cent of the variance in perceived fashion design business Profitability, while the remaining can be attributed to other factors not noted by the model. The Durbin-Watson Statistic gives 2.762 coefficients which indicate that there is absence of serial correlation in the error terms of the model as such ruling out problems associated with spurious regressions. Also, Financial literacy have significant impact

on the profitability of fashion design businesses. The result of regression as contained in the ANOVA table, shows that the F-test was 19.573, significant at 5 percent ($p < .000$). This showed that the model was well specified. The result of regression as contained in Table 4.2: Regression Coefficients, tests the hypothesis of this study. From the output, there was a positive relationship between financial literacy and profitability such that a unit increase in financial literacy caused about .104-unit increase in profitability which was statistically significant at 5 per cent with the p value of (0.004). Based on the result, the null hypothesis is rejected; thus, there is a significant impact between financial literacy and profitability

Hypotheses Two H₀₂: Financial literacy does not have significant impact on the output of selected fashion design enterprises in Municipal Area Council FCT Abuja

Table 4.3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.954a	.910	.902	.17491	0.753

Source: Author's Fieldwork Computation, 2025

a. Predictors: (Constant), Financial literacy

b. Dependent Variable: Output

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.587	3	10.196	106.719	.000b
	Residual	55.913	116	0.482		
	Total	86.500	119			

Regression coefficient.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.485	.190	13.086		.000
Financial literacy	.109	.045	.127	1.651	.006

a. Dependent Variable: Output

Source: Author's Fieldwork Computation, 2025

The Model Summary indicate a strong correlation of 0.954 between financial literacy and output of selected fashion design enterprises in Municipal area Council Abuja. From the model, the R Square or coefficient of determination gave a value of 0.91%. This means that the independent variable financial literacy explained about 91.0% of the variations in the dependent variable (output) while the remaining 9% can be attributed to other factors not noted by the model. Thus, Financial Knowledge, Financial Behavior and Financial Attitude explains 91.0% of the variance in output which is highly significant (Sig. = .000)

as indicated by the F-value of 106.719. The Durbin-Watson Statistic gives 0.753 which indicate that there is absence of serial correlation in the error terms of the model as such ruling out problems associated with spurious regressions. The result of regression as contained in: ANOVA table, shows that the F-test was 106.719 significant at 5 percent ($p < .000$). This showed that financial literacy have significant impact on the output of fashion design businesses.

The result of regression as contained in the Regression Coefficients, tests the hypothesis of

this study. From the result, there was a positive relationship between financial literacy and output such that a unit increase in financial literacy caused about .109 unit increase in output which was statistically significant at 5 per cent with the p value of (0.006). Based on the result, the null hypothesis is rejected; thus, there is a significant impact of financial literacy on output of fashion design enterprises in Municipal Area Council Abuja.

Discussion of Findings

The findings of the study in hypotheses one revealed that financial Literacy has significant impact on the performance (profitability) of Fashion design small enterprises in Municipal Area Council Metropolis, FCT Abuja. Regression was used to test the hypothesis at 5 % level of significance and the p-value (0.000) was lower than the significance level. This can be statistically given as $P\text{-value } 0.000 < \alpha = 0.05$. the finding further indicated that Fashion design owners who has better financial literacy (financial knowledge, attitude and behavior) tend to perform better.

The second objective of the study also revealed that Financial literacy has positive significant impact on the output of fashion design enterprises in Municipal Area Council Abuja. The result of regression as contained in the Regression Coefficients, tests the hypothesis of this study. From the result, there was a positive significant relationship between financial literacy and output was statistically significant at 5 per cent with the p value of (0.006). Based on the result, the null hypothesis is rejected; thus, there is a significant impact of financial literacy on output of fashion design enterprises in Municipal Area Council Abuja. The findings further revealed that entrepreneurs with adequate financial knowledge, attitude and financial behavior often have better performance. These findings are in line with the study of Olalekan (2024), Simeon et al (2022). However, the findings disagree with the findings of Bamidele & Samson (2023) who found a negative relationship between financial literacy and profitability.

CONCLUSION AND RECOMMENDATIONS

This study determined the impact of financial literacy namely, financial behavior, financial attitude and financial knowledge on the

performance of SMEs of selected Fashion design enterprises in Municipal Area Council FCT Abuja. The study found that SMEs owners in fashion design who are knowledgeable in financial literacy perform better. The study further show that most selected fashion design owners investigated are less familiar with debt management, budgeting, financing options, savings and insurance. The study concludes from the findings that financial literacy (financial knowledge, financial attitude and behavior) has positive significant impact on the Performance (profitability, and output) of selected Fashion design enterprises in Municipal Area council Abuja.

- i. Government agencies on entrepreneur, micro finance institutions and deposit money banks should organize financial education training that will create awareness for SMEs owners on areas that are lacking such as sources of funds and financing options for startup businesses. This will encourage SMEs in Fashion design to Operate profitably.
- ii. From the study findings, it is evident that financial literacy is significant to the performance of SMEs. This therefore, reflects the need for training programs for owners and managers of fashion design on debt management, budgeting and planning, record keeping, saving and retirement plans in schools and other institutions that seek to promote financial literacy and practice for improved output.

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