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**THE RELATIONSHIP BETWEEN FINANCIAL ILLITERACY,
PERFORMANCE AND THE SUSTAINABILITY OF SMEs. A
CASE STUDY OF BUKEDEA TRADING TOWN, BUKEDEA
DISTRICT.**

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ABSTRACT

This preface study examined the relationship between financial illiteracy and SME performance and sustainability of SMEs in Bukedea Trading Town, Bukedea, and the it specifically, it focused; To assess the level of financial illiteracy among SME owners in Bukedea trading, examine the relationship between financial illiteracy on business performance and sustainability in Bukedea trading town and to identify financial management challenges affecting SME owners in Bukedea trading town. A cross-sectional approach was used and both quantitative and qualitative data to collect data from 40 respondents to arrive at the conclusions. The quantitative results produced a relatively low grand mean (2.49) and the Pearsons correlation showed that there is a negative correlation between financial illiteracy and SME performance while the regression results show that a percentage of about 46.8% contributing to SME collapse attribute to financial illiteracy and the remaining comes from other factors. This study has also cited out key problems facing the SMEs in Bukedea such as poor financial records, mixing of funds, poor loan repayment plans, high loan interests and recommends financial training, separating of personal and business funds, and encourages government and SAACO institutions to provide advisory services in order to achieve SME sustainability.