

A Study on Financial Literacy of Rural Community in Sri Lanka: With Special Reference to Kurunegala District

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Financial literacy can develop an individual's ability of using financial resources effectively and efficiently. As a result, an individual's economic wellbeing and of the social welfare is optimized. As is the case with like many developing countries, in Sri Lanka also financial literacy is in a considerably lower level. This study analyzed and assessed the financial literacy of the rural sector in the country by collecting data from 250 individuals in the Kurunegala district. On the basis of the observations made by the analysis it was found that the socio-economic status, components of income and expenditures, level of awareness, factors influencing investment behavior and perception towards the financial services are significantly related to the financial literacy level. Financial literacy is positively correlated with income, education, usage of banking products and knowledge of simple economic concepts. It was recognized that there is a higher financial literacy among the males when compared to the level of education and profession were the most significant factors that determine the level of financial literacy of a rural individual. These results suggested that knowledge and practice of the basic financial literacy should be included in the formal education syllabus and popularizing financial knowledge through various programs is a must to improve the prevailing conditions. Further formal financial institutions can introduce financial products that suit the reclaims of each sectors of the country.

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