

Impact of Financial Literacy on Individual Financial Behavior of Management Undergraduates in Sri Lanka: Evidence from University of Kelaniya

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Sri Lanka continuous within the top ranks of literacy in Asia in recent times. But the financial literacy level of Sri Lankans is not at a satisfactory level based on the latest evidences. The level of financial literacy is crucial for university students who represent the future as a dynamic segment of the society which will be the vital ability for undergraduates to behave financially in day-to-day life. However, undergraduates are suffering from financial problems. This study attempted to answer this problem to measure the level of financial literacy and identify the impact of financial literacy on the financial behavior of management undergraduates of the University of Kelaniya, Sri Lanka. Thus a questionnaire was designed conceptual framework was deployed and it consists of five dimensions of financial literacy (Money management, savings, insurance, investment and credit and borrowings) as independent variables on dependent variable; financial behavior. A sample was decided based on a stratified random sampling technique, which comprises 296 undergraduates representing third and fourth-year students in the Faculty of commerce and management studies. A structured questionnaire used to collect data, and five hypotheses formulated where, descriptive statistics, correlation analysis and regression analysis used as the analytical tools. The study revealed that the level of financial literacy of management undergraduates of the University of Kelaniya was moderate. At the same time, regression analysis depicted that financial literacy and all the dimensions significantly impact financial behavior except financial literacy on credit and borrowing. These results imply the necessity of workshops, educational programs, and updated degree programs introducing subjects related to personal finance for university students to enhance financial literacy.

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