

# **Impact of Financial Literacy on Personal Financial Management: Evidence from Government Teachers in Kandy Education Zone, Sri Lanka**

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## **ABSTRACT**

**Introduction:** When existing in a world which is more financially driven rather than more trade driven, the quality of life depends upon the individual's capacity to manage his/her financial affairs. Compared to industrialized nations, developing countries have a significantly lower financially informed populace. Consequently, financial education programs have risen in popularity. This study aims to examine the impact of financial literacy on personal financial management of government teachers in Kandy zone, Sri Lanka using investments and savings, spending patterns, debt management and retirement planning as the proxies of financial literacy.

**Design/Methodology/Approach:** This study used the quantitative approach through distributing questionnaires to collect data and the random sampling technique was exercised in selecting a sample of 254 government teachers in Kandy zone as respondents. The data was analyzed by using the multiple regression analysis and SPSS software was utilized.

**Findings:** The results of the study were evident enough to prove that financial literacy in all the aspects of savings, investments, spending patterns, debt management and retirement planning shows a positive and a significant impact on personal financial management. Spending patterns showed the highest impact on the personal financial management of teachers.

**Conclusion:** The study findings make a guidance to future researchers to develop other variables that are related to teachers' personal financial management behaviour. Thus, this study contributes both to the practice and knowledge domain.

**Keywords:** *Financial Literacy, Investments and savings, Debt management, Spending pattern, Retirement Planning.*