

Relationship between Financial Literacy and Financial Behavior of Management Undergraduates of Sri Lanka

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Rapid and dynamic developments and innovations injected to the financial markets and products, locally and globally has changed the typical dimensions thus increased the complexity of day to day financial decisions, where a ordinary financial decision has transformed to be more rational, logical and strategic in nature in the modern context. Management undergraduates proven to be having an academic appetite to these changes and conservatively expect to follow these trends to make sensible financial decisions in their day to day lives. The real question is, Is this a myth? or a conservative expectation of the society? As an attempt to answer these questions, this study is an evaluation to underpin 'the relationship between the financial literacy level and the nature of the financial behavior of undergraduates of Sri Lanka. The sample selected is 223 management undergraduates. The sampling techniques used is convenient sample from three main government universities in Sri Lanka. Knowledge on money management, savings, investment, credit and insurance has been considered to measure the financial literacy level and undergraduates current and past manners related to same dimensions is used to measure financial behaviour using questionnaire. The results suggest that the financial literacy level of the undergraduates of the three universities was at a moderate level. Multiple Regression Analysis showed that apart from money management financial literacy level on all other dimensions has significant positive effect not only on overall financial behavior but also on individual dimensions. This concludes that financial literacy on Savings, Investments, Insurance, Borrowing and Credit are valid determinants of financial behavior of management undergraduates.

Keywords: Financial Behavior; Financial Literacy; Management Undergraduates