

## FINANCIAL LITERACY ON FINANCIAL BEHAVIOUR OF MANAGEMENT UNDERGRADUATES IN STATE UNIVERSITIES

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### **Abstract**

The level of financial literacy is crucial for university students who represent the future as a dynamic segment of society. Moreover, undergraduates are suffering from financial problems, which may affect the success of studies and the future. This study attempted to answer this problem with the objectives of measuring the level of financial literacy and identifying its impact on the financial behaviour of Management undergraduates of state universities. The research model was conceptualized by using independent variables; financial literacy along with the five dimensions (money management, savings, insurance, investment, and credit and borrowings) and the dependent variable of financial behaviour. A quantitative approach was used for the study, and a sample of three hundred students was drawn from the population of third year and final year management undergraduates in the Rajarata University of Sri Lanka, Wayamba University of Sri Lanka, Uva Wellassa University of Sri Lanka, University of Sri Jayawardenapura and University of Kelaniya by using the simple convenience sampling method. A structured questionnaire was used to collect data, and seven hypotheses were formulated to conduct the research. Descriptive statistics, correlation analysis, and regression analysis were used as the analytical tools. Results of the study revealed that the level of financial literacy of management undergraduates was within the moderate level, while regression analysis depicted that financial literacy and all the dimensions have a significant impact on financial behaviour. These results imply that there is a need to develop elaborate and detailed education programmes to address the aspects that the respondents were less aware of, such as financial literacy on insurance. Moreover, results have significant educational policy implications, including introducing subjects related to personal finance for university students.

**Keywords:** Financial behavior, Financial literacy, Money management, Undergraduates