

# INFLUENCE OF PSYCHOLOGICAL FACTORS ON THE FINANCIAL WELL-BEING OF GRADUATES IN SRI LANKA

Perera, B.L.L.<sup>1\*</sup> and Hapuhinna, H.K.D.W.M.N.A.<sup>2</sup>

<sup>1,2</sup>*Department of Accountancy and Finance, Faculty of Management Studies,  
Sabaragamuwa University of Sri Lanka, Belihuloya, Sri Lanka*

*[\\*lahirulakshanperera3@gmail.com](mailto:*lahirulakshanperera3@gmail.com)*

## 1. Introduction

GDP per capita often measures the value of a country, but it does not directly account for the welfare of its citizens. Financial well-being is a major component of a person's overall well-being, and this study focuses on it. A lack of understanding of the psychological factors that affect financial well-being leads to problems such as mental health problems and life dissatisfaction among graduates as they face the rising cost of living and financial difficulty as they transition from education to the workforce. The research objectives of this study are to identify the psychological variables that affect the financial well-being of Sri Lankan graduates and to study the impact of those variables on financial well-being.

## 2. Research Methodology

This research used a deductive reasoning process, a quantitative research method, and a positivist research philosophy. Primary data: A sample of 393 graduates was collected using a convenience sampling method through a Google Form survey and a structured survey with closed-ended questions and Likert scales to measure different aspects. Data analysis included multiple regression analysis and structural equation modeling.

## 3. Findings and Discussion

Research findings suggest that financial self-efficacy, financial risk tolerance, and financial attitudes do not directly affect financial well-being. However, the study reveals that financial behavior acts as a full mediating variable in the relationship between financial self-efficacy and financial well-being, while financial behavior acts as a partial mediating variable in the relationship between financial risk tolerance and financial attitudes.

## 4. Conclusion and Implications

In the Sri Lankan context, the impact of psychological factors on the financial well-being of graduates has not been studied, and it is the author's ambition to create a conceptual understanding of financial well-being and bring its theoretical significance to society. Also, this research has significant implications for educators, employers, policymakers, and financial institutions supporting graduates' financial transformation and well-being.

**Keywords:** Financial behavior, Financial wellbeing, Graduates, Psychological factors