

Exploring Financial Literacy Gaps and Business Analysis-Driven Strategies for Enhancing User Engagement in PFM Apps in Sri Lanka

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Personal Finance Management (PFM) applications are being marketed all over the world to enhance budgeting, savings discipline, and financial inclusion. Nevertheless, the penetration of advanced PFM features in Sri Lanka remains low despite the high ownership of smartphones. This paper analyses the major impediments affecting PFM app adoption (Dependent Variable) and offers Business Analysis-based solutions to facilitate greater adoption. A web-based questionnaire was created in a stratified fashion ($n = 421$). Six theoretically based constructs were measured: Low Financial Literacy, Low Feature Awareness, Low Usability, Lack of Trust, Cultural and Behavioral Habits, and Limited Support and Guidance. The reliability results indicated good internal consistency (Cronbach's $\alpha = 0.760$ to 0.941). Principal Axis Factoring (Exploratory Factor Analysis; Promax rotation) results showed that sampling adequacy was reached ($KMO = .888$; Bartlett $p < .001$) and yielded five factors that explained 60.3 percent of variance. Usability was interrelated with guidance, language, interface clarity, and support-related items, indicating that users perceive direction, language, and interface clarity as one construct. The final model was selected as containing five empirically validated predictors. The multiple regression analysis indicated that the predictors explained 74 percent of the PFM app adoption variance ($R^2 = .74$). The most important negative predictors were trust and security issues, along with usability problems. Cultural propensities towards cash and passbook-related financial behaviors hindered usage, but greater awareness towards features enhanced the chances of using PFM. The paper suggests an integrated approach that would include simplified and localized interfaces, onboarding, culturally sensitive features including community savings tracking and open-line security communication. Business Analysis strategies, such as stakeholder mapping, user-story development and repetitive usability testing are hypothesized to translate these findings into applicable developer, financial, and policy improvements.

Keywords: *Business Analysis, Financial Literacy, Personal Finance Management (PFM), User Engagement*