

**THE FINANCIAL BEHAVIOR OF INDIGENOUS COMMUNITY IN SRI LANKA:  
REFERENCE TO THE VADDA COMMUNITY IN DAMBANA**

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**INTRODUCTION**

The financial behavior of individuals and the community is a vital factor for the economic success of the country. Their financial behavior, literacy, and financial management are interrelated. Growth and poverty are being negatively impacted by Sri Lanka's unmanageable debt load and acute balance of payments crises. The most recent South Asia Economic Focus and the Sri Lanka Development Update predict that the real GDP of Sri Lanka will decline by 9.2 percent in 2022 and an additional 4.2 percent in 2023. Due to the current situation in Sri Lanka, the financial behavior and literacy of individuals are highly demanded. It indicates the need for improving financial literacy in developing countries to enhance financial resilience which begins with good financial literacy (Lyons, et al., 2021). Further, Azizah (2022) stated that a person's financial literacy will influence their financial management hence basic financial knowledge becomes the basis for every financial decision that is made repeatedly that will shape financial behavior. According to research by Pandey and Utkarsh (2023), financial behavior is positively correlated with attitude towards money and level of financial literacy. Correspondingly, establishing attitudes toward money and financial literacy as a mediator between financial socialization and financial behavior are established through attitudinal parallel mediation analysis (Riaz, et al., 2022). The financial literacy of individuals is inherited from them through their roots. According to Azizah (2022), cultural concepts such as relationship with nature and society, simple life, and savings for the future are influenced by financial behavior in Indonesia. Therefore, exploring indigenous knowledge is crucial for understanding the current financial behavior of the community. Indigenous financial behavior and literacy are studied in the United States (Davoli, et al., 2020), However, few studies (Brimble, 2013; Matewos, 2016) are conducted in less developing countries. At the same time, little is known about Sri Lankan indigenous financial behavior even though it is evidenced that there were advanced accounting and auditing practices in ancient Sri Lanka (Jayasinghe & Thomas, 2009; Liyanarachchi, 2009). According to Baker, et al. (2017), financial behavior is inherently intertwined with various fields of study and is continuously integrated. This study is conducted in conjunction with related sciences, which categorize financial behavior into:

Consumerism - It is a type of activity that reduces the usefulness of a product in the form of goods or services. Consumption activities can be used to assess a person's financial behavior.

Controlling cash flow - A person's ability to pay all of their obligations in the form of balancing income and expenses defines them as having healthy finances. Cash flow management measurement indicators can be seen in the activity of paying a bill on time, then being able to create a financial budget, and paying attention to appropriate financial planning for the future.

Investing and saving - It is a method of allocating income to have emergency funds or to use them for future needs. Investing in some funds is an activity that involves allocating an asset in the present to profit in the future.

Indigenous heritages are crucial for understanding management practices and financial behavior in developing countries. However, studies on indigenous peoples' financial behavior in Eastern and developing countries are scarce. These values and technology can be applied to developing countries, particularly Sri Lanka, which is facing a severe financial crisis. Hence, the study explored the financial behavior of indigenous communities in Sri Lanka; especially the Vadda Community in Dambana.

## **METHODOLOGY**

The research adopted qualitative methodology using in-depth interviews with the Vadda community in Dambana, Sri Lanka. The researcher used in-depth interviews to collect the primary data and to find the answers to research questions. The informants are selected using a non-probability sampling method with purposive sampling and convenience sampling from the Vadda community in Dambana village, Badulla District, Mahiyangana. Twenty-four interviews were conducted to meet the saturation point of data. The interviews were conducted using “The Sinhala Language” (the common language used in Sri Lanka) as the interviewees are fluent in this language and researchers could understand it. The analysis of data is carried out based on thematic analysis (Clake & Braun, 2013). First, the information collected through interviews is converted into notes. The researcher analyzes the data converted into notes to address the research questions. Coding is then done for similar ideas related to the financial behavior of the Dambana indigenous people. To ensure a deep understanding of the investigation, people of different ages in Vadda’s culture are selected for interviews, and purposive sampling will be used for interviews.

The researchers conducted interviews with not only the Vadda community but also with other supporting service providers in this village (a total of 5 interviews). These providers included the Gramasewaka (the Government Agent in the village) and bank managers to verify the data collected from the Vadda community.

## **RESULTS AND DISCUSSION**

The current study can generate rich insight into the indigenous financial behavior of the Vadda community in Sri Lanka. The financial behavior is explored according to the framework developed by Baker, et al. (2017).

**Consumerism:** The practice of consumerism is identified through purchasing and consumer behavior, food, and other resource preservation and waste management. The concept of food saving is a good practice learned from older indigenous people. The indigenous men go to the forest and find food, honey, medicine, and fine meat (*Dadamias*). Indigenous people consume those things according to their needs, under the management of indigenous women. It was said that the indigenous woman is currently working to keep a small amount of money received through various methods. One male interviewee mentioned that:

*“The income we receive is always used by the wife. Therefore, the wife takes some money and keeps it in case of emergency.”*

*“I know my mother has some money; she did not spend it.”*

**Investment and savings:** The second perspective is investment and savings. It is examined according to funds availability for emergent situations, savings, and future investment. The indigenous woman works to use that money for unexpected situations. The main painful thing observed in the study of contemporary root behavior is that the way of life of the indigenous people has changed rapidly and threateningly. But they are trying to maintain their behavior

and uniqueness. These indigenous people, who used to live a simple life with many inherent good habits, have been unfairly forced to shape their lives in an unfamiliar environment under threat from government development projects such as the Gal Oya Project, the Inginiyagala Project, and the Mahaweli Project. Corroborating previous studies, wrong financial patterns or careless behavior as an individual can have negative consequences at home or work (Garman, Irene E. Leech, & Grable, 1996).

*“We spend according to our needs. Trying to save some amount.”*

Control of Cash Flow: The last perspective is control of cash flow and it is exhibited in income and expense management, addressing obligations, and maintaining financial budget. These people resort to new financial methods such as bank transactions and crop loans. During the investigation, it was clear that there was great difficulty getting used to it. It was clear that the tribal people struggled to adapt to new developments in financial systems due to the high living cost and instability in their income source.

*“In the household, the mother is the main person for making money decisions. She plans what we want and what are the unnecessary wants.”*

*“Our consumption activities are still based on the role models of adults. Income is used for expenses according to need, and we try not to go to unnecessary needs. We prefer to work as a team even now. Then we will be able to cooperate with equality.”*

## CONCLUSION AND IMPLICATIONS

The present investigation has discerned a pronounced connection between the aforementioned financial conduct and the level of financial literacy among the indigenous population. The indigenous communities uphold a tradition of transmitting their comprehension of financial principles across generations, a practice deeply ingrained in their historical practices. This transfer of knowledge transpires through various means, including the preservation of food resources for utilization during other periods of the year, an age-old practice reflective of their financial wisdom. Empirical evidence strongly attests to their proficiency in certain financial domains, despite their relative unfamiliarity with contemporary financial mechanisms such as banking operations. Particularly noteworthy is their adeptness in family-level financial decision-making, often under the guidance of female household members. While the elder generation may exhibit hesitance when grappling with novel economic challenges in the contemporary milieu, the younger indigenous cohort exhibits growing confidence in their ability to strategize for their financial futures, a confidence nurtured through formal education. The findings of the current study hold pivotal significance, as they shed light on the indigenous financial comportment within the context of Sri Lanka. This illumination serves as an instructive lesson for the broader populace, especially those contending with the imperative of enhancing their financial resilience amidst an inherently unstable economic landscape.

**Keywords:** Indigenous people, financial behavior, financial literacy

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