

**IMPACT OF FINANCIAL LITERACY ON UNDERGRADUATES' INVESTMENT DECISIONS: WITH SPECIAL REFERENCE TO FACULTY OF MANAGEMENT STUDIES IN RAJARATA UNIVERSITY OF SRI LANKA.**

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**ABSTRACT**

Financial literacy refers to the knowledge and skills needed to make informed and effective decisions about money management. It plays a crucial role in advancing financial development and fostering economic growth. Given these developments, it is essential to evaluate whether the younger generation, particularly undergraduates, who are viewed as future investors and key players in the economy, possess an adequate understanding of financial concepts and whether there is a shortage of research in this field related to Rajarata University of Sri Lanka. This study examines the impact of financial literacy on the investment decisions of undergraduate students in the Faculty of Management Studies at Rajarata University of Sri Lanka. Among 2000 students in the Faculty of Management Studies of Rajarata University of Sri Lanka, 198 undergraduates participated in this study. A structured questionnaire was used to collect the data. A quantitative approach was used for the research, a convenience sampling method was used to gather data from the respondents, and five hypotheses were formulated to conduct the research. Descriptive statistics, correlation analysis, and regression analysis were used as analytical tools. This study used five dimensions to identify undergraduates' financial literacy. Knowledge about financial products, accessing financial products, money management, knowledge about financial investment options, and financial skills are the independent variables, and the investment decisions of undergraduates are considered the dependent variables. The findings revealed that accessing financial products, knowledge about financial investment options, and financial skills significantly impact undergraduates' investment decisions, with significance values of 0.0, 0.0 and 0.021, respectively. Therefore, policymakers should enhance financial literacy by improving financial understanding to augment the investment decision-making capabilities of Sri Lankan undergraduates.

**Keywords:** Financial literacy, investment decisions, undergraduates, Rajarata University of Sri Lanka