

THE IMPACT OF FINANCIAL LITERACY ON MONEY MANAGEMENT OF MANAGEMENT UNDERGRADUATES AT RAJARATA UNIVERSITY OF SRI LANKA

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ABSTRACT

Financial literacy refers to the knowledge and skills required to make informed and effective financial decisions that are crucial for improving personal financial management. In today's rapidly changing financial environment, assessing the financial literacy of university undergraduates is essential as they represent future professionals and decision-makers in society. This study examines the impact of financial literacy on money management among undergraduates at Rajarata University of Sri Lanka. Money management includes effective financial decisions and money-related practices. Money management was measured in terms of spending, saving habits, and ability to handle debt and investment. This research focuses on four core dimensions of financial literacy: spending literacy, credit literacy, saving literacy, and investment literacy. Data were collected from 322 undergraduates from 2000 management undergraduates at Rajarata University of Sri Lanka, using a structured questionnaire. The study followed a quantitative approach and employed stratified random sampling to gather data from the respondents. Descriptive statistics, correlation analysis, and regression analysis were used to analyze the impact of financial literacy components on money management practices. The findings indicate that spending and saving literacy significantly affect money management, suggesting that students who are knowledgeable in these areas are better at managing their finances. However, credit literacy and investment literacy had no significant effect on the sample's money management. This study underscores the importance of strengthening financial literacy education by mainly focusing on practical financial skills. Based on these findings, the researcher provides recommendations for financial institutions and policymakers to enhance financial literacy programs aimed at improving the money management abilities of undergraduates across Sri Lanka. This will ensure that they are well-prepared to manage their finances effectively in the future.

Keywords: Financial literacy, money management, undergraduates, Rajarata University of Sri Lanka