

**IMPACT OF FINANCIAL LITERACY ON SAVING BEHAVIOR: EVIDENCE
FROM SMES IN TOURISM AND HOSPITALITY INDUSTRY IN
ANURADHAPURA DISTRICT**

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ABSTRACT

Financial literacy of small and medium enterprises (SMEs) in Sri Lanka because SMEs substantially contribute to developing the country's economy. The objective of this study is to identify the impact of financial literacy on the saving behavior of SME owners in Sri Lanka. The research model was constructed using the independent variable of financial literacy and the dependent variable of saving behavior. Financial Literacy is measured in three dimensions: budgeting, debt management, and investment management. The study employed a quantitative approach, drawing a sample of 147 owners of SMEs in the tourism and hospitality industry in Anuradhapura District from a population of 227 owners of SMEs in the tourism and hospitality industry in Anuradhapura District registered under the Chamber of Commerce in Anuradhapura. Data were collected using a structured questionnaire, and three hypotheses were formulated. Descriptive statistics, correlation analysis, and regression analysis were used as analytical tools. The regression results reveal that SMEs' owners' budgeting, debt, and investment management practices significantly impact saving behavior. Furthermore, the findings suggest that enhancing financial literacy can lead to better financial decision making and improved saving practices within SMEs. Policymakers and practitioners are encouraged to improve access to financial resources and promote financial literacy to support SMEs' financial resilience and sustainability of SMEs in the tourism sector.

Keywords: Budgeting practices, debt management, financial literacy, investment management, saving behavior