



Determinants of Personal Financial Literacy in Sri Lanka: With Special Reference to University Students

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Authors' contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

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ABSTRACT

The objective of the study is to determine the factors for the personal financial literacy of university students. The study aims at the determinants that reasoning on personal financial literacy. The sample was selected from a final year student at the University of Kelaniya, Sri Lanka. Pearson Chi-Square was used to test the hypotheses. The study found that faculty, relevant course, work experience, monthly money receiving are the main determinants for the personal financial literacy of undergraduates. On the other hand, gender, education of parents, race, financial management skills, and personal financial literacy are not the significant factors for determinants to personal financial literacy. The outcomes of the study will be useful to academics, policymakers to understand the main determinants for personal financial literacy

Keywords: Financial literacy; financial management skill; education; undergraduates.

1. INTRODUCTION

Financial literacy refers to knowledge of financial principles and concepts and concepts, such as financial planning, rates of interest, debt

management, profitable investment plans, and money-time value. It can minimize poor financial decisions which can have negative impacts on personal financial well-being (Sudarma& Kumari, 2021). Financial literacy has been defined by

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Noctor, Stoney, and Stradling, [1] as “the ability to make informed judgments and to take effective decisions regarding the use and management of money. OCED, [2] concerning financial education. Financial literacy is a process by which financial consumers/investors improve their understanding of financial products and concepts and through information instruction and/or objective advice, develop the skills and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being”(core.ac. uk).

Many researchers or economists and monetarists have examined financial literacy in different ways. Such as adults’ financial literacy, Undergraduates financial literacy students, women’s financial literacy, personal financial literacy etc. Princeton survey research associates (1997) have been surveyed about households’ financial literacy nationwide using 1770 households. According to this survey, families do not have a good understanding of basic financial concepts. Therefore they have concluded that the majority of adults are not financially literate. According to Lusardi [3], United States adults have faith that having an understanding of economics is important. But a lot of families in the United States of America have not even had basic economic concepts which making investment and saving decisions.

Yoong & Baronovich [4] have identified the connectivity among adult’s financial literacy and financial retirement schemes in Malaysia. According to them, retirees can gain better retirement plans as the reason for their level of education. The study identified that there is a positive relationship between learning financial matters and personal financial literacy. Kumari, [5] university academics’ financial literacy on online banking activities and revealed that a positive relationship between education level and financial knowledge. According to Beal and Delpachitra [6], university students have not skilled and knowledgeable about financial matters. Therefore that situation effect as negatively on financial management in their future life. Studying personal financial literacy among university students, Nidar & Bestari [7] founded that university undergraduates have a low level of personal financial literacy and they paid attention to the neediness of developing financial knowledge. Sabri, & Falahati, [8] has examined college students’ financial literacy. In this study, the average mark for personal

financial knowledge is 37.5%. This situation also has been confirmed by Chen and Volpe [9] in their studies. According to the average of marks is 53 percent (%). Robb and Sharpe [10] conducted research to identify the financial knowledge on usage of credit cards by using both undergraduates and graduates students. In this study, they concluded financial knowledge significantly affects credit card decisions. [11].

From Sallie’s [12] point of view financial literacy is a significant element of financial decision making. Therefore a lot of young person’s like to have more financial knowledge. According to Sallie, 84 percent of college students mention that they want more education under financial management, 64 percent of students like if they can get financial information about financial management in college, and also 40 percent of students like if they receive that information as freshmen. William & Smith [13] have surveyed savings and investing using 500 teenagers. Results of this study 70 percent of teenagers have a savings account, 11 percent of them are owner’s equities and 30 percent of teenagers hope for financial advice. Although 56 percent of teenagers have joined with financial management class, the possibility to balance a bank account is only 31 percent. As well some teenagers (23%) are familiar with credit cards, 12 percent of teenagers have the confidence to decide about bank accounts, 7 percent have awareness of interest rate and also 9 percent of teenagers are familiar with the use of debit cards. According to Lusardi & Mitchell, [14]. Indicate that financial literacy increases when persons concern about their ability to secure individuals’ financial well-being. Cull & Whitton [15] indicate that the financial literacy of the young is important as they arrive adulthood. Young people had to face a higher collection of and to choose from at a time in their life cycle. Furthermore, they mention that advertising and the media influence the belief of young people on debt. Therefore wrong financial decisions can affect their life as ruinous. Bruhn & d Zia [16] have found that entrepreneurs who have higher levels of financial literacy become better in business performance and sales. Beal and Delpachitra, [6] have examined about financial literacy of university students in Australia using first-year students across five faculties. This study has been tested five main skill areas as basic concepts, markets, and instruments of the financial markets, planning, analysis and decision making, and insurance. According to Beal & Delpachitra the determinants such as

demographic factors, working experiences, monthly income, and enrolled faculty are directly impact the students' financial literacy level.

1.1 The Determinants on Personal Financial Literacy

1.1.1 Gender and financial literacy

Gender is the main demographic factor that determines personal financial literacy. Many studies have been found gender as a significant factor in financial literacy in all age groups. According to Almenberg & save-Soderberg [17], there are huge differences in the level of financial literacy among males and females in Sweden. The study revealed the reason for less participation in the decision-making process. Danes and Hira in [18] were conducted a study on the financial management knowledge of college students and this study conclude that male students have great knowledge of personal financial matters than female students. However, female students have higher knowledge about problems on knowledge of financial management. Stănculescu [19] found that the financial literacy level of females is lower than males and it posits the main factor is lower general knowledge of women. There is not a significant difference between males and females on investment knowledge. Males and females have categorized depending on the level of marks which they get.

Bucher-Koenen, *et al*, [20] Conducted a study relating to women financial literacy and they conclude it women has less financial literacy compared with man. According to them, it was not clear that this difference shows less knowledge or less confidence. Their study result indicates that women disproportionately answered as do not know" for the questions to examine their financial knowledge, but when this answer option is not stated in the questionnaire, the trend to select the right answer. Ibrahim *et al*, [21] have conducted a survey on financial knowledge, financial attitudes, and family influence based on gender, semester, and programs. This study was founded that there were no differences in financial knowledge, financial attitudes, and family influence based on gender. Although they were found a difference in financial attitudes based on gender. Therefore it can be identified that gender affects personal financial attitudes. Volpe, Chen, and Pavlicko [22] have analyzed the high school student's knowledge of investment. They have concluded that male

students are more knowledgeable than female students.

1.1.2 Education level and financial literacy

There are a wealth of researchers to identify the relationship between education and financial literacy. Johan *et al*, [23]. Conducted a study using by university students in Indonesia. The study analyses the effect of financial knowledge on the financial knowledge, attitude, and behaviors of students. They measured the impact of a personal financial education course on financial knowledge. The study revealed that there is a significant positive relationship between financial courses and financial attitudes of university students. Bernheim, Garrett, and Maki [24] found that when the person engaging in financial management course which is in middle tended to maintain a higher amount of savings than others. In addition, According to Bernheim, Garrett, and Maki, [24] indicated that financial education is positively affected personal savings. Johnson & Sherraden, [25] posit that the basic knowledge and skills of financial matters of high school students are at a low level. The other relevant research was conducted by Lusardi & Mitchell, [26] and they state that the University, undergraduates are well-informed than other levels of less-educated students. Chen and Volpe, [9] have conducted relevant research and they found that student who follows business as major subjects are more knowledgeable than the students who does not follow business as a major subject. According to Aggarwal *et al*, [27] the education level and discipline directly affecting to the financial literacy of the young generation. In this study, they highlight the neediness of financial education at an early age of the person. On the other hand, the study recommended developing a better education framework for collaborating parents, academics, educators, financial organizations, and policymakers. As stated by Beal & Delpachitra, [6] Students who studying business-related courses, have higher general financial knowledge and skills. Furthermore, this study pointed out that the faculty of the undergraduates are directly acted their financial literacy level. In the same study, they have concluded university undergraduates do have enough knowledge and skills about the basic financial circumstances and it tends to affect negatively their future social life. They recommended developing a better education system for solving this issue.

1.1.3 Work experience and financial literacy

There are key studies relating to identifying the relationship between work experiences and financial literacy. Delpachitra [6] conducted a study to examine the relationship the factors such as work experience, personal income, gender, and type of faculty and students' financial literacy. According to this study, if some student has high work experience, the higher personal income he or she has a better financial literacy level than others. Level and position of working such as professionals, executives, owners of businesses to can be said illustrated a higher financial literacy level than an unemployed person. According to Monticone, [28] study, the white-collars jobholders, managers, and self-employed have better financial literacy comparing with others. According to Chen and Volpe, [9] less work experience tends to negatively affect to better personal financial literacy level. The study done by Olga, [29] is found that educated employers show a high level of financial literacy than others. In addition, employers who are qualified, more literate than unqualified employers. Thus above studies have proven that the occupation level and working experiences are significant factors to directly impact the level of personal financial literacy. On the other hand, some studies have identified that demographic factors have little impact on financial literacy. Oli, S. K. [30] studies the relationship between financial literacy and personal financial planning using a case study in Nepal. The study result indicated that demographic factors such as level of education, level of income, group of age, working profession, and gender have little impact but it is not significantly affected on financial planning.

1.2 Financial Management

Financial management has been identifying as the key factor for determinate the financial literacy of a person. It is a very important factor to university students because of the awareness of the financial matters directly affecting their financial management. Ibrahim *et al*, [21] show the lower skills of the financial trend to less financial knowledge of students of Kedah campus. The study revealed that 32 percent of campus students have confidence in managing money at the university. Therefore financial management has been mentioned as the key variable for the level of financial literacy [21]. Davidson, [31] found in his study, students who have enough spending show a higher rate of

financial literacy level. The study recommended that the training programs for university student to improve their financial literacy level. [9] stated that students have enough knowledge for using credit cards while they have a lack of knowledge about the interest rate and other usage issues of credit cards. On the other hand, students have good awareness about medical insurance while they have not aware of the details of other insurance such as income insurance, life insurance, provisions of auto insurance.

1.2.1 Household income and financial literacy

Household or personal income is the significant factor that affecting to financial literacy level. People who have low financial literacy earn a low income. Low-income earners have to face many financial difficulties in their life. Gustman *et al*, [32] stated that family income and personal income are the key reason for the financial literacy of students. There is an inverted relationship between financial literacy and household income. Thus, personal income and household income, as well as involving are affecting the process of financial management. Patrisia, [33] conducted research on the financial literacy of faculty students. The results of the study indicate that there is a significant positive relationship between the financial literacy, financial self-efficacy, and financial management of the students. Mondel, (2010) indicated that personal income, household income directly impact financial management. Chen & Volpe, [9] have done conducted a study about entrepreneurs who deal with an online transactions. The study based on 5030 respondents who deal with online has been used, 5030 entrepreneurs. As indicated in the result, there is a significant relationship between financial literacy and the level of personal annual income. The study used different scales to Using annual income, people have categorized the income group as less than US \$ 20000, between the US \$ 40000 – 74999 and more than 75000. The study revealed that people who are less than the US \$ 40000 income have been categorized scaled as people with a low level of financial literacy than others. Financial management has been identifying as the key factor for determinate the financial literacy of a person. It is a very important factor to university students because of the awareness of the financial matters directly affecting their financial management. Ibrahim *et al*, [21] show the lower skills of the financial trend to less financial knowledge of students of Kedah campus. The study revealed that 32 percent of

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2. RESEARCH METHODOLOGY

Both primary sources and secondary sources have been used for the data collection to achieve research objectives. The primary data were collected through the standard questionnaire, focusing group of 125 undergraduates at the University of Kelaniya, Sri Lanka. A stratified random sampling method was used for selecting the sample. Secondary data were collected from the sources such as books, journals, publications, and the relevant Web for more clarification. Chi-square is a test that was used for analyzing the relationship between categorical variables. Pearson Chi-Square was used to test the hypotheses in the study.

2.1 Method of Measurement

The scales were applied to measure different variables. The variables of the research study were gender, Race, education-faculty and financial management course, work experience, monthly money receiving, monthly household income, and spending habit. And also financial literacy was measure through a questionnaire with a five-point Likert scale. [34]. Nominal and ordinal scales were used for this study.

2.2 Methods of Measuring Independent Variables

The independent variables of the research model were gender, race, education-faculty and financial management course, work experience, monthly money receiving, parent’s education, and financial management skill. This variable can be shown bellow.

2.2.1 Methods of measuring dependent variable

The dependent variable of this study was personal financial literacy was measured by twenty questions in two categories as basic financial literacy and advanced financial literacy.

There is a question with either positive or negative statements in the questionnaire. Therefore, the Likert scale method was used for the questionnaire. The Likert scale provided in the questionnaire was assigned with the following scores both in respect of positive or negative statements. According to the five-point Likert-type scale-dependent of this study was categorized as, 1 for strongly disagree, 2 for disagree, 3 for moderate, 4 for agree, and 5 for strongly agree.

2.3 Conceptual Framework

In order to analyze the determinants of personal financial literacy in Sri Lanka, a conceptual framework was developed based on past literature. The study conceptualized the Seven determinates of Demographic Factors, Education, Work Experiences, parent’s education level, Monthly receiving money, financial management Skills as the independent variables The study conceptualized Personal financial literacy as the dependent variable. The conceptual framework of the study presents as follows:

Table 1. Methods of measuring independent variables

Dependent variable	Relevant question	Level of measurements
Gender	01	Nominal
Race	02	Nominal
Money management course or subject	03	Nominal
Work experience	7	Ordinal
Monthly receiving money	9	Scale
Parents’ Education Level	10	Ordinal
financial management skill	11	Nominal

Source: author development

Table 2. Methods of measuring dependent variable

Category		Variable	Question no	Level of measurement
Financial literacy	Basic financial literacy	Monthly Budget	01	Ordinal
		Spending than income	02	Ordinal
		Financial literacy help	03	Ordinal
		Financial planning	04	Ordinal
		Difference between savings account and fixed deposit	05	Ordinal
		Spending associated	06	Ordinal
Advanced financial literacy		Interest annually	07	Ordinal
		Financial security	08	Ordinal
		ATM	09	Ordinal
		Saving interest	10	Ordinal
		Treasury bond	11	Ordinal
		Saving simply identify	12	Ordinal
		Life insurance	13	Ordinal
		Retirement income	14	Ordinal
		liquidity asset	15	Ordinal
		buying share from a company	16	Ordinal
		Invest in various assets	17	Ordinal
		guarantor for a friend	18	Ordinal
		Treasury bonds asset	19	Ordinal
		bank savings account	20	Ordinal

Source: Author development

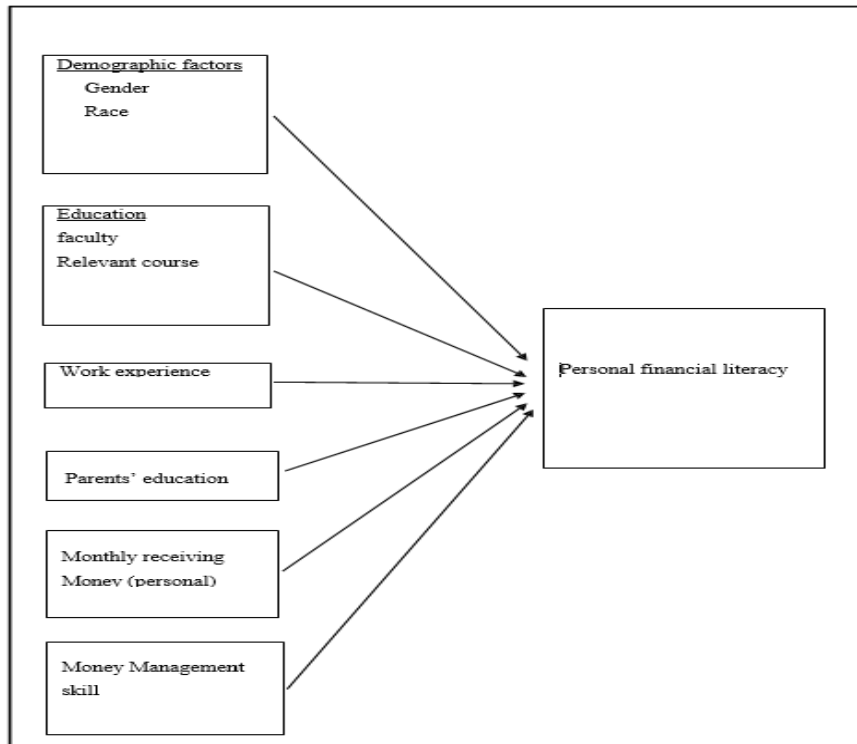


Fig. 1. Conceptual framework

3. DATA ANALYSIS, RESULT AND DISCUSSION

3.1 Descriptive Analysis

The study was used primary data by distributing questionnaires and the sample consisted of 125 undergraduates. The targeted population of this study was final year undergraduates from five faculties of the University of Kelaniya. Thereby the percentage of males is 54% and females are 57%. Therefore females depute the generality of the sample. When considering about race or ethnicity of undergraduates, the major is Sinhala than other ethnicities. From the overall percentage of ethnic undergraduates, 84 percent of undergraduates are Sinhala and 25 percent are Tamil while Muslims are 16%. The research was used 125 undergraduates from five faculties at the University of Kelaniya.

When considering descriptive analysis the major percentage of undergraduates have not a course or subject relevant to personal finance in their degree program. Therefore a lot of undergraduates like to enroll and study a course relevant to personal finance. A lot of undergraduates have engaged with work. Therefore they have various work experience. The majority of undergraduates have work experience of less than one year. Numerically it is 39.2%. When considering work experience faculty-wise, undergraduates in the commerce and management faculty have more work experience than other faculties. Undergraduates in that faculty have completed or engaging more than one year of work experience. If compare humanities faculty with social sciences faculty, there is a difference in work experience on undergraduates among these two faculties. Mother's education is strongly associated with financial literacy (Lusardi, Mitchell, & Curto, 2010). The sample of this research has consisted of a significant level of parents' education. Every parent has passed grade 8 in this sample. Therefore it can be emphasized that major of undergraduates' parents have a good education level. 38 percent of undergraduates' parents have passed A/L (Advanced level).

3.1.1 Chi-square test and testing hypothesis

A Chi-square test was used to evaluate the relationship between two variables and test the hypothesis relevant to independent and dependent variables. According to that if the chi-square value is significant by a 5% level (0.05), there is a significant relationship between that variables. Eight hypotheses were tested through chi – Square to achieve research objectives. The study hypothesized each relationship as H0 and H1. It can be posited briefly as follow.

1. The relationship between Gender and financial literacy
2. The relationship between race and financial literacy
3. The relationship between faculty and financial literacy.
4. The relationship between work experience and personal financial literacy
5. The relationship between relevant course and personal financial literacy
6. The relationship between monthly receiving money and personal financial literacy
7. The relationship between parents' education level and personal financial Literacy
8. The relationship between financial management skills and personal financial literacy.

3.1.2The relationship between gender and personal financial literacy

Gender is a demographic factor. According to Table 2, the majority of female undergraduates have a high level of general financial literacy. The study reveals that there is a difference between female undergraduates and males on financial literacy. The first hypothesis has as there is a positive relationship between gender and personal financial literacy (H1) or there is no positive relationship between gender and personal financial literacy (H0). The following table presents the Pearson Chi-Square test for gender and financial literacy.

Table 3. Pearson Chi-Square test for gender and financial literacy

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.316 ^a	3	.229
Likelihood Ratio	4.716	3	.194
N of Valid Cases	125		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .46; Source: Research Data

According to Table 3 value of the chi-square is 0.229. If the relationship between two variables is higher than 0.05 significant level, there is no significant relationship between these two variable. Therefore gender does not affect personal financial literacy, financial literacy. Thereby H0 is accepted and H1 is rejected.

3.1.3 The relationship between race and personal financial literacy (H0, H1)

As a whole, there is a difference between race in Personal financial literacy. The majority of undergraduates have a moderate level of personal financial literacy. The second research hypothesis stated a significant or not relationship between race and personal financial literacy. That can be posited as follow.

The second hypothesis was there is a significant relationship or not between Race and personal financial literacy. The value of the chi-Square is 0.499 which is more than 0.005. Hence it can be asserted, there is no significant relationship between race and personal financial literacy. Therefore the study was rejected the second hypothesis. Then H0 is accepted and H1 is rejected.

3.1.4The relationship between financial literacy and faculty (H0, H1)

The third hypothesis stated as there is a positive relationship between faculty and personal financial literacy (H1) or there is no positive relationship between faculty and personal financial literacy (H0). The following table

presents the Pearson Chi-Square test for faculty and financial literacy.

The third hypothesis was there is a significant relationship or not between faculty and Personal financial literacy. The value of the chi-Square is 0.000 which is less than 0.05. Hence it can be asserted, there is a significant relationship between faculty and Personal financial literacy. Therefore research fails to accept the null hypothesis. Then H1 hypothesis was accepted.

As this research reveals, In Sri Lanka has a difference between personal financial literacy and faculty which undergraduates study. According to that, the undergraduates who study in commerce and management faculty are more knowledgeable than other undergraduates on financial literacy. And also undergraduates in science and medicine faculty have financial literacy, but lower than management faculty. If compare social sciences faculty and humanities faculty, social sciences undergraduates are more knowledgeable than humanities faculty.

3.1.5 The relationship between relevant course and personal financial literacy

The relevant course meant that a course subject to personal finance. This section was considered that have undergraduates followed a course relevant to personal finance and is there a difference in personal financial literacy level subject to the course. The fourth hypothesis stated as there is a positive or no significant relationship between relevant courses and personal financial literacy. The Chi-Square test results as follows.

Table 4. Pearson Chi-Square test for racer and financial literacy

Chi-Square Tests	Value	df	Asymp. Sig. (2- sided)
Pearson Chi-Square	5.360 ^a	6	.499
Likelihood Ratio	5.715	6	.456
Linear-by-Linear Association	.409	1	.523
N of Valid Cases	125		

a. 5 cells (41.7%) have expected count less than 5. The minimum expected count is .13

Table 5. the Pearson Chi-Square test for faculty and financial literacy

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	93.923 ^a	12	.000
Likelihood Ratio	84.592	12	.000
N of Valid Cases	125		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .19.

Table 6. Chi-Square tests for relevant course and personal financial literacy

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	45.362 ^a	3	.000
Likelihood Ratio	46.181	3	.000
N of Valid Cases	125		

a. 3 cells (37.5%) have expected count less than 5. The minimum expected count is .29.

The value of the chi-Square is 0.000 which is less than 0.05. Hence it can be asserted, there is a significant relationship between relevant courses and Personal financial literacy. Therefore research fails to accept the null hypothesis. Then H1 hypothesis was accepted. There is a difference in personal financial literacy with the relevant courses. It seems that undergraduates who have followed a course relevant to their personal finance are knowledgeable than others. On other hand, undergraduates who have not followed a course or subject are less knowledgeable than others.

3.1.6 The Relationship between work experience and personal financial Literacy (H1, H0)

The table indicates that, when increasing undergraduates' work experience, their personal financial literacy also increases. The majority of undergraduates have work experience. As well as they also have significant knowledge of personal financial literacy. Undergraduates who have less than one year of work experience, have a high level of personal financial literacy. Undergraduates with more than two years of work experience have the highest level of financial literacy. 45 percent of undergraduates with two or less than two years of work experience have the highest level of personal financial literacy. And also 50 percent of them

with three years' work experience have the highest level of personal financial literacy. Therefore it can be asserted that if undergraduates have work experience, she/he more knowledgeable than other financial literacy.

The fourth hypothesis is the relationship between work experience and Personal financial literacy. The value of the chi-Square is 0.000 which is less than 0.05. Hence it can be asserted, there is a significant relationship between work experience and Personal financial literacy. Therefore research rejected the null hypothesis. Then H1 hypothesis was accepted.

3.1.7 The relationship between personal financial literacy and monthly money receiving money (H0, H1).

Hypothesis six was stated as there is a positive or no relationship between Personal financial Literacy and monthly money receiving. Table 6 presents the results of the Chi-Square tests. The chi-square value between personal financial literacy and monthly receiving money is 39.073. The significant value of that is 0.000 which is less than 0.05. Hence there is a significant relationship between monthly receiving money and Personal financial literacy. Therefore H1 hypothesis was accepted.

Table 7. Chi- Square Test for work experiences and personal financial literacy

	Value	df	Asymp. Sig. (2- sided)
Pearson Chi-Square	61.570 ^a	9	.000
Likelihood Ratio	61.343	9	.000
Linear-by-Linear Association	39.879	1	.000
N of Valid Cases	125		

a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is .10

Table 8. Chi-Square Tests for Personal financial Literacy and monthly money receiving

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	39.073 ^a	9	.000
Likelihood Ratio	32.833	9	.000
Linear-by-Linear Association	11.086	1	.001
N of Valid Cases	125		

a 8 cells (50.0%) have expected count less than 5. The minimum expected count is .06

Table 9. Chi-Square tests personal financial literacy and parents' education level

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.188 ^a	12	.289
Likelihood Ratio	12.299	12	.422
Linear-by-Linear Association	.674	1	.412
N of Valid Cases	125		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .13.

Table 10. Chi-Square test finical management skill and personal financial literacy

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.289 ^a	3	.515
Likelihood Ratio	2.713	3	.438
Linear-by-Linear Association	.223	1	.637
N of Valid Cases	125		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .41

3.1.8The relationship between personal financial literacy and parents' education level (H1, H0)

51 percent of undergraduates whose parents have passed O/L (Ordinary Level) have a high level of financial literacy. As well as if parents have completed higher education level or vocational education, the undergraduates of them are more knowledgeable than others.

The seven hypothesis is the relationship between work experience and Personal financial literacy. The value of the chi-Square is 0.289 which is more than 0.05. Hence it can be asserted, there is a not significant relationship between Parents' education level and Personal financial literacy. Therefore research rejected the H1 hypothesis. Then null hypothesis was accepted.

3.1.9 The relationship between financial management skill and personal financial literacy (H1, H0)

The eight hypothesis was developed as there is a significant or no and no as there is a positive or no relationship between for Personal financial Literacy and financial management skills. The test result indicates in the Table 9. The value of the chi-Square is 0.515 which is more than 0.05. Hence it can be assert, there is a not significant relationship between financial management skills and Personal financial literacy. Therefore research rejected the H1 hypothesis. Then null hypothesis was accepted.

4. CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

Financial literacy is the main component of an economy. It simply can be defined as the ability

to understand financial concepts and the ability to manage personal finance. Therefore, it is important to have a significant level of personal financial literacy for undergraduates. Because they are the key components in economic development. If they have considerable financial literacy, they can manage easily their finance and can deal with the financial market. The majority of undergraduates have a higher level of financial literacy. They have considerable financial literacy between 66% - 85%. It meant that undergraduates have basic financial literacy. But the majority of them do have not significant knowledge of advanced financial literacy. This study reviews that the total financial literacy of undergraduates is low. There is no significant relationship between gender, race, parents' education and financial management skills, and financial literacy. Therefore these determinates are not affected personal financial literacy. There is a significant relationship between relevant course, faculty, and work experiences, monthly money receiving, and Personal financial literacy. Then H1 hypotheses were accepted for these relationships. The study concludes that relevant courses, faculty, work experiences, monthly money receiving were the main determinants for personal financial literacy in Sri Lanka. The study is limited to analyze the determinants for the personal financial literacy of university students. Therefore, researchers, academics are able to conduct future research on different groups in society. There are a wealth of quantitative studies for analyzing the factors for personal financial literacy. However limited knowledge and researches for identifying the qualitative sense such as emotions, feelings, attitudes, and social-cultural reasons on financial literacy. Thus the future study can be directed

towards conducting qualitative analysis for the financial researches.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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