

Financial Behavior and Personal Financial Distress among Management Undergraduates in Sri Lankan State Universities

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Abstract

This study explores the relationship between financial behaviour and personal financial distress among management undergraduates in Sri Lankan state universities. Rising inflation, limited income opportunities, and indirect costs of higher education have heightened financial challenges, which adversely influence students' academic performance and psychological well-being. Despite their academic exposure to finance, many undergraduates struggle to apply effective budgeting, saving, spending, and debt management practices in real life. The objective of this research was to examine how these financial behaviours contribute to or mitigate personal financial distress. A quantitative approach was adopted, and the primary data were collected through a structured questionnaire from 364 undergraduates selected using a stratified random sampling technique across five state universities in Sri Lanka. Data were analysed using descriptive statistics, correlation, and multiple regression analysis with SPSS. The results demonstrate that budgeting habits, spending patterns, saving behaviour, and debt management significantly influence personal financial distress, where poor practices increase stress while effective practices reduce it. The findings highlight a gap between theoretical financial knowledge and its practical application, underscoring the need for experiential and skill-based financial education. This study contributes to the body of knowledge by providing empirical evidence from the Sri Lankan higher education context and emphasises the importance of tailored financial literacy programmes. Strengthening such initiatives can foster healthier financial habits, reduce anxiety, and enhance both academic outcomes and long-term financial resilience of undergraduates.

Keywords: budgeting habits, debt management, financial distress, Sri Lanka, undergraduates