

Impact of Financial Literacy on Financial Decision-Making among Undergraduates at Rajarata University of Sri Lanka

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Abstract

This study examines the impact of financial literacy on financial decision-making among undergraduates at Rajarata University of Sri Lanka. With increasing financial responsibilities and limited resources, students increasingly need to make independent financial decisions without adequate knowledge or guidance. The research focuses on five core areas of financial literacy: knowledge about budgeting, knowledge about savings, debt management, understanding financial risk, and investing knowledge, and how these influence the financial decisions made by students. A quantitative research approach was employed, using structured questionnaires distributed to a randomly selected sample of 180 undergraduates across different faculties. The data were analyzed using descriptive statistics, correlation analysis, and multiple regression analysis via SPSS software. The findings revealed that most aspects of financial literacy particularly knowledge about budgeting, knowledge about savings, understanding financial risk, positively and significantly impact financial decision-making. However, debt management and investing knowledge showed a statistically insignificant relationship with financial decisions. The study stresses the need for practical financial education in Rajarata University of Sri Lanka, especially for students from rural and low-income backgrounds. Improved financial literacy can foster smarter financial decisions and long-term stability of undergraduates. These insights can guide institutions and policymakers in creating targeted programs for Sri Lankan undergraduates.

Keywords: debt management, financial literacy, financial decision-making, Rajarata University of Sri Lanka, undergraduates