

Impact of Financial Literacy on the Financial Behaviour of Accountancy and Finance Graduates: Evidence from State Universities in Sri Lanka

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Abstract

Sri Lanka, like many other countries, is currently facing a shortage of young adults with sufficient financial literacy and sound financial behaviour, particularly among accounting or finance graduates. Financial literacy, encompassing awareness, knowledge, skills, attitudes, and usage, is essential for making informed financial decisions. In the evolving financial landscape, graduates often face challenges in managing complex financial products, rising living costs, and debt. This study investigates the impact of financial literacy on saving, investing, budgeting, and borrowing behaviours, ultimately contributing to graduates' long-term financial stability, wealth accumulation, and overall financial well-being. A quantitative approach is employed. Structured questionnaire used to collect data from 357 graduates across seven (07) state universities in Sri Lanka. Correlation and regression analysis were applied to test the hypothesis of the study. The questionnaire was based on Likert scale to assess participants' perceptions, behaviours, and attitudes toward financial literacy and financial behaviour. This method is chosen for its effectiveness in reaching a large sample and ensuring data accuracy. Results of the study provide valuable insights into the level of financial literacy and its direct correlation with the financial behaviour of graduates. Additionally, the findings are expected to highlight areas where financial literacy education can be improved and identify the specific challenges graduates face in managing their personal finances. Further, study recommends enhancing financial education programmes, particularly within university curricula, to better equip students for real-world financial decision-making. The study's outcomes will contribute to a broader understanding of how financial literacy affects the financial behaviour of young adults in Sri Lanka, particularly those in the fields of accountancy and finance.

Keywords: accountancy and finance graduates, financial literacy, financial behaviour, state universities in Sri Lanka