THE IMPACT OF FINANCIAL LITERACY ON PERSONAL INVESTMENT DECISION-MAKING: COMPARATIVE STUDY OF MANAGEMENT AND NON-MANAGEMENT UNDERGRADUATE AT RAJARATA UNIVERSITY OF SRI LANKA

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ABSTRACT

The purpose of this study is to examine the impact of financial literacy on the personal investment decision-making of management and non-management undergraduates at Rajarata University of Sri Lanka. The study also focuses on the difference in financial literacy levels between management and non-management undergraduates and between the various demographic factors. A random sample of 367 undergraduates from both management and non-management fields filled out a survey-based questionnaire. According to the analysis, financial literacy and the study's dimensions, financial knowledge, financial skills, financial attitudes, and financial behavior have a major and favorable influence on undergraduates' personal investment decision-making. Further, it found that there is a significant difference between the financial literacy level of management and non-management undergraduates; financial literacy is higher among management undergraduates than non-management undergraduates. Demographic factors such as gender, residence, academic year, and working experience were found to have no different impact on financial literacy. In contrast, only other educational qualifications have a significant impact on financial literacy. The study emphasizes how crucial financial literacy is in influencing investment choices and improving undergraduates' financial well-being since They will have high impact on the investment market in the future and the whole economy of the country. The differences in financial literacy levels between management and non-management undergraduates may help us understand the level of financial literacy among undergraduates. This study may also show why focused financial education programs are needed, especially for non-management students, to help them make better investment decisions. Additionally, it could inform policy recommendations for incorporating financial literacy into the university curriculum, promoting better financial decision-making among the youth in Sri Lanka.

Keywords: Financial Attitude, Financial Knowledge, Financial Skills, Financial Behavior, Personal Investment Decision-making

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01. INTRODUCTION

1.1 Background of the study

The rapid advancement of globalization has significantly impacted countries worldwide, emphasizing the growing importance of financial literacy in achieving greater financial success. Financial literacy refers to the ability to fully comprehend financial markets and products. While defining this concept can be complex, it broadly encompasses the skills needed to interpret, analyze, manage, and communicate personal financial matters that influence one's economic well-being (Huston, 2010). It includes understanding key financial aspects such as saving, borrowing, credit, and insurance (Roy and Jane, 2018; Singh and Kumar, 2017).

A solid grasp of financial concepts and terminology involves comprehending critical elements of investment and fund management to enhance security and wealth. Individuals must be aware of the conditions surrounding loans and investments. This includes interpreting documents like brochures and annual reports, understanding compound interest, and appreciating the importance of delayed gratification in financial planning. Furthermore, awareness of market risks, such as the relationship between high returns and high risks, is essential. Financial literacy requires understanding the dynamics of market volatility, where prices can fluctuate, and developing the skills to evaluate financial products, their workings, benefits, and potential drawbacks. Another crucial aspect of financial literacy is the ability to apply knowledge and insights to make sound financial decisions (Kumari and Ferdous, 2019; Wagland and Taylor, 2020).

An investment choice is a financial resource allocation. Based on their risk tolerance, investment goals, and anticipated returns, investors choose the finest assets or investment possibilities. According to the literature, individual investment decisions are subjective (Kalsum et al., 2018). They went on to say that the decision is based on the estimated cost, understanding of improvement strategies, and risk perceptions, all wholly subjective.

Understanding investment decisions, market risk and return, and other standard financial domain expertise is necessary to make wise investment judgements. Such a combination of expertise arises from people's financial literacy. So financial literacy plays a crucial role in the decision-making process of investments. It refers to the comprehension and awareness of a range of financial ideas and tools that enable people to make responsible and well-informed financial decisions, including investing. Poor investing choices have historically been linked to a lack of financial literacy. In today's economy, especially in developing nations, financial literacy or understanding is required to select the proper project. According to a recent study, individuals must learn financial skills and information to make sound investing decisions (Alshebami and Aldhyani, 2022). In addition, Andrews and Sanchez (2011) state that, to make the best financial decisions and take the right steps to enhance their financial well-being, investors must combine their knowledge of financial ideas and products with their aptitude for analyzing financial possibilities and hazards.

A certain level of financial literacy is essential for everyone globally, as it plays a critical role in individual financial well-being and a nation's economic stability. Among all demographics, the younger generation holds significant importance, as they will shape and influence the country's economic and financial systems. According to Kumari (2020), it is crucial to evaluate whether young people, particularly undergraduates who are regarded as future investors and key drivers of the economy, possess adequate knowledge of financial concepts.

Sri Lankan undergraduates, however, often struggle with limited financial awareness, insufficient investment knowledge, and a general sense of uncertainty regarding financial matters. The Sri Lanka Financial Literacy Survey (2021) conducted by the Central Bank highlights this issue, reporting an overall financial literacy score of 14.99 for undergraduates and postgraduates. For individuals aged 18-29, the financial literacy score is even lower, at 12.81. These findings underscore the need to enhance financial literacy among young people in Sri Lanka to better prepare them for their roles as economic contributors.

Table 1: Financial Literacy Score of Sri Lanka

Age Level	Financial Knowledge Score	Financial Attitude Score	Financial Behavior score	Overall financial literacy score
18-29	5.33	2.85	4.63	12.81
30-59	5.08	2.65	4.59	12.31
Above 60	4.63	2.49	3.91	11.04

Source: Financial Literacy Survey 2021- Central Bank of Sri Lanka

Sri Lanka, as a developing country, is experiencing rapid growth in the financial sector, which has become a pivotal component of the economy. However, the question arises: to what extent does the education system equip undergraduates with the financial literacy necessary for making informed decisions? Research suggests that management graduates demonstrate higher levels of financial literacy compared to their peers in other fields, largely because their degree programs often include components of finance and financial management (Alles et al., 2023).

Although management students may have a foundational understanding of finance, it remains uncertain whether they possess sufficient financial literacy to apply this knowledge effectively in practical, real-world scenarios. This includes making sound financial decisions that account for both current and future needs. At the same time, non-management undergraduates also require a certain level of financial literacy to manage their financial resources effectively and ensure their financial well-being.

Unfortunately, the financial literacy of non-management undergraduates has received little attention from researchers. Rajarata University has been chosen as the focus of

this study because it accommodates a diverse student body from various socio-economic backgrounds. This diversity provides an opportunity to explore how financial literacy influences personal investment decisions across both rural and urban settings in Sri Lanka, offering valuable insights into the broader implications of financial education.

In addition, Andrews and Sanchez (2011) states that in order to make the best financial decisions and take the right steps to enhance their financial well-being, investors must combine their knowledge of financial ideas and products with their aptitude for analyzing financial possibilities and hazards.

When reviewing previous literature, It can be seen that there is a significant gap in research that has occurred on this topic. Kumari (2020) conducted recent research in this area. Additionally, just the four universities in the western province are the subject of this study, and the sample period is 2020, which is an older time. Considering all the identified facts, new research studies should take into account the empirical gap in this field. Thus, this study's primary goal is to find out how financial literacy affects undergraduates in management and those who are not in management when it comes to their personal investing choices. It is crucial to carry out research in this field; it contributes to theoretical advancements by expanding our understanding of how financial literacy influences investment decisions across different academic disciplines and offering insights into the cognitive and behavioral differences between management and non-management students.

From a practical standpoint, the study offers useful information that can guide the creation of customized financial education initiatives, help improve investment decision-making skills among undergraduates in Sri Lanka and potentially guide future financial literacy policies. Furthermore, it can serve as a proposal for enhancing undergraduates' financial literacy through the addition of a new curriculum for educational programs. The aim of the present study is to examine what extent does financial literacy impact the personal investment decision-making of management and non-management undergraduates of the Rajarata University of Sri Lanka?

02. LITERATURE REVIEW

2.1 Theoretical Review

Numerous researchers have already employed a few theories regarding how financial literacy affects individual investment choices. Then, this study makes use of widely accepted theories, such as the life cycle theory, theory of planned behavior, the disposition effect theory, and the dual process theory.

2.1.1 The Theory of Planned Behavior (TPB)

This shows that attitude toward conduct is a significant feature that can anticipate an action, even if it must be considered when assessing subjective norms and measuring control of the person's perceptual behavior. The intention to behave will be higher if they have a positive outlook, the support of others around them, and a sense of calm

because there are no obstacles to acting (Ajzen, 1991). A person who is optimistic when it comes to investing in stocks will have the support of those around them and will have a sense of comfort. Since there are no obstacles to investing in stocks, the intention to invest in stocks will be even greater. Attitude toward behavior is a tendency to respond to what we like or dislike in an object, person, institution, or event (Ajzen, 2000).

Undergraduates also gained information from society, other personal outcomes, and already-established beliefs regarding some investment options. As a result, some undergraduates and others highly depend on bank deposits rather than going for other investments like the share market because of negative perceptions in society regarding share market investment with substantial risk and high losses.

2.1.2 Dual Process Theory

Dual Process Theory, a prominent framework in cognitive psychology, plays a pivotal role in understanding the impact of financial literacy on personal investment decisions. This theory posits that human thinking processes can be categorized into two main systems: System 2 is slow, methodical, and analytical, while System 1 is quick, intuitive, and mostly automatic. Higher financial literacy levels may help people use System 2 thinking more successfully when making financial decisions. They are likely to critically analyze investment options, assess risks, and make informed decisions based on their knowledge of financial principles. On the contrary, those with lower financial literacy may rely more on the instinctual and impulsive nature of System 1, potentially leading to suboptimal investment decisions driven by emotions or cognitive biases. Recognizing the interplay between financial literacy and dual processing can provide valuable insights for designing interventions and educational programs that empower individuals to make sounder and more rational investment choices.

2.1.3 Disposition Effect Theory

Shefrin and Statman (1985) proposed the disposition effect idea in 1985. Investors' propensity to sell assets that have been appreciated in value ("winners") while holding assets that have declined in value ("losers") is known as the disposition effect. To prevent the regret of selling at a loss and hope that prices will rise in the future, investors often hold onto their current assets when prices decline. On the other hand, investors typically sell assets too soon to profit from price increases. Shefrin and Statman (1985) found that investors often sell winning stocks too early to avoid regret. Case and Shiller (1988) observed that homeowners would rather sell for a profit than a loss. Odean (1998) emphasized the disposition effect, demonstrating that investors are more inclined to purchase more shares of failing ventures.

According to the theory, undergraduates also have a risk-averse attitude; they hold their investment until the economy turns and other circumstances arise, and they are not going to sell existing ones and engage with others. For instance, they retain their common bank deposits until the market interest rate increases, refraining from depositing money and instead opting for other investment instruments. Hence, disposition effect theory is a suitable one to describe that behavior.

2.2 Empirical Review

2.2.1 Financial Literacy and Personal Investment Decision-Making

Poor investing decisions are often linked to inadequate financial literacy, particularly in developing nations where understanding financial concepts is essential for project selection. Even finance professors sometimes fail to apply their knowledge effectively in portfolio management (Muller and Weber, 2010). Research over the past two decades indicates that many individuals struggle with financial decision-making despite increased accountability for their monetary welfare. Studies suggest that financial literacy may have a minor impact on investment quality, with some relying on wealth and occupation to offset their lack of knowledge (Alessie et al., 2011). Recent research by Tennekoon and Liyanage (2021) states that the selection of various investment products as the primary source of investment, both now and in the future, is statistically significantly influenced by financial literacy. Accordingly, personal investment decision-making and financial literacy are positively correlated (Kumari, 2020). In contrast, Adil, Singh and Ansari (2021) state that there was no significant relationship between financial literacy and the other three investment biases: risk aversion, herding, and disposition.

2.2.2 Financial Knowledge and Personal Investment Decision-Making

Financial literacy is the capacity to use money and money effectively, while financial knowledge is the understanding of money and its values or the possession of information about money and money management. Financial understanding is required while making large investment selections.

Financial knowledge is a key component that affects personal investment decisions. Walakumbura (2021) The decision to make an investment is significantly influenced by financial knowledge and skills, but not by financial attitude. According to past literature, Kumari (2020) shows that three of the five financial literacy factors had a major impact on the students' investing choices (financial skills, understanding of financial products and financial investment possibilities). Others assert that financial knowledge holds the least significance.

As an example, Mwathi (2017) describes personal investing decisions and financial knowledge are not significantly correlated. So, there are mixed findings, and there is a need to investigate how financial knowledge affects investment choices.

Using the literature reviewed above, the following hypothesis was formulated.

H_1: There is a significant impact of financial knowledge on the personal investment decisions of management and non-management undergraduates of Rajarata University of Sri Lanka.

2.2.3 Financial Attitude and Personal Investment Decision Making

Financial attitude refers to an individual’s perspective on personal financial matters, often expressed through responses to specific statements or viewpoints. According to Madaan and Singh (2019), financial attitudes play a crucial and positive role in influencing investment decisions. Additionally, research shows a connection between

an individual's attitude and the extent of financial challenges they experience (Ananda et al., 2024).

Kadoya and Khan (2020) highlight that cultivating a positive financial attitude is a fundamental step toward achieving effective financial management. Without a constructive financial outlook, it becomes difficult for individuals to generate financial surpluses for future savings, let alone for investment purposes. The literature further confirms the significant impact of financial attitudes on investment decisions. Tumba et al. (2022) suggest that financial attitudes influence financial behaviors, such as budgeting, management, and decision-making related to investments, highlighting their importance in overall financial well-being. According to those, a person's views, feelings, and behavioral patterns toward risk, investing, and money management are all included in their financial attitude. The literature found a strong and favorable correlation between investment choice, financial attitudes, and financial knowledge (Mugo, 2016). Furthermore, someone without a sound financial attitude cannot have extra money for future savings, let alone investing capital (Sorongan, 2022). Walakumbura (2021) The choice to invest is not much impacted by one's financial attitude. The following hypothesis was developed considering the literature mentioned above.

H_2: There is a significant impact of financial attitude on the personal investment decisions of management and non-management undergraduates of Rajarata University of Sri Lanka.

2.2.4 *Financial Skills and Personal Investment Decision-Making*

Financial skills refer to the ability to effectively use the knowledge of financial services acquired through financial literacy. Chen and Volpe (1998) highlight that individuals should be capable of evaluating complex and innovative financial instruments to make informed choices and maximize the benefits of their financial decisions. Moreover, possessing financial skills enables individuals to make well-informed financial choices while minimizing the risk of being misled in financial matters. According to Singh and Kumar (2017), both financial knowledge and practical skills are essential for making sound financial decisions throughout life.

However, in today’s context, while young people may possess financial knowledge, they often lack the fundamental skills required to manage and maintain a budget, comprehend credit, utilize investment tools, or leverage the banking system effectively (Singh and Kumar, 2017).

This highlights the importance of financial skills as a key factor influencing personal investment decisions. Other studies show that many women have weaker financial skills, which are still linked to better investment decisions (Kumari, Ferdous and Siti, 2020; Lusardi, 2019; Rai, 2019; Singh and Kumar, 2017). Kumari (2020) stated that financial skills are the most important factor in this area.

Building on these findings, the researcher developed the following hypothesis to explore the relationship between financial skills and investment decisions.

H_3: There is a significant impact of financial skills on the personal investment decisions of management and non-management undergraduates of Rajarata University of Sri Lanka.

2.2.5 Financial Behavior and Personal Investment Decision-Making

In literature, Nidar and Bestari (2012) define financial behavior as conduct connected to financial procedures or applications. Additionally, financial behavior is the responsibility of an individual to manage money using available resources in order to satisfy needs and desires (Nababan and Sadalia, 2013). The behavior of investors investing selections is essentially a placement act. In addition, although the exact direction of the causal relationship is unknown, there is a correlation between financial behavior and financial knowledge (Lusardi et al., 2017).

Past literature on the influence of financial behavior on investment decision-making has yielded conflicting findings. As an example, financial behavior has a greater and more direct impact on financial happiness (investment) than household income or other demographic characteristics (Joo and Grable, 2004). In contrast, Kumari (2020) defined investment decision-making as positive, but not significantly, correlated with financial behavior and financial awareness. Hence, there are mixed findings and little investigation into financial behavior and investment decision-making.

The following hypothesis was developed using the literature mentioned above.

H_4: There is a significant impact of financial behavior on the personal investment decisions of management and non-management undergraduates at the Rajarata University of Sri Lanka.

2.2.6 Demographic Factors and Financial Literacy

Financial literacy has been the subject of a huge amount of research in the past. (Lusardi and Mitchell, 2011). As an example, Kumari (2020) investigated utilizing a quantitative descriptive approach to examine how investors' educational backgrounds impact their comprehension of financial literacy and its impact on capital market investment decision-making. According to Baihaqqy et al. (2020), financial literacy is a prerequisite for making investment decisions in the capital markets. This was verified by Kumari (2020), who investigates how undergraduates in Sri Lanka's western region make investment choices based on their financial literacy. The study examined the effects of the students' level of financial literacy on their financial behaviors, attitudes, and decisions.

There are inconsistencies in the field of education. According to research, there is a considerable association between financial literacy and educational attainment, with lower financial literacy and higher financial literacy being related to lower educational attainment (Lusardi and Mitchell, 2011; Garcia and Tessada, 2013). Further studies (Chen and Volpe, 2002) found no connection between financial literacy and education. The following hypothesis was formulated considering above literature.

H_5: There is a significant difference between the financial literacy levels among management and non-management undergraduates at Rajarata University of Sri Lanka

Previous research has shown that financial literacy and investment choices are directly or accurately correlated, and that financial literacy is influenced by age, gender, experience, and education (Lusardi et al., 2010). Numerous demographic factors, such as age, gender, marital status, income, education, job position, and family history, have an impact on financial literacy (Singh and Kumar, 2017). Age-wise, financial literacy was lowest among young adults and the elderly (Solomon et al., 2018). Most of the gender-related literature that has been reviewed indicates that women are more likely than men to have low debt literacy and poor general financial literacy (Lusardi and Mitchell, 2011). Hence, hypothesis 6 is developed as below:

H_6: There is a significant difference between the financial literacy levels among the demographic factors of management and non-management undergraduates at Rajarata University of Sri Lanka.

3. METHODOLOGY

The purpose of this study is to find out how financial literacy affects the individual investment choices made by Rajarata University of Sri Lanka undergraduates who are in management and those who are not. Using a quantitative methodology, this descriptive study gathers primary data from undergraduates in each of the university's six faculties using an online survey questionnaire. For a total of 8005 undergraduates' population, the sample size would be 367 individuals based on the Krejcie and Morgan Table.

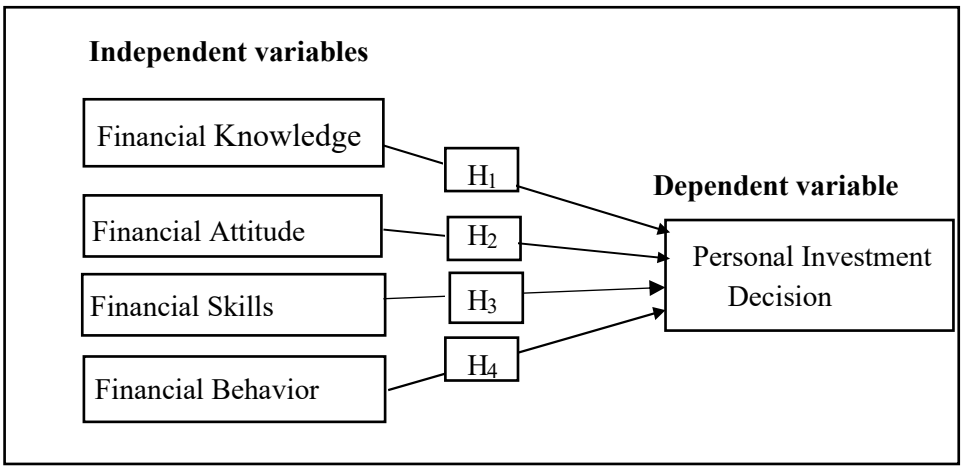
The stratified sampling technique under the probability sampling method serves as the basis for the sample. Hence, management undergraduates are 85 respondents, while non-management undergraduates are including 282 undergraduates. These undergraduates are picked randomly for the data-gathering processes.

The principal technique for gathering data involves distributing a well-designed questionnaire through various online platforms like Facebook, WhatsApp, and Instagram. The researcher received 369 responses from the 400 distributed questionnaires, and it fulfilled the required sample size of 367 according to the Morgan calculations. After gathering data, the researcher used the Statistical Package for Social Scientists (SPSS) to analyze it. To find out how financially literate each group was, the researcher used quantitative analysis methods like multiple regression analysis, correlation analysis, independent sample T-test, and one-way ANOVA T-test. The goal is to present the findings through tables and graphs, giving important insights into how Rajarata University undergraduates' personal investment decisions are influenced by their financial literacy. The methodology's structured approach ensures a comprehensive investigation into the research question, offering a deeper understanding of how undergraduate students in the university's management and non-management programs make investment decisions based on their level of financial literacy.

3.1 Conceptualization of variables

3.1.1 Conceptual Framework

The conceptual framework is developed by a survey of previous research and theories on the subject. Considering this, a literature review has led to the development of the conceptual framework that follows for the study of "Impact of financial literacy on personal investment decisions of management and non-management undergraduates in Rajarata University."



Source: Developed by Researchers, 2024

Figure 01: Conceptual Framework

Table 2: Operationalization

Variables	Definition	Measurements	Empirical Evidence
Financial Knowledge	This is the understanding of finances by an individual.	Five Likert scale method (1 to 5 questions)	(Ndungu, 2022)
Financial Attitude	This is a person's mindset on their own finances or money.	Five Likert scale method (5to10 questions)	(Ndungu, 2022)

Financial Skills	A variety of skills pertaining to personal finance management, including comprehending financial products and services, managing debt, investing, saving, and budgeting.	Five Likert scales method. (10 to 15 questions)	(Shrestha, Manandhar, and Bhattarai, 2023)
Financial behavior	Any human conduct that has to do with handling money.	Five Likert scales method (15-20 questions)	(Shrestha, Manandhar, and Bhattarai, 2023)
Personal investment decision-making	The person allocates limited resources between competing opportunities	Five Likert scales method. 20-30 questions.	(Ndungu , 2022)

Source: Developed by Researchers, 2024

4. FINDINGS

This section outlines the key findings of the investigation derived through statistical analysis. The results are presented through visually engaging, statistics-based graphical representations. Additionally, this section examines the study's primary objectives alongside the outcomes from both the main investigation and the literature review.

4.1 Data Screening and Clearing

Table 3: Data Screening and Clearing

Total Number of Distributed Questionnaires	Total Returned Questionnaires	Not Returned	Response rate
400	369	31	92%

The researcher received 369 responses, achieving an exceptional response rate of 92%. This high level of participation shows the respondent's engagement and interest in the study. The accuracy and dependability of the research findings depend heavily on this phase of data collection. Nevertheless, the study's sample size is 367, and 367 replies were used for the analysis phase.

4.2 Demographic Factor Analysis

Table 4: Demographic Factor Analysis

Demographic Factors	Categories	Frequency	Percent
Academic Program	Management	85	23.2
	Non-Management	282	76.8
Gender	Male	152	41.4
	Female	215	58.6
Residence	Rural	143	39
	Semi-Urban	99	27
	Urban	125	34.1
Advanced A-Level Stream	Arts	111	30.2
	Commerce	108	29.4
	Maths	44	12
	Science	65	17.7
	Technology	39	10.6
Academic Year	Year I	34	9.3
	Year II	70	19.1
	Year III	127	34.6
	Year IV	136	37.1
Work Experience	6 Months to 1 Year	65	17.7
	Greater than 1 Year	62	16.9
	Less than 06 Months	87	23.7
	No Experience	153	41.7
Qualification	Academic	169	46
	Professional	29	7.9
	Both	124	33.8
	No Any	45	12.3

Source: SPSS Data (2024)

In order to better understand their financial literacy and investment decision-making, 367 Rajarata University first-year students took part in a questionnaire. The questionnaire's first section collected Table 04 above information without requesting names or contact details. Among the respondents, 215 (58.6%) were female, while 41% were male. The management faculty represented 85 respondents, while 76% came from other faculties. Geographically, 39% hailed from rural areas, 34% from urban areas, and 27% from semi-urban areas. In terms of Advanced Level streams, 30% of respondents studied Arts, 29% Commerce, 17% Science, 12% Mathematics, and 11% Technology. The engagement was high among 4th-year students, comprising 37% of the sample, followed by 35% from 3rd year, 19% from 2nd year, and 9% from 1st year. Regarding work experience, 42% had no experience, 24% had less than 6 months, and 17% had more than one year. The majority held academic qualifications, with 34% possessing both academic and professional credentials.

4.3 Reliability Analysis

Ensuring the internal reliability of the survey questionnaire is crucial for conducting effective statistical analysis. To achieve this, Cronbach's Alpha is calculated for the entire dataset as well as for each individual study variable. A Cronbach's Alpha value of 0.700 or higher is deemed to indicate acceptable reliability.

Table 5: Reliability Analysis

Variable	Cronbach's Alpha	N. of Items	Reliability
Financial Attitude	.711	5	Reliable
Financial Knowledge	.759	5	Reliable
Financial Skills	.781	6	Reliable
Financial Behavior	.784	6	Reliable
Investment Decision	.785	5	Reliable

Source: SPSS Data (2023)

Table 05 demonstrates data reliability by obtaining a value of 0.700 or higher for each variable. This indicates that the data is both reliable and internally consistent.

4.4 Validity Analysis

The Kaiser-Meyer-Olkin (KMO) test is conducted to evaluate the suitability of the data for factor analysis. This test measures the adequacy of the sample for each element in the model and provides an indicator of the shared variance among the variables.

Table 6: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.897
Bartlett's Test of Sphericity	Approx. Chi-Square	1291.603
	Df	10
	Sig.	.000

Source: SPSS Output (2024)

If the sample is considered inadequate, KMO values below 0.6 indicate the need for corrective measures. Based on Kaiser's "Midding" theory, the KMO values for all the study's variables exceed 0.700, suggesting that the sample size is sufficient for analyzing each component. This confirms the validity of the questionnaire.

4.5 Descriptive Statistics

The mean evaluations of participants on various aspects of financial literacy and their investment choices are analyzed. Descriptive statistics are calculated in this section.

Table 7: Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
Financial Attitude	1.00	5.00	3.7313	.36376
Financial Knowledge	1.00	5.00	3.7831	.44235
Financial Skills	1.00	5.00	3.7947	.43987
Financial Behavior	1.00	5.00	3.7879	.40440
Investment Decision	1.00	5.00	3.7488	.48043

Source: SPSS Output (2024)

Table 07 demonstrated that the financial attitude possessed a mean weight of 3.73. Considering this, it can be said that the financial attitude among undergraduates is above average. Responses range between 1.00 (minimum) and 5.00 (maximum). Financial knowledge had a mean of 3.78, indicating that financial knowledge among the undergraduates is also above average. Responses range between 1.00 (minimum) and 5.00 (maximum). Financial skills had a mean of 3.79 indicating that financial skills among the undergraduates are also above average. Responses range between 1.00 (minimum) and 5.00 (maximum). The mean of 3.78 indicates that financial behavior among undergraduates is also above average. Responses range between 1.00 (minimum) and 5.00 (maximum). Investment decisions, on the other hand, had a mean of 3.74, indicating that undergraduates' investment decisions are also above average. Responses range between 1.00 (minimum) and 5.00 (maximum).

4.6 Correlation Analysis

The connection between aspects of financial literacy and investment decision-making is ascertained through correlation analysis.

Table 8: Correlation

		FA	FK	FS	FB	ID
FA	Pearson Correlation	1				
	Sig. (2-tailed)					
FK	Pearson Correlation	.671**	1			
	Sig. (2-tailed)	.000				
FS	Pearson Correlation	.695**	.750**	1		
	Sig. (2-tailed)	.000	.000			
FB	Pearson Correlation	.692**	.691**	.734**	1	
	Sig. (2-tailed)	.000	.000	.000		
ID	Pearson Correlation	.713**	.685**	.688**	.700**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output (2024)

An R-value of 0.713 indicates a positive correlation between investing decisions and financial attitude. At the 0.01 level, this result is strong and significant, indicating a strongly positive and significant relationship between financial attitude and investment decision. An R-value of 0.685 indicates a positive correlation between financial knowledge and investment decisions, which is moderate and significant at the 0.01 level. Therefore, it can be concluded that there is a moderately significant and positive relationship between financial knowledge and investment decisions.

An R-value of 0.688 indicates a positive correlation between investment decisions and financial skills. This value is also moderate and significant at the 0.01 level. Therefore, it can be concluded that there is a moderately significant and positive relationship between financial skills and investment decisions.

An R-value of 0.700 indicates a positive correlation between financial behavior and investment decisions. This value is strong and significant at the 0.01 level; hence, it

can be stated that the relationship between financial behavior and investment decision is strongly positive and significant.

4.7 Regression Analysis

4.7.1 Multiple Regression

A popular method in the social sciences for determining how independent factors affect a dependent variable is multiple regression. Using the known values of the independent variables, multiple regression analysis seeks to predict the value of a dependent variable. The weights applied to each predictor value signify the percentage of its contribution to the aggregate prediction. The model comprises four dimensions that together measure financial literacy. The findings are as below:

Table 9: Multiple Regression Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.792[a]	.627	.623	.29488

a. Predictors: (Constant), Financial Behavior, Financial Knowledge, Financial Attitude, Financial Skills

Source: SPSS Data (2024)

The R-value of 0.792 indicates that there is a strong correlation relationship between undergraduates' investment decisions and financial literacy, which is determined by integrating financial behavior, financial knowledge, financial attitude, and financial skills. Financial literacy determined 62.7% of investment decision-making, according to the R-squared value of 0.627.

Table 10: Multiple Regression - ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	53.000	4	13.250	152.379	.000[b]
Residual	31.477	362	0.087		
Total	84.477	366			

a. Dependent Variable: ID

b. Predictors: (Constant), FB, FK, FA, FS

Source: SPSS Data (2024)

The ANOVA shows that undergraduates' investing decisions are significantly influenced by the model that considers all four aspects of financial literacy. The F-

ratio of 152.379, which is greater than 1, and the P value of 0.000, which is less than 0.05, support this conclusion.

Table 11: Multiple Regression - Coefficient

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.292	.167		-1.749	.081
Financial Attitude	.413	.065	.312	6.329	.000
Financial Knowledge	.219	.057	.201	3.843	.000
Financial Skills	.158	.061	.145	2.584	.010
Financial Behavior	.283	.062	.238	4.565	.000

a. Dependent Variable: Investment Decision

Source: SPSS Data (2024)

Moreover, when we consider all four dimensions of financial literacy collectively, it becomes evident that they significantly influence undergraduates' investment decisions. The respective statistical significance values for these factors were 0.000, 0.000, 0.010, and 0.000, all of which fall below the threshold of 0.05.

4.8 Demographic Factors and Financial Literacy

The independent samples t-test and one-way ANOVA were used to find out if college students from different groups of demographic factors have different levels of financial knowledge.

4.8.1 Independent sample T-Test - Financial Literacy among Management and Non-Management Students

To determine whether there is a statistically significant difference between the means of two unrelated groups, separate samples and use the t-test.

The following are the results:

Table 12: Group Statistics

	Program	N	Mean	Std. Deviation	Std. Error Mean
Financial Literacy	Management	85	3.896	.462	.050
	Non-Management	282	3.738	.321	.019

Source: SPSS Data (2024)

As the findings above show, management undergraduates (85) have a mean financial literacy average of 3.896 whereas non-management undergraduates (282) have a mean financial literacy average of 3.738.

Table 13: Independent Samples T-Test

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	Df	Sig. (2-tailed)	Mean DF	Std. Error Diff.
FL	Equal variances assumed	9.832	.002	3.556	365	.000	.1579	.0444
	Equal variances are not assumed			2.942	109.57	.004	.1579	.0536

Source: SPSS Data (2024)

With a p-value of 0.002, which is less than 0.05, the mean difference is considered significant. Therefore, the degree of financial literacy among undergraduates studying management and those not studying management differs significantly. When equal variances are not assumed, this is also significant, with a p-value of 0.004.

4.8.2 Independent sample T-Test - Financial Literacy among Male and Female Students

Table 14: Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
FL	**Female**	215	3.7824	.36613	.02497
	Male	152	3.7645	.36336	.02947

Source: SPSS Data (2024)

As the findings above show, female undergraduates (215) have a mean financial literacy average of 3.7824 whereas male undergraduates (152) have a mean financial literacy average of 3.7645.

Table 15: Independent Samples T-Test

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Diff.	Std. Error Diff.
FL	**Equal variances assumed**	.000	.992	.464	365	.643	.017	.038
	Equal variances not assumed			.465	326.7	.643	.017	.038

Source: SPSS Data (2024)

The p-value of.992, which is greater than 0.05 and indicates the significance of the mean difference, indicates that there is not a significant difference in the degree of financial literacy between male and female undergraduates.

4.8.3 One-way ANOVA T-Test - Other Demographic Factors

Based on demographic characteristics, one-way ANOVA is performed to determine whether respondents' financial literacy levels across various categories differ statistically significantly.

Table 1: One-Way ANOVA Test – Demographic Factors and Financial Literacy

Financial Literacy		Sum of Squares	Df	Mean Square	F	Sig.
Gender	Between Groups	.029	1	.029	.215	.643
	Within Groups	48.624	365	.133		
	Total	48.653	366			
Residence	Between Groups	.055	1	.127	.958	.385
	Within Groups	48.398	365	.133		
	Total	48.653	366			
Academic Year	Between Groups	.391	3	.130	.979	.403
	Within Groups	48.262	363	.133		
	Total	48.653	366			
Experience	Between Groups	.817	3	.272	2.066	.104
	Within Groups	47.836	363	.132		
	Total	48.653	366			
Other Qualifications	Between Groups	1.211	3	.404	3.089	.027
	Within Groups	47.442	363	.131		
	Total	48.653	366			

Source: SPSS Data (2024)

There is a statistically significant difference in the degree of financial literacy across various undergraduate groups based on their other qualifications, as indicated by the data above, which showed that only other qualifications had a p-value less than 0.05. The degree of financial literacy among the various student groups does not differ statistically significantly by gender (p =.643), working experience (p =.104), academic year (p =.403), or place of residence (p =.385).

4.9 Testing of hypothesis

H_1: There is a significant impact of financial knowledge on the personal investment decisions of management and non-management undergraduates of Rajarata University of Sri Lanka.

The mean score for financial knowledge was 3.78, which suggests that undergraduates have above-average knowledge of finance. Furthermore, an R-value of 0.685 indicates a positive correlation between investment decisions and knowledge of finance. The multiple regression analysis revealed a statistically significant correlation between investment decisions and financial knowledge, as indicated by the B value of 0.219 and P value of 0.000. H_1 is therefore approved. In LR, similar results were noted. For example, Mugo (2016) and Neupane (2021) discovered a high relationship between financial knowledge and investment decisions. Furthermore, Kumari (2020) showed a significant positive relationship between Sri Lankan investors' decisions and their level of knowledge about finance.

H_2: There is a significant impact of financial attitude on the personal investment decisions of management and non-management undergraduates of Rajarata University of Sri Lanka.

The results of this study show that undergraduate students at Rajarata University of Sri Lanka's financial attitudes have a statistically significant influence on their investing choices. The undergraduates' financial attitudes are above average, as evidenced by their mean score of 3.73. Furthermore, an R-value of.713 indicates a positive correlation between investing decisions and financial attitude. The multiple regression analysis revealed a significant association between investment decisions and financial attitude, as indicated by the B value of.413 and P value of.000. H_2 is therefore accepted. Previous studies have also demonstrated that attitudes and behaviors related to money, such as management, budgeting, and investment decision-making, are influenced by financial attitudes (Tumba et al., 2022) This implies that investing decisions are positively impacted by financial attitudes.

H_3: There is a significant impact of financial skills on the personal investment decisions of management and non-management undergraduates of Rajarata University of Sri Lanka.

The application of financial services knowledge derived from financial literacy is known as financial skills. Improving financial literacy skills is crucial for making prudent financial and investment decisions, claims Kumari (2020). Financial literacy has a statistically significant influence on Rajarata University of Sri Lanka undergraduates' investing choices, according to the study's findings. A mean score of 3.79 for financial skills indicates that undergraduates have above-average financial skills. A favorable correlation between investment decisions and financial skills is also evident, with an R-value of.688. The multiple regression analysis revealed a statistically significant association between investment decision-making and financial skills, as indicated by the B value of.158 and P value of.010. H_3 is accepted. Similarly, past researchers (Kumari, 2020; Saha, 2016) also found significant

evidence to prove the correlation between financial skills and shareholder financial decisions.

H_4: There is a significant impact of financial behavior on the personal investment decisions of management and non-management undergraduates at Rajarata University of Sri Lanka.

Nidar and Bestari (2012) define financial behavior as conduct associated with financial applications or processes. According to the results of this study, undergraduate students at Rajarata University of Sri Lanka's investment decisions are statistically significantly influenced by their financial behavior. Undergraduates' financial behavior is above average, as seen by the financial behavior mean of 3.78. Furthermore, an R-value of 0.700 indicates a positive correlation between investing decisions and financial behavior. The multiple regression analysis revealed a statistically significant association between investment decision-making and financial behavior, as indicated by the B value of 0.283 and P value of 0.000. H_4 is therefore accepted. Previous research has produced conflicting findings about the contribution of financial behavior to investment decision-making.

According to Joo and Grable (2004), financial behavior influences financial happiness (investment) more strongly and directly than family income or other demographic factors. In contrast, Kumari (2020) found that there is a favorable but insignificant correlation between investing behavior and financial behavior and financial knowledge.

H_5: There is a significant difference between the financial literacy levels among management and non-management undergraduates of Rajarata University of Sri Lanka

To ascertain whether the means of two unrelated groups differ statistically significantly, an independent samples t-test is employed. As the findings above show, management undergraduates (85) have a mean financial literacy average of 3.8964 whereas non-management undergraduates (282) have a mean financial literacy average of 3.7384. There is a substantial difference in the degree of financial literacy between undergraduates studying management and those who are not; this is indicated by the p-value of 0.002, which is less than 0.05 and reflects the importance of the mean difference. H_5 is therefore accepted. The field of education has discrepancies. Research indicates that financial literacy and educational attainment are significantly correlated, with higher financial literacy being linked to lower educational attainment and lower financial literacy to higher educational attainment (Lusardi and Mitchell, 2011).

H_6: There is a significant difference between the financial literacy levels among demographic factors of management and non-management undergraduates of Rajarata University of Sri Lanka.

Only other qualifications obtained a p-value below 0.05, according to the results. Therefore, based on their other qualifications, there is a statistically significant variation in the degree of financial literacy among various undergraduate groups. The

degree of financial literacy among the various student groups does not differ statistically significantly by gender (p =.643), working experience (p =.104), academic year (p =.403), or place of residence (p =.385). H_6 is therefore disproved. Prior studies have demonstrated a direct or accurate correlation between financial literacy and investing decisions, as well as the influence of financial literacy on age, gender, experience, and education (Kadoya and Khan, 2020).

5. CONCLUSION

The primary ability that facilitates prudent financial choices about a person's financial resources is financial literacy. Well-informed investors evaluate the circumstances and choose the most advantageous investment opportunities. Making the best financial choices is aided by this financial literacy. Investors strive to increase their financial literacy and skills to increase their capacity to make rational investment decisions and increase their return on investment. The results of this study indicate that for a student to make wise investment choices in Sri Lanka, they must possess a high level of financial literacy, which includes financial knowledge, financial skills, financial attitudes, and financial behavior. Universities, governments, and financial institutions can hold workshops and seminars regarding financial education programs to enhance students' financial literacy and skills and encourage investors to engage in lucrative financial sectors. Making informed investing decisions requires an awareness of financial literacy.

Investors often exhibit irrational behavior, influenced by various biases. According to this study, management students are far more financially literate than their classmates who are not in management, because of their coursework. To address this gap, universities should enhance financial education for non-management students through curriculum adjustments and provide financial counselling. Collaborating with banks and financial organizations can facilitate training and resources. Engaging financially aware parents and peers can further promote financial literacy within the community. This study had several limitations, including a small sample size and reliance on questionnaires for data collection. Although quantitative information was useful, adding qualitative perspectives could improve our comprehension of investors' attitudes and the connection between financial literacy and investment decisions in Sri Lanka. Furthermore, analysis was limited using cross-sectional data. Future studies could address current limitations by using larger, multi-university samples across different Sri Lankan regions. Employing mixed methodologies could enhance data collection through interviews with stakeholders involved in investment decisions. It's possible that longitudinal research could help us understand the cause-and-effect link between financial literacy and investment decisions by looking at factors like demographics and financial confidence.

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