



## **EXPLORING UNDERGRADUATES' MONEY-MANAGEMENT LIFE: INSIGHT FROM THE UNIVERSITY OF PERADENIYA, SRI LANKA**

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### **Abstract**

Undergraduate students play a crucial role in the economy due to their potential as future earners of substantial income. The primary objective of this study was to investigate the potential influence of financial attitude, financial knowledge, financial socialization agents, and locus of control on the money management behaviour of undergraduate students enrolled at the University of Peradeniya in Sri Lanka. The objective of this quantitative study is to ascertain the variables that exert influence on financial behaviour. Researchers used convenient sampling methods to select 375 individuals from a population of 11,560 at the University of Peradeniya in Sri Lanka, consisting of nine faculties. The data collection instrument employed in this study was a questionnaire. Data were collected from a sample of undergraduate students, excluding those from the Management Faculty, to make generalizations about the entire student population. This exclusion was made due to the expectation that Management Faculty undergraduates possess higher knowledge and skills in money management. Based on the findings, it is apparent that financial attitude, financial knowledge, and financial socialization agents substantially influence the money management behaviour of undergraduates at the University of Peradeniya, Sri Lanka. However, there is insufficient statistical evidence to support the notion that locus of control significantly impacts the money management behaviour of undergraduates at the University of Peradeniya, Sri Lanka. The findings of this study will provide valuable insights for financial institutions, governmental bodies, as well as current and prospective undergraduate students within the country.

*Keywords: Undergraduates, Money Management Behaviour, Financial Attitude, Financial Knowledge, Financial Socialization Agents, Locus of Control, Sri Lanka*

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### INTRODUCTION

Money management is a critical aspect of young adults' lives, especially during their undergraduate years, since they are preparing for being financial independence. Effective money management skills not only contribute to financial well-being but also have long-term implications for personal and professional success. Exploring undergraduates' money-management practices and behaviours can provide valuable insights into their financial decision-making processes and inform interventions to promote financial literacy and responsible financial habits. The undergraduate age group is considered a high-risk group for being involved in financial difficulties because undergraduates' ability to transition into adulthood smoothly depends on how they handle their finances (Bamforth, et al., 2018) However, many undergraduates lack money management abilities and skills, and individuals have faced difficulty in managing their money efficiently and effectively to generate future cash flows.

The University of Peradeniya, -, is one of the leading higher education institutions in the country, attracting a diverse student population from various socio-economic backgrounds. Despite the importance of financial literacy and money management skills, there remains a lack of comprehensive research on the money-management practices and experiences of undergraduate students at the University of Peradeniya.

While some studies have investigated money management among university students in other contexts (Bamforth et al., 2018; Chuah et al., 2020), the specific dynamics and challenges faced by undergraduates at the University of Peradeniya have not been extensively examined. The existing literature, including studies by Sundarasan et al. (2016), Ibrahim and Alqaydi (2013), and Sachitra and Wijesinghe (2018), provides valuable insights into money-management behaviours in different settings, but the unique cultural, economic, and educational context of the students of the University of Peradeniy warrants a dedicated investigation.

The research aims to fill the gap in the literature by exploring undergraduates' money-management lives at the University of Peradeniya, The research questions and objectives can be listed as follows,

### Research Questions

- a. Whether there is an impact of financial attitude on money management behaviour among undergraduates at the University of Peradeniya?
- b. Whether there is an impact of financial knowledge on money management behaviour among undergraduates at the University of Peradeniya?
- c. Whether there is an impact of financial socialization agents on money management behaviour among undergraduates at the University of Peradeniya?
- d. Whether there is an impact of locus of control on money management behaviour among undergraduates at the University of Peradeniya?



### Research Objectives

- a. To identify whether there is an impact of financial attitude on money management behaviour among undergraduates at the University of Peradeniya.
- b. To identify whether there is an impact of financial knowledge on money management behaviour among undergraduates at the University of Peradeniya.,
- c. To identify whether there is an impact of financial socialization agents on money management behaviour among undergraduates at the University of Peradeniya.
- d. To identify whether there is an impact of locus of control on money management behaviour among undergraduates at the University of Peradeniya.

### METHODOLOGY

This research is a quantitative study aimed at investigating the various factors that influence the money management behaviour of undergraduate students enrolled at the University of Peradeniya in Sri Lanka. A survey was conducted among undergraduate students using a questionnaire. The study focuses on the underlying factors of financial attitude, financial knowledge, financial socialization agents, and locus of control.

#### Population, Sample & Sampling Technique

This research- is a quantitative study aimed at investigating the various factors that influence the money management behaviour of undergraduate students enrolled at the University of Peradeniya in Sri Lanka. A survey was conducted among undergraduate students using a questionnaire. The study focuses on the underlying factors of financial attitude, financial knowledge, financial socialization agents, and locus of control.

#### Conceptual Framework of the Study

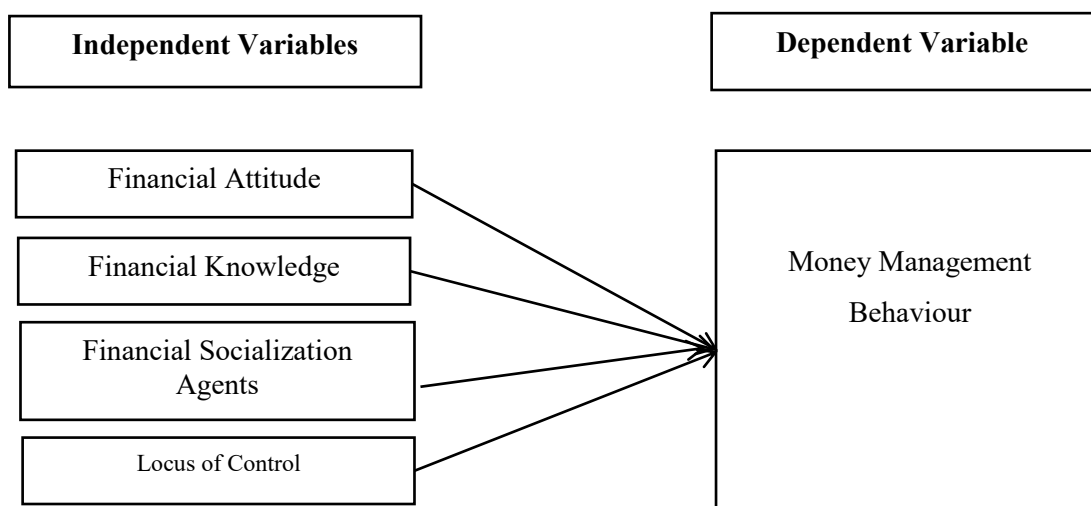


Figure 1: Conceptual Framework  
Source: Authors (2022)

### Hypothesis

H1: There is a significant impact of financial attitude on money management behaviour among undergraduates at the University of Peradeniya, Sri Lanka.



H2: There is a significant impact of financial knowledge on money management behaviour among undergraduates at the University of Peradeniya, Sri Lanka.

H3: There is a significant impact of financial socialization agents on money management behaviour among undergraduates at the University of Peradeniya, Sri Lanka.

H4: There is a significant impact of locus of control on money management behaviour among undergraduates at the University of Peradeniya, Sri Lanka.

### **Data Collection**

The researchers obtained primary data by administering a structured questionnaire to a sample of 375 undergraduate students enrolled at the University of Peradeniya in Sri Lanka. The selection of respondents was based on convenience from a population of 11,560 individuals. The survey was administered utilising the online method of data collection.

### **Data Analysis**

The data analysis was conducted using the Statistical Package for Social Sciences (SPSS Version 25). The study employed descriptive statistics, correlation analysis, and regression analysis techniques. Descriptive statistics offer a straightforward and comprehensible representation of the variables. Additionally, the data in the chart, table, and appropriate graph were presented using SPSS 25. Correlation analysis was employed to determine the extent of the relationship between each independent variable and the dependent variable. Following the execution of correlation analysis and regression, an investigation was conducted to assess the relationship and influence between the independent variable and the dependent variable.

## **RESULTS AND DISCUSSION**

### **Descriptive Analysis**

The survey results indicate that 51.7% of the participants were male, while 48.3% were female. Most participants fall within the age range of 21 to 23 years. The age group with the second highest frequency falls within the range of 24 to 26 years, while the age group with the third highest frequency falls within the range of 27 to 29 years. The age group with the fourth highest frequency of responses comprises individuals aged 30 years and above, while the age group with the lowest frequency of responses consists of individuals below the age of 20. The data reveals that 33.3% of the participants belong to the category of first-year undergraduates, whereas 15.5% of the participants are categorized as second-year undergraduates. The data indicates that 18.9% of the participants belong to the category of third-year undergraduates, while 32.3% of the respondents fall under the category of fourth-year undergraduates. Data was collected from 375 respondents at the University of Peradeniya, based on the proportional representation of students in each faculty. Most participants were awarded the Mahapola Scholarship. A proportion of 23.5% of the participants did not receive any form of financial assistance. 7.7% of the participants were recipients of bursaries, while 3.7% of the participants received other forms of financial assistance. Most of the participants reported a monthly family income ranging from 25,001 to 50,000, with a percentage of 22.4%. Approximately 21.3% of the participants reported that their family's monthly income falls within the range of 50,001 to 75,000. 19.2%, 14.4%, 12.3%, and 10.4% 75,001 – 100,000, 100,001 – 200,000, The values below 25,000 and above 200,000 denote, respectively.



**Reliability**

The reliability of the survey results indicates that Cronbach’s alpha values are greater than 0.7 and indicates there is consistency of measures.

Table1: Cronbach’s Alpha

Factors	Cronbach’s Alpha
Money Management Behaviour	0.771
Financial Attitude	0.769
Financial Knowledge	0.733
Financial Socialization Agents	0.748
Locus of Control	0.776

Source: Authors (2022)

**Normality Testing**

Normality was also confirmed through skewness, kurtosis, and histogram.

Table 2 : Skewness and Kurtosis

		MM	FA	FS	LC	FK
N	Valid	375	375	375	375	375
	Missing	0	0	0	0	0
Std. Deviation		.64899	.51000	.69599	.59321	.63224
Variance		.421	.260	.484	.352	.400
Skewness		-.313	-.194	-.343	-.385	-.610
Kurtosis		-.149	.538	.310	.645	1.135

Source: Authors (2022)

The data skewness ranges lower than -1 implying that the data is normally distributed Kurtosis values vary from -.149 to 1.135 confirming that the data is normally distributed.

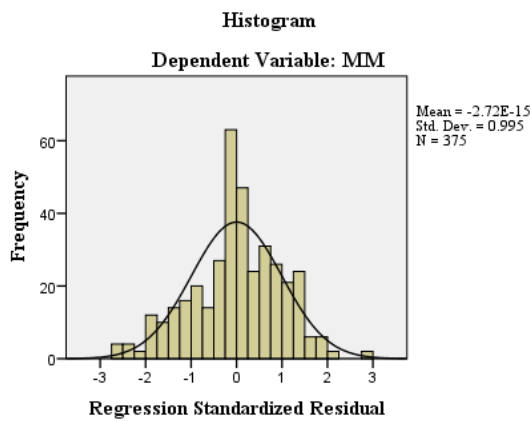


Figure 2: Regression Standardized Residual – Histogram

Source: Authors (2022)

The standard normal distribution has a bell-shaped density curve, which is shown by its mean and standard deviation.



**Multicollinearity**

Variance inflation factor (VIF) values also less than 10 indicated that there is no multicollinearity issue. There are no multicollinearity or heteroscedasticity issues because the data have a normal distribution.

Table 3: Coefficients

Model		Collinearity Statistics	
		Tolerance	VIF
1	Financial Attitude	.664	1.506
	Financial Socialization Agents	.742	1.347
	Locus of Control	.777	1.287
	Financial Knowledge	.779	1.283

Source: Authors (2022)

Table 4: Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	FA	FS	LC	FK
1	1	4.937	1.000	.00	.00	.00	.00	.00
	2	.024	14.220	.04	.00	.92	.05	.08
	3	.018	16.458	.03	.01	.00	.26	.83
	4	.012	20.340	.29	.23	.02	.68	.09
	5	.009	23.618	.64	.76	.05	.00	.00

Source: Authors (2022)

The analysis proceeded with the presence of reliability, normality, and absence of multicollinearity in the dataset.

**Coefficient of Determination**

The coefficient of determination, denoted as R squared, has a value of 0.613. The study conducted among undergraduates at the University of Peradeniya, Sri Lanka has revealed that the factors examined in this research significantly explain a variance of 61.3% in Money Management Behaviour.

Table 5: Coefficient of Determination

Model Summary		
R	R Square	Adjusted R Square
.626 <sup>a</sup>	0.613	0.606

Source: Authors (2022)

**Multiple Regression Analysis**

According to the ANOVA table provided for multiple regression, the F statistic is 59.715, indicating statistical significance at the 0.000 level with a p-value of 0.000, which is less than the predetermined alpha level of 0.01. The multiple regression model has provided a significant explanation for the variance in regression.



Table 6: ANOVA Table

	Sum of Squares	df	Mean Square	F	Sig.
Regression	61.797	4	15.449	59.715	.000 <sup>b</sup>
Residual	95.725	370	0.259		
Total	157.523	374			

Source: Authors (2022)

### Hypotheses Testing

*H1: There is a significant impact of financial attitude on money management behaviour among undergraduates at the University of Peradeniya, Sri Lanka.*

The obtained Beta value for Financial Attitude is 0.418 at a 5% significant value, leading to the acceptance of Hypothesis 1 (H1). This implies that there exists substantial statistical evidence to support the notion that financial attitude has a significant impact on the money management behaviour of undergraduates at the University of Peradeniya, Sri Lanka.

*H2: There is a significant impact of financial knowledge on money management behaviour among undergraduates at the University of Peradeniya, Sri Lanka.*

Based on the obtained beta value of 0.289, it can be inferred that Hypothesis two (H2) is accepted at a 5% level of significance. This implies that there exists substantial statistical evidence to support the claim that financial knowledge has a significant influence on the money management behaviour of undergraduates enrolled at the University of Peradeniya, Sri Lanka.

*H3: There is a significant impact of financial socialization agents on money management behaviour among undergraduates at the University of Peradeniya, Sri Lanka.*

With a beta value of 0.185, Hypothesis 3 (H3) has been accepted at a 5% level of significance. This indicates that there is substantial statistical evidence to support the notion that financial socialization agents have an impact on the money management behaviour of undergraduates at the University of Peradeniya, Sri Lanka.

*H4: There is a significant impact of locus of control on money management behaviour among undergraduates at the University of Peradeniya, Sri Lanka.*

Since the Locus of Control's beta value is -.016, the researchers concluded that there is insufficient statistical evidence to support the hypothesis that students' locus of control influences their financial management practices at the University of Peradeniya in Sri Lanka.

Table 7: Coefficient Analysis Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.590	0.228		2.588	0.010
Financial Attitude	0.418	0.063	0.328	6.599	0.000
Financial Socialization Agents	0.185	0.044	0.198	4.207	0.000
Locus of Control	-0.016	0.050	-0.015	-0.326	0.744
Financial Knowledge	0.289	0.047	0.282	6.135	0.000

Source: Authors (2022)



### Multiple Regression Equation

$$Y = .590 + 0.418 X_1 + 0.289 X_2 + 0.185 X_3$$

Where Y = Money Management Behaviour  
 X<sub>1</sub> = Financial Attitude  
 X<sub>2</sub> = Financial Knowledge  
 X<sub>3</sub> = Financial Socialization

### Discussion

Previous literature on the money management behavior of undergraduates have identified several contributing factors. In this study, financial attitude emerged as the most significant variable, as evidenced by a reported beta value of 0.418. This indicates a strong association between financial attitudes and money management practices among undergraduates. Additionally, financial knowledge was found to be another influential factor, with a determined beta coefficient of 0.289, highlighting the importance of understanding financial concepts in shaping financial behaviors. Furthermore, the study identified financial socialization agents as a third variable contributing to the phenomenon, with a beta value of 0.185. This suggests that the influence of socialization agents, such as family, peers, or educational institutions, plays a role in shaping undergraduates' money management practices.

The study's findings offer substantial statistical support for the first three hypotheses proposed, affirming the existence of significant influences on the financial management practices of undergraduates at the University of Peradeniya, Sri Lanka. However, the fourth hypothesis was found to be inconclusive, as there was insufficient statistical evidence to establish a significant impact on the financial management practices of these undergraduates.

### CONCLUSIONS AND RECOMMENDATIONS

Undergraduates are significant for an economy since they are the group that generates cash inflow to the country in the near future. Therefore, the country has recently increased its attention to undergraduate money management behaviour (Sachitra & Wijesinghe, 2018). According to (Bamforth, et al., 2018) research paper, they reveal undergraduates are not handling their money at a satisfactory level and it makes challenging to complete their degrees successfully. And also, (Birari & Patil, 2014) concluded that the young generation rarely practiced basic financial skills, such as budgeting, developing a regular savings plan or planning for long-term requirements. Hence, it is required to understand the factors that affect money management behaviour among university students in Sri Lanka since they are the future cash inflows to the country.

The findings of this research demonstrate a strong positive association between financial attitudes and money management behaviours among undergraduate students enrolled at the University of Peradeniya, located in Sri Lanka. Consequently, it can be observed that financial attitude has a notable influence on the money management behaviour of undergraduate students enrolled at the University of Peradeniya in Sri Lanka. A positive correlation has been observed between the level of financial knowledge and money management behaviour among undergraduate students enrolled at the University of Peradeniya, located in Sri Lanka. According to existing research, individuals tend to exhibit greater financial responsibility when they possess a higher degree of financial literacy. The present study aims to investigate the correlation between financial knowledge and money management behaviour among undergraduate students at the University of Peradeniya, Sri Lanka. The findings suggest that financial knowledge has a noteworthy influence on the way undergraduates manage their finances. A positive correlation has been observed between





financial socialization agents and money management behaviour among undergraduates enrolled at the University of Peradeniya. Individuals who possess a sense of financial security and confidence in their decision-making abilities as adults may have benefited from positive parental guidance during their formative years. The management of money among undergraduates at the University of Peradeniya in Sri Lanka is significantly influenced by financial socialization agents. The study found no significant association between locus of control and money management behaviour among undergraduate students enrolled at the University of Peradeniya. Individuals with a more external locus of control were found to be more susceptible to experiencing financial difficulties. Therefore, the statistical analysis did not yield significant evidence to support the notion that financial attitude has an impact on the money management behaviour of undergraduates enrolled at the University of Peradeniya.

### **Recommendations**

According to the findings of the research, a significant proportion of undergraduate students engage in a pre-purchase evaluation of prices and adhere to a predetermined budget for their daily expenditures. These students prioritize saving for their future and recognize the significance of effectively managing their personal finances. Nonetheless, a reduced number of university students uphold a documented or electronic record of their monthly expenditures. Maintaining a written or digital record of monthly expenses is advised to enhance one's financial management abilities.

The findings of the study indicate that undergraduate students possess an understanding of the significance of establishing and maintaining a regular savings regimen, in addition to recognizing the essentiality of a documented budget and prioritizing expenditures. It is widely believed by students that the prudent management of finances is a key factor in achieving a fulfilling life. Additionally, the development of a personalized financial strategy for retirement is deemed essential for ensuring long-term stability during one's elderly years. Regrettably, solely the mean student populace possesses the capability to manage unforeseen significant expenditures at any given time. Therefore, it is advisable to consider one's saving habits and establish priorities accordingly.

As per the findings of the study, it can be inferred that undergraduates possess a certain degree of financial literacy. Additional research indicates that undergraduate students would benefit from increased knowledge regarding practical procedures, such as the process for obtaining a student loan and the appropriate channels through which to apply for said loan. It has been observed that financial performance can be enhanced through this approach. Moreover, there is a scarcity of research articles about money management behaviour in the Sri Lankan context. Thus, it is advisable to conduct further investigation regarding this subject matter.

### **Limitations of the Study**

The objective of this research was to ascertain the variables that influence financial management practices among undergraduate students enrolled at the University of Peradeniya in Sri Lanka. Nonetheless, the collection of data from all individuals is unfeasible owing to the temporal and monetary constraints of this investigation. Consequently, it was necessary to restrict the sample size. The sample population for this study consisted of 375 undergraduate students who were enrolled at the University of Peradeniya. Although the exclusion of management faculty from the sample, still undergraduate students often exhibit distinct attitudes towards finance and locus of control in comparison to individuals who have more exposure to financial matters than undergraduate students. Additionally, the study's limitations include an examination of the religious and cultural foundations of the country. The limitations of the study encompass its location at the University of Peradeniya in Sri Lanka, and its execution within a Sri Lankan milieu. The existing body of literature has



explored various economic, social, and psychological factors. However, this study specifically concentrates on a limited number of traits derived from the literature. Additionally, the temporal scope of this study is confined to a brief duration.

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