

DOES FINANCIAL LITERACY INFLUENCE ON FINANCIAL BEHAVIOR IN MICROFINANCE SERVICE?

Pratheepan, N., Rathiranee, Y

University of Jaffna, Sri Lanka

The main objective of this study is to investigate the role of financial literacy on the financial behavior of micro finance borrowers. Microfinance has evolved as an economic development approach intended to benefit people who earn a low-income by providing financial services and products such as microcredit, savings and other services such as business development services. In recent years, due to the growing complexity of financial services, more and more microfinance programmes have started to realize that providing their clients with good financial literacy was essential to help them succeed in their integration into the mainstream economy and society. We have analyzed how those financial literacy factors impact on the financial behavior of the borrowers from micro finance institutions. The data were gathered from a purposive sample using questionnaire and in-depth interviews. The collected data are analyzed by using SPSS. Statistical techniques include descriptive statistics and regression Analysis. This study is expected to contribute to the micro finance institutions, micro finance borrowers and also to the policy regulators in terms of succeed in their endeavors. The result shows that, overall financial literacy factors have positive significant influence on financial behavior.

Keywords: *Financial behavior; Financial Literacy; Micro finance*
