

SOCIO DEMOGRAPHIC FACTORS AND FINANCIAL LITERACY OF INDIVIDUAL HOUSEHOLD INVESTORS IN THE JAFFNA DISTRICT OF SRI LANKA

V.A. Subramaniam and S. Anandasayanan

Department of Financial Management, University of Jaffna, Jaffna, Sri Lanka

Financial literacy is considered as a foundation for financial well-being of people. The objective of the study is to find out the financial literacy level of the individual households in the Jaffna District of Sri Lanka and to identify the differences in the financial literacy level of the individual households based on socio demographic factors. The major data source for the study is questionnaire which is used to measure the financial literacy level of the respondents based on the constructs of financial attitude, financial behavior, and financial knowledge, and to collect the data on socio demographic factors of the respondents. The proportionate stratified random sampling method was occupied to select sample respondents and the data was collected from 1024 respondents. Independent t - test and one-way ANOVA test were used to identify the differences in the financial literacy levels based on socio demographic factors. The results of the study reveal that households in the Jaffna district exhibit upper moderate financial literacy level. The households in the study area provide more emphasis for saving and wealth accumulation for their future and next generation and it motivates them to upgrade their financial knowledge. It is also found that there are significant differences in the financial literacy level of households in the Jaffna district based on gender and male household investors tend to exhibit significantly higher financial literacy level than female investors. In addition, the results reveals that there are significant differences in the financial literacy level of households in the Jaffna district based on age and investors in the age group of 41 - 50 years show the highest Financial literacy level, whereas, investors in the age group of 30 Years or Below shows the lowest Financial literacy level. The results also reveal that there are significant differences in the financial literacy level of households in the Jaffna district based on educational level of investors and graduates show the highest level of Financial literacy level whereas investors group with Below G.C.E O/L Qualification show the lowest level of Financial literacy level. However, it is found that marital status and income has no influence on the financial literacy level. The findings of the study will support Local and Central Government bodies, Non-Governmental Organizations, financial institutions and policy makers in designing and conducting financial literacy improvement programmes and will help households to improve their financial literacy level and their financial well-being.

Key Words: Financial Literacy, Socio Demographic Factors, Financial Attitude, Financial Behavior, Financial Knowledge