Psychological Determinants of Financial Behaviour in Jaffna District, Sri Lanka: Examining the Moderating Role of Gender

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Abstract

Financial behaviour plays a critical role in individual and household financial well-being, yet limited empirical evidence exists regarding its psychological determinants in regional and developing contexts such as Northern Sri Lanka. Drawing on the Theory of Planned Behaviour (TPB), this study examines the influence of attitude, subjective norms, and perceived behavioural control on three dimensions of financial behaviour: saving, borrowing, and investment, among residents of the Jaffna District. The study further investigates the moderating role of gender in these relationships. A quantitative research design was employed, and data were collected from 384 respondents using a structured questionnaire. The data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) and Multigroup Analysis (MGA). The measurement model demonstrated satisfactory reliability, convergent validity, and discriminant validity. The findings revealed that perceived behavioural control was the strongest predictor, significantly influencing all three dimensions of financial behaviour. Attitude positively influenced saving and borrowing behaviour, but did not significantly affect investment behaviour. Subjective norms significantly influenced borrowing and investment behaviour but had no significant effect on saving behaviour. Gender moderated only the relationship between perceived behavioural control and saving behaviour, with the effect being stronger among male respondents. The findings support the applicability of TPB in explaining financial behaviour within the Jaffna context and highlight the importance of strengthening financial capability, leveraging community-based financial initiatives, and enhancing women's financial empowerment. The study contributes context-specific evidence to the financial behaviour literature and provides practical insights for policymakers and financial institutions operating in Northern Sri Lanka.

Keywords: *financial behaviour, theory of planned behaviour, attitude; subjective norms, perceived behavioural control, saving behaviour, borrowing behaviour investment behaviour*