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DOES FINANCIAL KNOWLEDGE AND ATTITUDES INFLUENCE THE FINANCE RELATED BEHAVIOR OF UNIVERSITY ACADEMICS

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ABSTRACT

This research analyzed Financial Literacy among University lecturers. A sample of 132 academics were selected from the largest university in the national university system in Sri Lanka to collect data using a structured questionnaire, consisting of 44 questions. Main objective of the study was to measure the level of basic financial literacy of university academics. The study found that the, overall financial literacy of the academics (68.52%) is at a medium level. The knowledge aspect, which was 75.9% is at a medium level, the attitudes aspect, which was 69.7% is also at a medium level. The level of desirable financial behavior of the academics is at a low level of 59.96%. An important observation is that, although, knowledge and attitudes aspects are at a medium level, behavior aspect is at a low level. This suggests that financial knowledge and attitudes of the academics are not fully reflected in their financial behavior. Thus, a behavioral change in academics is needed where they would fully reflect their knowledge and attitudes in their behavior. Further to the basic analysis, relationship among knowledge, attitudes and behavior has also been studied and correlation coefficients suggest that knowledge and behavior and also attitudes and behavior are positively related. The regression results suggest that there is a positive impact of financial knowledge and attitudes on financial behavior. The results suggest financial knowledge and attitudes are crucial in explaining the financial behavior of the academics.

KEY WORDS: *Financial Literacy, Financial Behavior, Attitudes, Perception of stock market*

JELL: B40, C93, D10, D91, E70

INTRODUCTION

‘Financial literacy’ has been defined in many ways by different scholars and institutions .Organization for Economic Corporation and Development defines financial literacy as ‘A combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing (OECD, 2005). Noctor et al (1992) defines financial literacy as ‘The ability to

make informed judgments and to take effective decisions regarding the use and management of money’. Accordingly, financial literacy is the basic ability to manage the financial aspects well and make informed decisions. Therefore financial literacy is important for each and every individual. Those who are financially literate would make error less financial decisions for them and their families. Consequently, they would avoid paying more for financial institutions

and services, manage their borrowing behavior well, make efficient investments and ultimately enhance their personal wealth than the others. The importance of financial literacy can be extended to the overall economy level. Accurate personal financial behavior, leads to the efficient movement of funds towards economic activities enhancing the efficiency and effectiveness of the overall money circulation of the economy and ultimately leading to economic development. In addition, the informed financial decisions made by the public would lead to fair pricing of financial instruments and reach towards an efficient market.

Chen, H. and volpe, R.P, (1998), Beal, D.J. and Delpachitra, S.B, (2003), OECD (2009) Lusardi and Mitchel (2011a) and many others have revealed that the level of financial literacy is not at a satisfactory level. Atkinson *et al* (2007) and Szpringer (2007) has found that increasing complexity of financial products, services and financial markets has made it difficult for the general public to make informed decision about savings, investments and other personal finance related aspects. This complexity would lead to asymmetry of information between financial institutions and customers and in turn to poor financial literacy. Financial crises occur from time to time, due to poor financial literacy of the public. In addition, Continuous changes and advancements in technology, as well as requirements regarding saving, borrowing, investing, retirements, medical and insurance, de-regulation of financial markets ,easier access to credit as financial institutions compete strongly with each other for market share, rapid growth in development and marketing of financial products, and the Government's encouragement for people to take more responsibility for their retirement incomes will demand a high level of financial literacy(Sonia, M. and Abraham, A,2006)

Lack of financial literacy among the public of a country has negative consequences at personal as well as macro level. Deficiency in financial literacy leads to poor personal financial decisions such as inappropriate personal financial planning, borrowings, savings and investment decisions and failure of business organizations. Lack of financial literacy among the public recorded in both developed and developing countries (Rajapakse, 2017), and the resultant unfavorable consequences like personal and institutional bankruptcy, economic crises have increased the demand for a financially literate society and studies towards understanding and improvement of literacy levels. The emerging nature of the financial market of the country has boosted the availability of new financial products, new investment opportunities and technologies. These complexities in the financial economic environment demands financially literate clientele. 'Being financially literate' does not mean that

a person should be a financial expert. A financially literate person is one who is having basic knowledge of finance and the related environment. Thus measuring the level of financial literacy would facilitate measures towards the enhancement of the literacy levels. This study focuses on measuring financial literacy of the university academics of Sri Lanka focusing on the largest university in the national university system based on the number of students.

REVIEW OF LITERATURE

According to Rajapakse, R. (2017), different researchers have utilized different methodologies in measuring financial literacy. Researchers such as; Chen and Volpe (1998); Chen and Volpe (2002);Lyons A and L. Hunt J (2003); Beal, D. , and Delpachitra, S. (2003); Borden L, et.al(2007); Wagland, S. and Taylor, S.,(2009) ; Kindle, P (2010); Jorgensen B and Savla J (2010); Falahati L and Paim L (2011); Altintas K (2011)); Agarwalla S , et.al (2012); Mihalčová B et.al (2013); Opletalová A (2014) ; Edirisinghe, S.*et al* (2015); Wagner J(2015); Altintas K(2011); Thapa B S and Nepal S(2015);Edirisinghe U et.al (2017) have focused on a sample of university students or college students. Mandell L and Schmid Klein L (2009) studied high school student's. Clarke M., et.al. (2005) chose specific population of university students where higher percentage of individuals coming from a first marriage, two-parent home with a larger family size, thus allowing the researcher to assess the modeling of financial tasks at home by father and mother throughout childhood and modeling by the older and younger siblings. Some others have concentrated on the adult population (Schagen S and Lines A(1996),Hastings J, et.al (2010), Van Rooij, M., et.al (2009) Agarwalla, S,et.al(2012) Falahati L and Paim L (2011) Almenberg J and Sa`ve-So`derbergh J(2011)) and there were other studies that concentrated on university professors(NayebzadehS,et.al. (2013)), consumer credit users (Lasantha, S. and Pathirawasam, C (2015)) young employees (Lusardi A, et.al (2009), Agarwalla S., et.al. (2012)), holders of common stocks and trade a variety of other securities (KorniotisGand Kumar A (2011); Carpentier C and Jean-Marc S. (2012)), investors (Hussein A. et.al. (2009)) and financially distressed consumers who telephoned a large national non-profit credit counseling organization seeking assistance with outstanding credit (Xiao J et.al (2005)) Bucher-Koenen T and Lusardi A (2011) and Heenkenda S (2014) studied households. Karunathilaka K. (2016) studied the rural sector. Lusardi A and Mitchell O. (2015) surveyed people in several countries. Klapper L., et.al G (2012) used a panel dataset from Russia, an economy in which consumer loans grew at an astounding rate.

Questionnaire happened to be the most frequently used instrument in collecting data, while

focus group discussions were used by Lyons a C and Hunt J (2003). The questions covered (1) general personal financial knowledge (2) understanding of financial concepts and terms (3) the skill needed to utilize knowledge and understanding and respondents experience (4) and the demographics of the respondents in the majority of instances. Questionnaire was administered personally by Chen and Volpe (1998). Lyons a C and L. Hunt J (2003) administered the questionnaire as a paper version. Borden L et.al (2007) asked students to complete both a pre- and post-test survey during one of the seminars. Wagland, S. and Taylor, S., (2009) used group administration method to distribute the survey. Hussein A. et.al. (2009) selected a convenient sample that consisted of the UAE-national investors of Abu Dhabi Securities Market (ADSM) and Dubai Financial Market (DFM). The Arabic version of the questionnaire was administered in different ways: some of the questionnaires were handed to the investors who visited DFM and ADSM trading floors. Some via the managers of brokerage companies, Abu Dhabi Chamber of Commerce, Abu Dhabi Business Women Council and Ras Al-Khaimah Chamber of Commerce. Mandell L and Schmid Klein L (2009) segmented the high school students by high school and year of graduation. Half the sample took a personal financial management course while the other half did not. The superintendent of schools wrote letters containing the web address for an online survey and a coded identification number that could be placed at the end of the survey to qualify respondents for a payment. Jorgensen B L and Savla J (2010) gathered data using the on-line survey program, Survey.vt.edu. Kindle P(2010) used a survey questionnaire on SurveyMonkey.com. And the participants were solicited by e-mails. Falahati L and Paim L (2011) selected Malaysia university students randomly, using the list of names obtained from each student affairs office. Bucher-Koenen T and Lusardi A (2011) have used the cross-section of a household survey in which one randomly chosen person (not necessarily the household head) who has information on household finances responds to all questions in paper and pencil format. Almenberg J and Sa`ve-So`derbergh J (2011) have collected data via a telephone survey of Swedish adults that was commissioned by the Swedish Financial Supervisory Authority and carried out by a private contractor from an independent random sample that is representative of the Swedish population generated using Statens person address register, a database containing all individuals registered as residents of Sweden. KorniotisG and Kumar A. (2011)and Carpentier C and Jean-Marc S. (2012) studied households who hold common stocks and trade a variety of other securities including mutual funds and options. Altintas K (2011) evaluated a large sample

from multiple universities in Turkey. Agarwalla S K,et.al(2012) adopted the questionnaire developed by the Organization for Economic Cooperation and Development (OECD) to assess financial literacy of students , young employees and the retired in India. Survey administered by Edirisinghe, S. et al (2015) used a comprehensive questionnaire developed in Sinhala language, converted to an online format using the online platform: www.esurv.org, and web links of this questionnaire were administered using emails and Face book.

Rajapakse, R. (2017) clearly shows that only one study has focused on university academics, and none for the case of Sri Lanka and this is the gap the researchers are interested in addressing by this study.

RESEARCH QUESTIONS

The following Research Questions can be drawn from the literature search .

- What is the level of financial literacy among the lecturers?
- What are the relationships between (1) financial knowledge and financial behavior, (2) attitudes and financial behavior?
- What is the impact of financial knowledge and attitudes on financial behavior?

RESEARCH OBJECTIVES

Based on the research questions, the objectives, the researcher aims at achieving by conducting the study are two-fold.

Main objective

- To measure the level of financial literacy among university lecturers.

Sub objectives

- To identify the relationships between (1) financial knowledge and financial behavior, (2) attitudes and financial behavior
- To identify the impact of financial knowledge and attitudes on financial behavior.

METHODOLOGY

I. Research Design

The Data for this study was collected using a structured questionnaire which consisted of 44 questions covering Knowledge, Attitudes and Behavior aspects of financial literacy. Accordingly, the questionnaire consisted of 7 questions on 'Knowledge', 3 questions on 'Attitudes' towards financial issues and 10 questions on financial 'Behavior' of the respondents. In addition, 10 questions were included in the questionnaire to obtain other descriptive information related to personal finance. 10 other questions on demographic and socioeconomic factors were also included in the questionnaire. The knowledge questions focused on the basic financial concepts and other aspects of finance. The basic financial concepts considered were Time Value of Money, Compound Interest, Risk versus Return, Diversification and Saving versus Investing. Other

questions focused on the awareness of the relative riskiness of different financial instruments and relative interest payments made by different kinds of bank accounts like savings accounts, fixed deposits and current accounts. There were 3 questions on personal attitudes related to financial matters. The attitude on retirement planning, perception on the importance of personal financial knowledge and personal interest towards improving financial literacy were covered by these questions. Ten other questions were used to capture the financial behavior of the respondents. The aspects of behavior considered by the questions were researching before making a financial investment, checking the returns of the existing savings and investments on a regular basis, having life insurance, borrowing behavior, budgeting, retirement planning, tax planning and discussing about the finance related topics with others and taking steps to improve personal financial knowledge. The questionnaire was sent in online form to 20 respondents as a pilot survey. Further modifications to the questions were done based on the responses and comments made by the respondents.

II. Population and Sample

The target population of the survey was ‘Academic members of the largest university in the national university system in Sri Lanka’. The sample was drawn from four faculties namely, Faculty of Management Studies and Commerce, Faculty of Humanities and Social Sciences, Faculty of Medical Sciences and Faculty of Applied Sciences. Random sampling technique was utilized while maintaining a minimum representation of 15% from each faculty.

The level of financial literacy was measured using scores assigned to the correct responses for each selected question. Altogether 132 responses were collected.

III. Analysis Strategy

Responses from each respondent for each selected question were used to calculate the mean percentage of correct responses for each ‘Knowledge’ question and for Knowledge questions as a whole. This was also performed for ‘Attitudes’ and ‘Behavior’ questions. The mean percentage of correct responses is grouped into (1) more than 80%, (2) 60% to 79%, and (3) below 60%. The first category represents a relatively high level of literacy. The second category represents a medium level of literacy. The third category represents a relatively low level of literacy. The overall mean correct response rate of the three aspects is utilized to calculate the overall basic level of financial literacy among the respondents.

A comprehensive descriptive analysis is conducted to identify the differences in financial literacy, in terms of Knowledge, Attitudes and Behavior, based on different characteristics of the sample like Gender, Marital status, Level of financial education, Age etc.

A correlation analysis is conducted to examine the relationship between Financial Behavior and Financial Knowledge and also the relationship between Financial Behavior and Attitudes. A regression analysis is conducted using the Least Squares Method to identify the impact of financial knowledge and attitudes towards financial aspects on financial behavior of the respondents. This model is illustrated as follows.

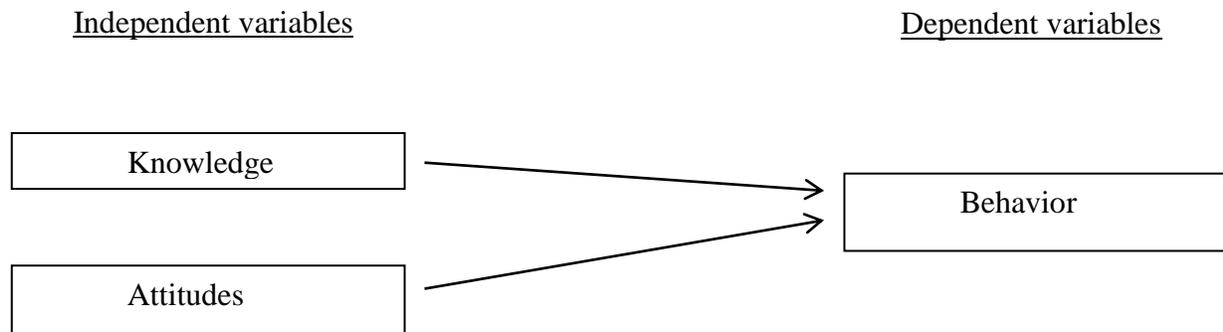


Figure 0-1 Regression Model

Under each Knowledge, Attitudes and Behavior aspect, a single score for each selected question for each respondent is obtained. Then three variables are formed as Knowledge, Attitudes and Behavior by summing up the scores of each selected question under each aspect separately. These 3 variables are used for Correlation and Regression analysis. Accordingly, following Hypothesis are formulated in order to check the correlation between the variables.

Knowledge and Behavior

Ho: There is no significant relationship between Knowledge and Behavior

H1: There is a significant relationship between Knowledge and Behavior

Attitudes and Behavior

Ho: There is no significant relationship between Attitudes and Behavior

H1: There is a significant relationship between Attitudes and Behavior

IV. Adherence to Survey Ethics

Anonymity of the respondents and the confidentiality of the data obtained were assured throughout the study. The data collected from the respondents were used only for this study.

ANALYSIS AND DISCUSSION

The Characteristics of the sample, measurement of the literacy score, descriptive statistics, correlation analysis and the regression analysis are carried out in order to find out the relationship between the three aspects of financial literacy the authors are concerned with.

I. Characteristics of the Sample

The characteristics of the sample of academics selected for this study is presented in Table 1

Table 1 Characteristics of the Sample

| | Number of respondents | Percentage |
|---|-----------------------|------------|
| <u>Faculty</u> | | |
| Management Studies & Commerce | 59 | 44.7% |
| Humanities & Social Sciences | 24 | 18.2% |
| Applied Sciences | 21 | 15.9% |
| Medical Sciences | 25 | 18.9% |
| <u>Followed a financial Management Course or not</u> | | |
| Yes | 61 | 46.2% |
| No | 71 | 53.8% |
| <u>Designation</u> | | |
| Tutor/Demonstrator/Instructor | 34 | 25.8% |
| Lecturer (Probationary) | 28 | 21.2% |
| Senior Lecturer (Grade 2) | 30 | 22.7% |
| Senior Lecturer (Grade 1) | 27 | 20.5% |
| Associate Professor | 2 | 1.5% |
| Professor | 7 | 5.3% |
| Senior Professor | 1 | 0.8% |
| <u>Lecturing experience (in years)</u> | | |
| 0-10 | 74 | 56.1% |
| 11-20 | 40 | 30.3% |
| Above 20 | 18 | 13.6% |
| <u>Monthly Salary</u> | | |
| Less than 50,000 | 37 | 28.0% |
| 51,000-75,000 | 8 | 6.1% |
| 76,000-100,000 | 29 | 22.0% |
| More than 100,000 | 55 | 41.7% |
| <u>Have professional qualifications</u> | | |
| Yes | 31 | 23.5% |
| No | 101 | 76.5% |
| <u>Gender</u> | | |
| Male | 58 | 43.9% |
| Female | 73 | 55.3% |
| <u>Age (in years)</u> | | |
| 25-35 | 59 | 44.7% |

| | | |
|------------------------------|----|-------|
| 36-45 | 36 | 27.3% |
| Above 45 | 36 | 27.3% |
| <u>Marital Status</u> | | |
| Single | 39 | 29.5% |
| Married | 92 | 69.7% |

Source: Author's Calculations

According to Table 1, majority of the respondents (44.7%) were from the Faculty of Management Studies and Commerce as it is the largest faculty in the university. 53.8% of the total respondents have not followed any financial management course in their academic lives. In terms of designation, tutors represent the majority (25.8%) of the sample. Lecturers and senior lecturers altogether amounted to 64.4%. The representation of associate professors, professors and senior professors was very low (altogether 7.6%). When the lecturing experience was considered, 0 - 10 years category represents the majority (56%). In terms of monthly salary, 41.7% are represented by 'more than 100,000' salary category. 'Less than 50,000' was the second highest representation in the sample (28.0%). More than 75% of the respondents did not have

Accounting, Finance or any other Management related professional qualification. Regarding gender, majority (55.3%) of the sample were female. In terms of age, majority were from the category '25-35 years'. Others were evenly distributed in '36-45 years' and 'above 45 years' age categories. When considering the civil status, 69.7% were married.

II. Descriptive statistics

Descriptive statistics are used to identify the numerical characteristics of the sample. Mean and Median values are used to measure the central tendency whereas standard deviation values are used to measure the dispersion of the sample. The main descriptive statistics for knowledge, attitudes and behavior variables are presented in Table 2.

Table 2 Descriptive Statistics

| | Knowledge | Attitudes | Behavior |
|----------------|------------------|------------------|-----------------|
| Mean | 7.10* | 2.39** | 5.16*** |
| Median | 7 | 2 | 5 |
| Minimum | 2 | 0 | 0 |
| Maximum | 10 | 4 | 10 |
| Variance | 4.486 | 0.605 | 5.891 |
| Std. Deviation | 2.118 | 0.778 | 2.427 |

Source: Authors Calculations

*Out of 10, **Out of 4, ***Out of 11

As shown in Table 2, 'Knowledge' is having a Mean value of 7.10, a Minimum value of 2, a Maximum value of 10 and a Standard Deviation of 2.118. 'Attitudes' is having a Mean value of 2.39, a Minimum value of 0, a Maximum value of 4 and a Standard Deviation of 0.778. 'Behavior' is having a Mean value

of 5.16, a Minimum value of 0, a maximum value of 10 and a Standard Deviation of 2.427.

Based on the Mean and Standard Deviation values of the three variables, their Coefficient of Variation values are depicted in Table 3.

Table 3 Coefficient of Variation

| Variable | Coefficient of Variation* |
|-----------------|----------------------------------|
| Knowledge | 29.84% |
| Attitudes | 32.60% |
| Behavior | 47.04% |

Source: Author's Calculations

*Rounded up to the second decimal point.

According to the figure in Table 3, Knowledge is having the lowest variability. Behavior is having the highest variability. The variability of Attitudes is in between that of Knowledge and Behavior.

III. Level of Financial Literacy

The responses from each respondent were used to calculate the mean percentage of correct responses for

each Knowledge question and for Knowledge questions as a whole. Same was done for 'Attitudes' and 'Behavior' aspects. The mean percentage of correct scores were grouped into (1) more than 80%, (2) 60% to 79%, and (3) below 60%. The results are presented in Table 4.

Table 4 Mean percentage of correct responses for questions

| Aspect of financial literacy | Level of financial literacy | | |
|---|---------------------------------|----------------------------------|-----------------|
| | Low Below60% | Medium 60-79% | High Over80% |
| <u>'Knowledge' aspect</u> a)Time Value of Money b)Compound Interest c)Relative riskiness of financial instruments d)Relative interest payments made by different types of bank accounts. e)Risk-Return relationship f)Diversification of risk g)Differentiation between saving and investing Mean Correct response rate for 'Knowledge' questions | 31.1 | 69.7 | 91.7 |
| <u>'Attitudes' aspect</u> a)Perception on the suitable age for retirement planning b)Attitude on the importance of financial knowledge c)Personal interest in enhancing financial knowledge Mean correct response rate for 'Attitudes' questions | 20.45 | 69.7 | 98.45 90.15 |
| <u>'Behavior' aspect</u> a)Researching before decisions about financial products and services b)Regularly checking the returns of existing financial products c)Having a life insurance cover d)Budgeting income and expenses e)Retirement planning f)Discussing about finance related topics g)Following steps to enhance personal financial knowledge Mean correct response rate for 'Behavior' questions | 43.2 47.73 42.42 59.96 | 75.76 70.45 61.36 78.79 | |
| Mean correct response rate for all three aspects | | 68.52 | |

Source: Author's Calculations

According to Table 4, a higher level of knowledge was observed among the respondents about time value of money, relative interest payments made by different types of bank accounts, risk-return relationship and the difference between saving and investing. A medium level of knowledge was shown about compound interest and diversification of risk. The respondents showed a low level of knowledge about the relative riskiness of different financial instruments. The overall financial knowledge of the respondents (75.9%) was at a medium level.

Respondents showed higher level of positive attitudes about the importance of financial knowledge and interest towards increasing personal financial knowledge. A low level of positive attitudes was shown for perception on the suitable age for retirement planning. The overall positive 'attitudes' of the respondents (69.7%) was at a medium level.

Respondents showed moderately desirable behavior for researching before financial decisions, regularly checking return of existing financial products, budgeting income and expenses, and discussing about finance related topics. A lower level of desirable behavior was observed for retirement planning, having a life insurance cover and following steps to enhance personal financial knowledge. The overall desirable financial behavior of the respondents (59.96%) was at a low level.

The mean correct response rates for 'Knowledge' and 'Attitudes' were at a medium level. Nevertheless, the mean correct response rate for 'Behavior' was at a low level. This suggested that the level of knowledge and attitudes of the respondents were not fully reflected in their behavior. The mean correct response rate for all three aspects of financial literacy under consideration was at a medium level.

Therefore, according to the correct response rates, the overall basic financial literacy of the respondents (68.52%) was at a medium level.

IV. Correlation Analysis

This study utilized the Spearman’s correlation matrix (since the variables under consideration are not normally distributed) as a primary tool to identify whether there is an association between the dependent variable and the independent variables, as a basis to further analyze the outcomes using regression models. The analysis of the correlation matrix is expected to test whether there is a relationship between Knowledge and Behavior and also between Attitudes and Behavior.

Correlation Matrix could also be used to identify the existence of multicollenearity which is

where the model assumes that there are no high correlations between the independent variables. If they are highly correlated, the model is not appropriate. To check for multicollinearity, the correlation matrix can be employed where the correlation of variables should generally be in between -0.7 and +0.7 to conclude that there is no problem of multicollinearity. The Spearman’s correlation matrix will enable to identify such issue and thus avoid deriving unrealistic conclusions.

The correlation analysis does not allow identifying any impact of one variable on another. This is considered as a shortcoming of the analysis tool that would be specifically overcome through the use of a regression analysis in the next section.

Table 5 Spearman’s Correlation Matrix

| | Knowledge | Attitudes | Behavior |
|-----------|------------------|------------------|-----------------|
| Knowledge | 1.000 | 0.072 | 0.289** |
| Attitudes | - | 1.000 | 0.277** |
| Behavior | - | - | 1.000 |

Source: Authors calculations

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

When considering Knowledge and Behavior, there is a weak positive correlation (+0.289) between these two variables. This coefficient is significant at 0.01 level. Therefore there is a positive co-movement of these two variables. Attitudes and Behavior are also having a weak positive correlation (+0.277) which is significant at 0.01 level. Therefore there is a positive co-movement of these two variables too.

According to the values of the correlation coefficients, it is evident that a given change in the values of the variables ‘Knowledge’ and ‘Attitudes’ are associated with the change in the values of the variable ‘Behavior’ in the same direction.

The correlation coefficient of Knowledge and Attitudes is weak positive (+0.072). However this coefficient is not statistically significant. Therefore there is no significant correlation between ‘Knowledge’ and ‘Attitudes’.

Following hypotheses were built to check the correlations between the variables.

Knowledge and Behavior

Ho: There is no significant relationship between Knowledge and Behavior

H1: There is a significant relationship between Knowledge and Behavior

Attitudes and Behavior

Ho: There is no significant relationship between Attitudes and Behavior

H1: There is a significant relationship between Attitudes and Behavior

According to Spearman’s correlation analysis both of the above alternative hypotheses are accepted at 0.01 levels of significance. Accordingly both ‘Knowledge’ and ‘Attitudes’ are positively correlated to ‘Behavior’

V. Regression Analysis

The simple linear regression analysis was used in this study using the least squares method. Financial Behavior was considered as the dependent variable whereas Attitudes and Financial Behavior were considered as the independent variables. Both of the independent variables (Knowledge and Attitudes) are expected to have a positive impact on the dependent variable (Behavior). The regression output of the expected model is presented in Table 6

Table 6 Regression Output

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|--------|
| Constant | 0.985137 | 0.88005 | 1.119399 | 0.265 |
| KNOWLEDGE | 0.277796 | 0.09288 | 2.990708 | 0.0033 |
| ATTITUDES | 0.922753 | 0.25287 | 3.648994 | 0.0004 |
| R-squared | 0.157552 | Mean dependent var | 5.15909 | |
| Adjusted R-squared | 0.144491 | S.D. dependent var | 2.42704 | |
| S.E. of regression | 2.244861 | Akaike info criterion | 4.47762 | |
| Sum squared resid | 650.0827 | Schwarz criterion | 4.54314 | |
| Log likelihood | -292.524 | Hannan-Quinn criter. | 4.50425 | |
| F-statistic | 12.06258 | Durbin-Watson stat | 2.27359 | |
| Prob(F-statistic) | 0.000016 | | | |

Source: Authors Calculations

As shown in Table 6, the regression coefficients of both independent variables are statistically significant. The overall significance of the model is also satisfied since the P value of the F-statistic is less than 0.01 levels of significance. The overall explanatory power of the model is low (R-squared = 14.4%).

According to the regression coefficient the impact of Knowledge on behavior is +0.27. This suggests that a 100% increase in Knowledge would increase the Behavior only by 27%. According to the regression coefficient the impact of Attitudes on Behavior is +0.92. Accordingly 100% increase in Attitudes would increase the Behavior by 92%. However the value of the coefficient of Attitudes (+0.92) is considerably higher than that of Knowledge (+0.27). These observations suggest that *Attitudes are more crucial than knowledge in describing behavior.*

SUMMARY AND CONCLUSIONS

Lack of financial literacy among public, leads to many un-favorable consequences not only at individual level but also at macro economy level. If the public is financially literate, they would make informed financial decisions which would ensure fair pricing and efficient markets, which would promote economic development.

There was a clear gap in literature which was addressed by this study. This study surveyed 132 lecturers from the largest university in the national university system in Sri Lanka, to measure the financial literacy of academics in terms of financial knowledge, attitudes and financial behavior. A structured questionnaire was used to obtain the responses from the lecturers. The overall financial

literacy was measured utilizing the rate of correct responses for each selected knowledge, attitudes and behavior based questions. The overall mean correct response rate was considered as the level of financial literacy of the lecturers.

According to the overall mean rate of correct responses, the overall financial literacy of academics (68.52%) is at a medium level. The knowledge aspect, which was 75.9% is at a medium level, the attitudes aspect, which was 69.7% is also at a medium level. The level of desirable financial behavior of the academics is at a low level of 59.96%. An important observation is that, although, knowledge and attitudes aspects are at a medium level, behavior aspect is at a low level. This suggests that financial knowledge and attitudes of the academics are not fully reflected in their financial behavior. Thus, a behavioral change in the academics is needed where they would fully reflect their knowledge and attitudes in their behavior. A correlation analysis was conducted to examine the relationships between the variables. The results suggest that Behavior is positively related with Knowledge and Attitudes. A regression analysis was conducted to examine the impact of Knowledge and Attitudes on Behavior. The results suggest that their Knowledge and Attitudes have a positive impact on Behavior whereas that of Attitudes was greater than knowledge.

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