

**FACTORS INFLUENCING ON PERSONAL FINANCIAL MANAGEMENT  
BEHAVIOUR OF EMPLOYEES OF BANKING SECTOR IN  
TRINCOMALEE DISTRICT**



By

**SANTHIRAN BABYJALINI**

**REG. NUMBER: EU/IS/2014/COM/12**

**INDEX NUMBER: COM 1782**



FCM2445

Project Report  
Library - EUSL

**A Project Report Submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka as a partial fulfillment of the requirement of the Degree of Bachelor of Commerce Honors in Accounting and Finance [BComHons (Accounting and Finance)]**

**Department of Commerce**

**Faculty of Commerce and Management**

**Eastern University, Sri Lanka**

**2020**

**PROCESSED  
MAIN LIBRARY, EUSL**

## ABSTRACT

Nowadays, good financial management behavior requires special attention on individuals because the financial management behavior aspect has a significant effect on their life. Very few researches are being performed in Sri Lanka for factors influencing on personal financial management behavior of employees. So, there is an empirical knowledge gap exists for explaining factors influencing on personal financial management behavior of employees. Hence, the study conducts to narrow this empirical gap.

The objectives of this study are to identify the level, relationship and impact regarding financial knowledge, financial attitude, locus of control on personal financial management behavior. To achieve these objectives, the stratified sampling method is used as a sample of the study which was conducted among 191 employees from Commercial Bank, Sampath Bank, HNB, People's Bank and BOC. However, 159 respondents were analyzed by using descriptive, correlation analyses and regression analysis.

The findings show that how level of financial knowledge, financial attitude, locus of control and personal financial management behavior. There is a significant positive relationship between financial knowledge, financial attitude and locus of control with personal financial management behavior. There is significant impact of financial knowledge, financial attitude and locus of control on personal financial management behavior.

**Keywords:** Financial Knowledge, Financial Attitude, Locus of Control and Personal Financial Management Behavior.

## TABLE OF CONTENTS

<b>ACKNOWLEDGEMENT</b> .....	i
<b>ABSTRACT</b> .....	ii
<b>TABLE OF CONTENTS</b> .....	iii
<b>LIST OF TABLES</b> .....	vii
<b>LIST OF FIGURES</b> .....	ix
<b>LIST OF EQUATION</b> .....	x
<b>LIST OF ABBREVIATION</b> .....	xi
<b>CHAPTER ONE</b> .....	1
<b>INTRODUCTION</b> .....	1
1.1 Background of the Study .....	1
1.2 Problem Statement .....	3
1.3 Research Questions .....	4
1.4 Objectives of the Study .....	4
1.5 Significance of the Study .....	5
1.6 Scope of the Study.....	6
1.7 Chapter Summary.....	6
<b>CHAPTER TWO</b> .....	7
<b>LITERATURE REVIEW</b> .....	7
2.1 Introduction .....	7
2.2 The Concept of Personal Financial Management Behavior.....	7
2.3 Importance of Personal Financial Management Behavior .....	9
2.4 Theoretical Literature .....	10
2.4.1 Theory of Planned Behavior .....	11
2.5 Formation of Conceptual Model based on Literature Review .....	11
2.6 Factors Influencing on Personal Financial Management Behavior .....	13
2.6.1 Financial Knowledge .....	13
2.6.2 Financial Attitude .....	14

2.6.3 Locus of Control .....	15
2.7 Research Gap.....	16
2.8 Chapter Summary .....	16
<b>CHAPTER THREE .....</b>	<b>17</b>
<b>CONCEPTUALIZATION AND OPERATIONALIZATION .....</b>	<b>17</b>
3.1 Introduction .....	17
3.2 Conceptualization.....	17
3.3 Personal Financial Management Behaviour.....	18
3.4 Factors Influencing on Personal Financial Management Behavior .....	19
3.4.1 Financial Knowledge .....	19
3.4.2 Financial Attitude .....	19
3.4.3 Locus of Control.....	19
3.5 Operationalization .....	20
3.6 Chapter Summary.....	22
<b>CHAPTER FOUR.....</b>	<b>23</b>
<b>METHODOLOGY .....</b>	<b>23</b>
4.1 Introduction .....	23
4.2 Research Philosophy .....	23
4.3 Research Approach .....	24
4.4 Research strategy.....	24
4.5 Time Horizon .....	24
4.6 Study Design .....	25
4.7 Target Population and Sampling.....	25
4.7.1 Sampling Technique/Method .....	25
4.7.2 Sampling Framework and Sample Size.....	26
4.8 Data Collection.....	27
4.8.1 Primary Data.....	27

4.8.2 Secondary Data .....	27
4.9 Research Instrument .....	28
4.10 Method of Data Measurement.....	28
4.10.1 Method of Measured of Personal Information .....	28
4.10.2 Method of Measuring the Research Information.....	29
4.11 The Pilot Study.....	30
4.12 Method of Data Presentation, Analysis and Evaluation.....	30
4.12.1 Reliability and Validity Analysis .....	30
4.12.2 Univariate Analysis .....	31
4.12.3 Bivariate Analysis.....	32
4.12.4 Multivariate Analysis .....	33
4.12.5 Crosstabulation .....	34
4.13 Testing Hypotheses .....	34
4.14 Data Presentation.....	35
4.15 Chapter Summary.....	36
<b>CHAPTER FIVE .....</b>	<b>37</b>
<b>DATA PRESENTATION AND ANALYSIS.....</b>	<b>37</b>
5.1 Introduction .....	37
5.2 Analysis of Reliability.....	37
5.3 Data Presentation.....	38
5.3.1 Data Presentation and Analysis of Respondents Profile .....	38
5.3.2 Data Presentation and Analysis of Research Information .....	45
5.4 Testing Hypotheses .....	59
5.4.1 Testing Hypotheses 1.....	59
5.4.2 Testing Hypotheses 2.....	59
5.4.3 Testing Hypotheses 3.....	59
5.5 Chapter Summary.....	59

<b>CHAPTER SIX .....</b>	<b>61</b>
<b>DISCUSSION .....</b>	<b>61</b>
6.1 Introduction .....	61
6.2 Discussion of Research Information .....	61
6.2.1 Discussion – Objective One .....	61
6.2.2 Discussion – Objective Two.....	63
6.2.3 Discussion – Objective Three.....	64
6.2.4 Discussion – Objective Four.....	67
6.3 Chapter Summary.....	69
<b>CHAPTER SEVEN.....</b>	<b>70</b>
<b>CONCLUSION AND RECOMMENDATION .....</b>	<b>70</b>
7.1 Introduction .....	70
7.2 Conclusion and Recommendation.....	70
7.2.1 Conclusion and Recommendation - First Objective.....	70
7.2.2 Conclusion and Recommendation - Second Objective .....	71
7.2.3 Conclusion and Recommendation- Third Objective .....	71
7.2.4 Conclusion and Recommendation- Fourth Objective .....	72
7.3 Contribution of the Study .....	72
7.4 Limitations of the Study .....	73
7.5 Implication for the Future Research.....	73
<b>LIST OF REFERENCES .....</b>	<b>74</b>
<b>APPENDIX – A .....</b>	<b>83</b>
<b>APPENDIX – B .....</b>	<b>88</b>
<b>APPENDIX – C .....</b>	<b>93</b>
<b>APPENDIX – D .....</b>	<b>94</b>
<b>APPENDIX – E .....</b>	<b>96</b>
<b>APPENDIX – F .....</b>	<b>99</b>
<b>APPENDIX – G.....</b>	<b>103</b>