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FINANCIAL LITERACY AND INVESTMENT OUTCOMES: INSIGHTS FROM SRI LANKAN TEACHERS

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Abstract: This study examines the impact of financial literacy on personal investment decisions among school teachers in Sri Lanka. The main objective is to determine how components like money management and financial skills influence investment outcomes. The research employs multiple regression analysis to identify the significance of these financial literacy dimensions. Results show that money management and financial skills significantly impact teachers' ability to make informed investment decisions. This highlights the need for tailored financial education programs targeting teachers, aiming to enhance their financial stability and professional satisfaction. These programs can contribute to fostering a financially literate community, which is essential for broader economic health. The study also emphasizes the importance of financial literacy in both personal and professional domains, as financially literate teachers can guide their students in making sound financial decisions, creating a positive ripple effect. While limited by sample size and potential response biases, the findings offer valuable insights for policymakers and educational institutions.

Keywords: Financial Literacy, Investment Decisions, Money Management, Financial Skills Teacher Education

1. Introduction

In this millennium, financial literacy has been recognized as one of the most critical human skills because everyone must make investment decisions for their personal success. It's not just about managing money; it includes a wide range of knowledge and skills to make different types of financial decisions. Financial literacy is crucial for all individuals. However, financial literacy is particularly crucial for educators. On the one hand, it will help them make financial decisions in a successful manner. On the other hand, they will guide and influence students to make those decisions in the future.

This study focuses on school teachers in Sri Lanka. They are a group that encounters numerous financial challenges and responsibilities. However, Van Rooij et al. (2011) and Feriyanto and Iqbal (2024) assert that their lack of financial literacy hinders them from making the right decisions, which will ultimately impact their lives. Understanding the impact of financial literacy on personal investment decisions among school teachers in Sri Lanka is vital for several reasons. First, it addresses a significant gap in the existing literature, which often overlooks the specific needs of educators in developing countries. Secondly, it provides insights that can help in designing targeted financial education programs, thereby enhancing the financial stability and professional satisfaction of teachers (Asrun, 2024; Manoharan et al., 2024).

The purpose of the study is to assess how the lack of financial literacy among school teachers impacts their personal investment decisions. Teachers are responsible for managing household budgets; on

the other hand, they have to plan for children's education, build a house, buy a car, etc. According to Perera and Wijewardena (2023), many of them are struggling with financial management due to inadequate financial literacy. The central argument of this paper is that improving financial literacy among school teachers in Sri Lanka will assist in their personal investment decisions. This, in turn, will help them achieve a higher standard of living. This argument is supported by the study conducted by Lusardi and Mitchell (2014), which states that individuals with the knowledge and skills to make informed financial decisions thereby promote higher levels of financial stability and resilience.

This study contributes to the theoretical understanding of financial literacy and its impact on personal investment decisions, particularly among school teachers in developing countries. Existing literature primarily focuses on financial literacy in general populations or specific groups such as college students or retirees, often neglecting the unique challenges faced by educators. By examining school teachers in Sri Lanka, this research fills a critical gap, providing insights into how financial literacy specifically affects their investment decisions.

The theoretical framework of this study is grounded in financial literacy theories proposed by scholars such as Lusardi and Mitchell (2011), who emphasize the importance of financial knowledge and skills in making informed financial decisions. Van Rooij, Lusardi, and Alessie (2007) define financial literacy as the ability to understand and use financial concepts to make optimal financial decisions, highlighting that inadequate financial literacy can hinder effective decision-making. Feriyanto and Iqbal (2024) further underscore that financial literacy encompasses managing personal finances, budgeting, and investing, crucial for making informed investment choices.

This study extends these theories—Financial Literacy Theory (Lusardi & Mitchell), which emphasizes the role of financial knowledge in financial behavior, Behavioral Finance Theory, which highlights how financial literacy can reduce biases in decision-making, Human Capital Theory, which views financial literacy as a form of education that improves decision-making, and Social Learning Theory, which suggests that financially literate teachers can model positive financial behaviors for their students—by exploring the dimensions of financial literacy—knowledge of financial products, access to financial products, investment options, money management skills, and overall financial skills—and how each dimension influences personal investment decisions. The findings offer a nuanced understanding of financial literacy's role in shaping investment behavior, contributing to the broader field of financial education and behavior research. Moreover, this research addresses the specific needs of educators in developing countries, a demographic often overlooked in financial literacy studies. According to Manoharan et al. (2024), enhancing financial literacy can lead to better financial decision-making and improved financial outcomes. Binti Nasrun (2024) also emphasizes the importance of financial literacy in achieving financial stability and resilience, which is particularly relevant for school teachers managing limited resources and significant financial responsibilities.

From a practical perspective, the findings of this study have significant implications for policymakers, educational institutions, and financial educators. The research highlights the urgent need for targeted financial education programs for school teachers in Sri Lanka. By enhancing financial literacy among educators, these programs can improve their ability to make sound investment decisions, leading to better financial stability and overall well-being.

Policymakers can use the insights from this study to develop and implement financial education policies that address the specific needs of school teachers. This could involve integrating financial literacy into teacher training programs, offering workshops and seminars, and providing resources and tools to help teachers manage their finances more effectively. Enhanced financial literacy among teachers not only benefits them personally but also has a ripple effect on their students and the broader community, as teachers are better equipped to impart financial knowledge and skills.

Educational institutions can play a pivotal role by incorporating financial literacy into the curriculum and providing ongoing professional development opportunities for teachers. Financial educators and practitioners can use the study's findings to design more effective financial literacy programs that cater to the unique challenges faced by educators in developing countries. These programs can focus on practical aspects such as budgeting, saving, investing, and retirement planning, tailored to the specific context of Sri Lankan teachers.

Literature Review

Financial literacy is a crucial skill in today's increasingly complex financial environment, significantly influencing individuals' ability to make informed financial decisions. This literature review explores existing research on financial literacy, with a focus on teachers, highlighting its importance, measurement, and implications for personal investment decisions.

Financial literacy is broadly defined as the knowledge and skills necessary to make informed and effective financial decisions. However, defining financial literacy has been contentious due to its multifaceted nature, encompassing an understanding of economic principles, financial products, and the ability to manage financial resources effectively. According to Hung, Parker, and Yoong (2009), financial literacy includes both the knowledge of basic financial concepts and the practical ability to apply this knowledge. Remund (2010) expands the definition further, including tasks such as earning, managing, protecting, and spending money efficiently. These tasks are crucial for effective financial decision-making, particularly in today's economy where financial products and services are more complex than ever before.

In addition, the President's Advisory Council on Financial Literacy (2008) emphasizes that financial literacy is not just about knowledge acquisition but is also about the educational process that enables individuals to understand financial concepts and make informed choices to improve their financial well-being. This comprehensive approach to financial education is vital because it empowers individuals to make better financial decisions that can have long-term benefits, including improved savings and investment habits.

Numerous studies have established a positive correlation between financial literacy and sound investment decisions. Bernheim and Garrett (2003) found that workplace financial education programs significantly increased participation in savings plans, highlighting the importance of financial education in encouraging better financial behavior. Jappelli and Padula (2011) also observed a positive correlation between financial literacy and improved financial behavior across the lifecycle. Individuals with higher financial literacy are better equipped to navigate financial markets, understand risk, and make more informed investment decisions, particularly when it comes to long-term financial planning such as retirement savings.

Lusardi and Mitchell (2014) found that individuals with higher levels of financial literacy were more likely to participate in stock markets and make informed investment choices. This is particularly important for individuals who need to manage complex financial decisions related to pensions, retirement savings, and investment portfolios. Financial literacy not only improves individuals' ability to make sound financial decisions but also has broader implications for economic stability, as financially literate individuals are less likely to fall into debt or make risky financial choices.

Mandell and Klein (2009) further observed that financial literacy education positively influences subsequent financial behavior, particularly in terms of saving and investment. They argued that targeted financial literacy programs can significantly improve individuals' financial outcomes, making them more likely to save for retirement, invest wisely, and avoid high-risk financial products. These findings underscore the importance of financial education in shaping financial behavior and improving long-term financial well-being.

Research specifically focused on teachers reveals varying levels of financial literacy within this group. Teachers, while being responsible for educating future generations, often face challenges in managing their personal finances due to a lack of adequate financial knowledge. Jayawardena and Senaratne (2022) found that improved financial literacy among teachers could lead to better financial decision-making, contributing to both personal economic stability and societal well-being. Teachers with higher financial literacy are better equipped to manage their salaries, pensions, and retirement plans effectively, which is particularly important in a profession with relatively stable yet fixed incomes.

Furthermore, Jayawardena and Senaratne (2022) argued that enhancing financial literacy among teachers is not only beneficial for their personal finances but also for the students they teach. Financially literate teachers can impart critical financial knowledge to their students, helping to foster a financially savvy generation. This is an important consideration, as many young people rely on their teachers for guidance on financial matters, and teachers' financial literacy can have a significant impact on their students' long-term financial behavior.

Despite the recognized importance of financial literacy, there are significant gaps in financial education, particularly among teachers. Perera and Wijewardena (2023) highlight disparities in financial literacy levels across different demographic groups in Sri Lanka, pointing to deficiencies in educational resources and targeted interventions. These gaps are particularly pronounced among teachers, many of whom have not received adequate financial education or training. This lack of financial knowledge can have serious consequences, as teachers may struggle to manage their personal finances effectively and may be unable to provide accurate financial guidance to their students.

Liyanage (2023) emphasized the need for comprehensive financial literacy programs and professional development opportunities for teachers. Without adequate training and resources, teachers may find it difficult to understand complex financial concepts or teach financial literacy effectively. As financial literacy becomes an increasingly important life skill, ensuring that teachers are well-equipped with the necessary knowledge is crucial. Targeted financial literacy programs for teachers could help to bridge this gap, improving their financial decision-making and enabling them to better educate their students on financial matters.

Financial education plays a crucial role in improving financial literacy and investment decisions among teachers. Many studies have shown that targeted financial education programs can significantly enhance individuals' financial outcomes. For example, Kumari (2020) found that financial literacy positively influenced investment decisions among undergraduates in Sri Lanka, with financial skills being the most significant factor. This suggests that targeted financial education programs, particularly those focused on practical financial skills, could have a similar impact on teachers' financial decision-making. Lusardi and Mitchell (2014) emphasized that financial education is particularly important for individuals who are responsible for managing their own financial well-being, such as teachers. Teachers often face complex financial decisions related to pensions, retirement plans, and long-term savings, yet many lack the financial literacy required to navigate these decisions effectively. By providing teachers with the necessary financial education, they would be better equipped to manage their finances and make informed investment choices.

Mandell and Klein (2009) also highlighted the importance of financial literacy education in shaping financial behavior. They found that individuals who received financial education were more likely to save for retirement, invest wisely, and avoid risky financial products. Targeted financial literacy programs for teachers could enhance their financial decision-making, improving their overall financial well-being and reducing their reliance on risky or ill-informed investment strategies.

While there is a wealth of research on financial literacy and its impact on investment decisions, there is a significant gap in the literature concerning financial literacy among teachers. Most existing studies

focus on undergraduates, micro-business owners, or the general population, with little attention paid to the specific financial literacy needs of teachers. This is a notable gap, as teachers play a crucial role in educating future generations and are often responsible for imparting financial knowledge to their students. Without adequate financial literacy, teachers may struggle to manage their own finances and may be unable to effectively teach financial literacy to their students.

Perera and Wijewardena (2023) pointed out that the lack of financial education resources for teachers is a significant issue in Sri Lanka. Teachers, who are expected to educate students on a wide range of subjects, often receive little to no training in financial literacy, despite the increasing importance of this skill set in modern life. This gap in financial education leaves many teachers ill-prepared to manage their finances or educate their students on financial matters.

This study aims to fill this research gap by focusing specifically on financial literacy and its impact on investment decisions among teachers. By examining the financial literacy levels of teachers and identifying the factors that influence their financial decision-making, this research will contribute to the broader understanding of how financial literacy can be improved in this critical professional group. Additionally, the findings of this study could inform the development of targeted financial literacy programs for teachers, improving their financial outcomes and enhancing their ability to teach financial literacy to their students.

2. Methodology

The methodology for this study is based on the Saunders Research Onion framework, which provides a systematic approach to designing research methodology by organizing key elements of research design into layers. This study adopts a positivist research philosophy, focusing on observable phenomena and relationships between variables to identify general laws that explain financial literacy and investment decisions among school teachers in Sri Lanka (Saunders, Lewis, & Thornhill, 2019). A deductive approach is employed, beginning with the development of hypotheses based on existing theories and literature, followed by empirical testing using data collected from school teachers. To gather standardized data that can be statistically compared and analyzed, a survey strategy is utilized, involving a large sample of school teachers in Sri Lanka. Additionally, a cross-sectional time horizon is adopted, with data collected at a single point in time to provide a snapshot of the current state of financial literacy and investment decisions among school teachers.

Based on the research objectives and literature review, the following hypotheses are formulated:

H1: Financial literacy has a significant positive impact on personal investment decisions among school teachers in Sri Lanka.

H1a: Knowledge about financial products positively influences personal investment decisions.

H1b: Access to financial products has a positive effect on personal investment decisions.

H1c: Knowledge about investment options significantly enhances personal investment decisions.

H1d: Money management skills positively influence personal investment decisions.

H1e: Financial skills significantly impact personal investment decisions.

Hypotheses H1a to H1e are defined as supporting hypotheses for the main hypothesis H1.

Hypotheses H1a to H1e serve as supporting hypotheses to the main hypothesis H1, which addresses the overall influence of financial literacy on personal investment decisions.

The conceptual framework for this study is designed to illustrate the hypothesized relationships between financial literacy dimensions and personal investment decisions. The framework identifies the following key variables:

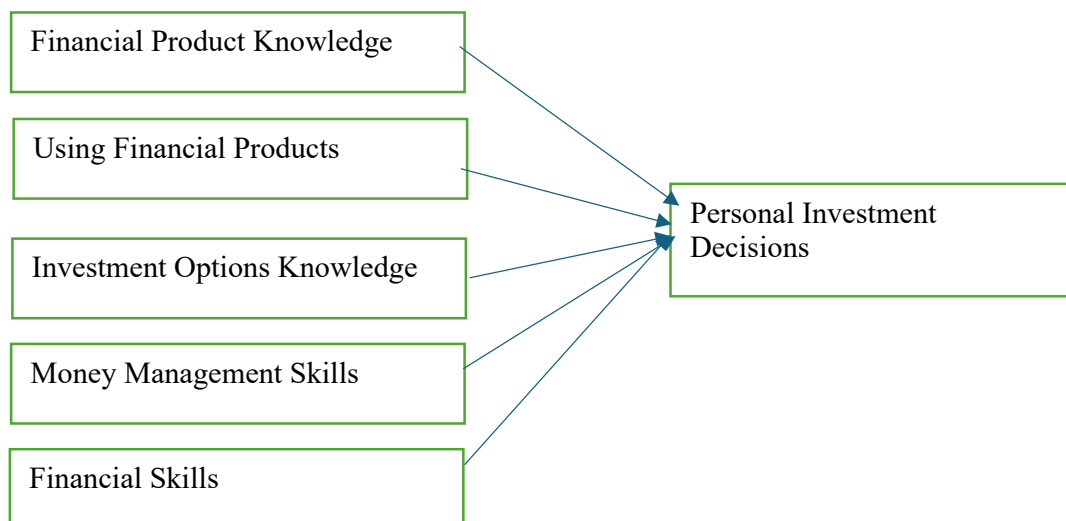


Figure 1: Conceptual farmwork

This conceptual framework visually represents how these independent variables are expected to influence the dependent variable.

The population for this study consists of school teachers in Sri Lanka, a group that faces numerous financial challenges and responsibilities. According to the Ministry of Education, there are approximately 250,000 school teachers in Sri Lanka. Given the large population size, a stratified random sampling method is employed to ensure the sample is representative of various regions and demographic characteristics. This method involves dividing the population into strata based on key characteristics such as geographic region, age, gender, and level of education, and then randomly selecting samples from each stratum. Using Cochran's formula for sample size calculation, the initial sample size is determined to be approximately 384 for a 95% confidence level and a 5% margin of error. To account for potential non-responses, the sample size is increased to 400 school teachers, with each selected teacher representing the unit of analysis for assessing financial literacy and its impact on personal investment decisions.

The primary data collection method employed in this study is a structured questionnaire distributed to the selected sample of school teachers. The questionnaire is developed based on validated scales from previous studies and is divided into several sections: demographic information, financial literacy, and personal investment decisions. The financial literacy section includes scales for financial product knowledge, using financial products, investment options knowledge, money management skills, and financial skills, each rated on a 5-point Likert scale. The personal investment decisions section includes eight statements rated on the same scale. The reliability of these scales is confirmed with Cronbach's alpha values above 0.70, indicating high internal consistency. This structured approach ensures comprehensive and reliable data collection on financial literacy and investment decisions among school teachers in Sri Lanka.

The data collected from the questionnaires are analyzed using statistical software to ensure rigorous and accurate analysis. Descriptive statistics are used to summarize the demographic characteristics of the respondents and their responses to the questionnaire items. Reliability analysis is conducted to assess the internal consistency of the questionnaire scales using Cronbach's alpha, with all scales showing values above 0.70, indicating high reliability. To test the hypotheses, inferential statistics such as multiple regression analysis and correlation analysis are employed to determine the relationships between financial literacy and personal investment decisions. Additionally, non-

parametric tests including chi-square analysis are used to assess the strength of associations between categorical variables. The data analysis aims to provide insights into the impact of financial literacy on the investment decisions of school teachers, highlighting significant predictors and underlying relationships.

Ethical considerations were paramount throughout this study. To ensure ethical compliance, several steps were taken. First, informed consent was obtained from all participants after they were fully informed about the purpose of the study. This ensured that participants were aware of the study's aims and their role in it. Second, the confidentiality and anonymity of the respondents were strictly maintained. Data collected was used solely for academic purposes, ensuring that personal information was protected. Third, participation in the study was entirely voluntary. Participants were informed that they could withdraw from the study at any time without facing any repercussions. By adhering to these ethical guidelines, the study was conducted responsibly, respecting the rights and dignity of all participants involved.

3. Results and Discussion

The data was collected using a structured questionnaire based on validated scales from previous studies covering demographic information, financial literacy, knowledge of financial products, access to financial products, investment options, money management skills, and personal investment decisions. The reliability and validity of the questionnaire were assessed using Cronbach's alpha and Exploratory Factor Analysis (EFA).

Sample Composition: The sample included 371 responses from school teachers, with a majority being female (78.71%) and aged between 32-40 years (44.33%).

Table 1: Demographic Variables of Respondents

Variable	Category	Percentage (%)
Age	24-32 Years	20.80
	32-40 Years	44.33
	Above 40 Years	34.87
Gender	Male	21.29
	Female	78.71
Level of Education	Primary	0.50
	G.C.E. Advance Level	23.00
	Teaching Diploma	35.00
	Degree	26.00
	Others	16.00
Family Monthly Income	Rs 45,000 – 55,000	24.80
	Rs 55,000 – 65,000	43.94
	Rs 65,000 – 75,000	22.37
	Above Rs 75,000	7.28

Source: Survey Data

Reliability and Validity Analysis

The reliability of the scales was confirmed with Cronbach's alpha values above 0.70, indicating high internal consistency. Validity was assessed using the KMO measure and Bartlett's test of sphericity, followed by EFA to determine the factor structure.

Table 2: Reliability Statistics

Variable	Dimensions	No. of Items	Cronbach alpha
Personal Investment Decisions	Personal Investment Decisions	8	0.960
Financial Literacy	Financial Product	5	0.886
	Using Financial Product	5	0.772
	Investment Option	8	0.939
	Money Management	5	0.894
	Financial Skill	5	0.901

Table 3: Validity Statistics

Variable	Dimensions	No. of Items	Highest FL	Lowest FL	ESSL Cum %
Personal Investment Decisions	Personal Investment Decisions	8	0.919	0.793	78.35%
Financial Literacy	Financial Product	5	0.913	0.612	70.41%
	Using Financial Product	5	0.671	0.252	75.42%
	Investment Option	8	0.931	0.642	71.97%
	Money Management	5	0.868	0.811	70.57%
	Financial Skill	5	0.892	0.719	71.99%

Source : Survey Data

Hypothesis Testing

Non-parametric tests, including chi-square and logistic regression, were employed to test the hypotheses. The chi-square test indicated significant associations between financial literacy variables and personal investment decisions, as shown in the table below.

Table 4: Chi-Square Test Results

Variable	Chi-Square	df	Sig.
Financial Product	1043.245	18	0.000
Financial Product Using	1103.811	20	0.000
Investment Option	1935.329	31	0.000
Money Management	1295.803	15	0.000
Financial Skill	841.248	15	0.000
Investment Decisions	64.757	1	0.000

Source : Survey Data

All chi-square values in the table above show that the significance values (p-values) are less than 0.05, indicating strong evidence against the null hypothesis. As a result, the null hypotheses were rejected, and the alternate hypotheses were accepted.

Table 5 : Hypotheses and Decisions

Hypothesis	Chi-Square	Sig. (p-value)	Decision
H1a: Financial product usage influences investment decisions	1103.811	0.000	Accepted
H1b: Financial product knowledge influences investment decisions	1043.245	0.000	Accepted
H1c: Knowledge of investment options influences investment decisions	1935.329	0.000	Accepted
H1d: Money management influences investment decisions	1295.803	0.000	Accepted
H1e: Financial skills influence investment decisions	841.248	0.000	Accepted

As shown in the table, all hypotheses were accepted based on the chi-square test results. Each of the financial literacy variables, including financial product knowledge, product usage, investment options, money management, and financial skills, significantly influenced personal investment decisions.

Correlation Analysis

The correlation analysis revealed a strong positive relationship between money management and financial skills, $r = .53$, indicating that individuals proficient in money management are also likely to possess stronger financial skills. Additionally, a moderate correlation was found between financial product usage and money management, $r = .55$, suggesting that effective money management is associated with higher financial product usage. The relationship between investment options and financial skills was also moderate, $r = .44$, implying that those with better financial skills tend to be more knowledgeable about investment options. In contrast, financial product knowledge showed relatively weaker correlations with financial skills, $r = .32$, and money management, $r = .50$. These findings align with the regression analysis, which indicated that money management and financial skills significantly influence personal investment decisions, while financial product knowledge and investment options did not emerge as significant predictors.

Table 6 : correlation analysis

	Financial Product	Financial Product Using	Investment Option	Money Management	Financial Skill
Financial Product	1	0.45	0.38	0.5	0.32
Financial Product Using	0.45	1	0.41	0.55	0.36
Investment Option	0.38	0.41	1	0.46	0.44
Money Management	0.5	0.55	0.46	1	0.53
Financial Skill	0.32	0.36	0.44	0.53	1

Source : Survey Data

Regression Analysis

Multiple regression analysis was performed to determine the influence of independent variables on personal investment decisions. The results showed that money management and financial skills significantly impact personal investment decisions.

Table 7: Regression Analysis Results

Variable	B	S.E.	Wald	Df	Sig.	Exp(B)
Financial Product	0.034	0.407	0.007	1	0.934	1.034
Financial Product Using	0.211	0.381	0.307	1	0.580	1.235
Investment Option	-0.525	0.305	2.960	1	0.085	0.591
Money Management	1.812	0.263	47.316	1	0.000	6.120
Financial Skill	1.109	0.250	19.742	1	0.000	3.031
Constant	-8.987	0.913	96.978		0.000	0.000

Source : Survey Data

The results of the multiple regression analysis indicate that money management skills and financial skills significantly influence personal investment decisions among school teachers in Sri Lanka. Money management skills had the strongest impact ($B = 1.812$, $p < .001$, $Exp(B) = 6.120$), suggesting

that individuals with stronger money management abilities are over six times more likely to make informed investment decisions. Financial skills were also significant ($B = 1.109$, $p < .001$, $\text{Exp}(B) = 3.031$), indicating that individuals with better financial skills are three times more likely to make sound investment decisions. Although knowledge of investment options had a negative relationship ($B = -0.525$, $p = .085$), it did not reach statistical significance. Knowledge and usage of financial products were not significant predictors ($p > .05$). The model explained 64.6% of the variance in personal investment decisions ($R^2 = .646$), highlighting the importance of money management and financial skills in shaping investment behavior.

4. Discussion

In comparing the findings of this study with previous research, there are notable consistencies as well as differences. Similar to the results of Van Rooij et al. (2011) and Bernheim and Garrett (2003), this study reaffirms that financial literacy, particularly money management and financial skills, plays a significant role in influencing personal investment decisions. Both studies emphasize that financially literate individuals are more likely to participate in investment activities and make informed decisions. This current study goes further by quantifying the influence of these variables, showing that individuals with stronger money management skills are over six times more likely to make sound investment decisions ($\text{Exp}(B) = 6.120$), while those with better financial skills are three times more likely ($\text{Exp}(B) = 3.031$).

In contrast to findings by Chen and Volpe (2002), where financial product knowledge was a key predictor of investment behavior, this study found no significant influence of financial product knowledge or usage on personal investment decisions ($p > .05$). Additionally, while knowledge of investment options showed a negative relationship in the current study, it was not statistically significant, which contrasts with other studies that have found investment knowledge to be a key factor in decision-making. This discrepancy may arise due to differences in sample populations (e.g., college students versus school teachers), financial environments, or the complexity of the investment products being considered.

Overall, the results align with prior research emphasizing the importance of financial skills and literacy in shaping investment behavior, though they also highlight that some traditional financial knowledge variables may not be as impactful in all contexts. The significant association between financial literacy and investment outcomes highlights the need for targeted financial education programs for school teachers. Enhancing financial literacy among educators not only improves their financial decision-making but also equips them to better guide their students in financial matters.

5. Conclusion and Recommendations

This study provides valuable insights into the impact of financial literacy on the personal investment decisions of school teachers in Sri Lanka. The findings emphasize the importance of financial education programs tailored to the specific needs of educators. By enhancing financial literacy, teachers can make informed investment decisions, contributing to their financial stability and professional satisfaction.

This study presents several key recommendations and implications. Policymakers should develop and implement targeted financial education policies that address the specific needs of school teachers. Educational institutions should integrate financial literacy into teacher training programs and provide ongoing professional development opportunities. Additionally, it is crucial to provide resources and tools to help teachers manage their finances more effectively.

These recommendations aim to enhance financial stability among teachers, leading to better personal investment decisions and overall well-being. Teachers with higher financial literacy can better guide their students, creating a ripple effect that enhances financial literacy in the broader community. This, in turn, can contribute to the overall economic health of the community by empowering teachers with essential financial knowledge.

Scope, Limitations and suggestions for the future research

This study focused on examining the impact of financial literacy on personal investment decisions among school teachers in Sri Lanka. It specifically investigated five dimensions of financial literacy: financial product knowledge, product usage, investment knowledge, money management skills, and overall financial skills. The research contributes to the literature by focusing on a professional group often overlooked in financial behavior studies and provides practical implications for educational policymakers and financial education program developers. Data were collected from a sample of 400 school teachers using a stratified random sampling method to ensure demographic and regional representation.

However, the study is subject to several limitations. First, it is geographically limited to Sri Lanka and to a specific occupational group—school teachers—restricting the generalizability of findings to other populations or international contexts. Second, the cross-sectional research design limits the ability to assess changes in financial behavior over time, as data were collected at a single point. Third, the use of self-reported data may introduce bias, particularly social desirability bias, which could affect the accuracy of participants' responses regarding their financial literacy and behavior.

Additionally, this study did not examine broader socio-cultural influences such as national culture, identity, or household dynamics, which may significantly affect personal investment decisions. Lastly, by employing only quantitative methods, the research could not explore deeper behavioral or psychological motivations behind financial decision-making.

Future research should consider conducting cross-country comparative analyses to explore how national culture and identity influence financial behavior. Longitudinal research designs could help assess how financial literacy and investment behavior evolve over time. Moreover, integrating qualitative methods such as interviews or focus groups could offer richer insights into the financial decision-making processes of teachers and similar professional groups.

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