Financial Literacy and Financial Distress on Financial Wellness among Public University Students in Sri Lanka

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ABSTRACT

Sri Lanka is currently grappling with its most severe economic crisis, marked by a scarcity of foreign currency, impending debt payments, inflation, and shortages in essential goods. The crisis has disproportionately affected the younger generation, impacting their education and businesses. Public university students, in particular, face challenges with rising costs of living and educational materials. This study aims to investigate the influence of financial literacy and financial distress on the financial wellness of public university students in Sri Lanka. While existing literature abroad explores these factors, there is a research gap in understanding their combined impact on financial wellness in the Sri Lankan context. The theoretical framework incorporates Prospect Theory, Behavioral Life-Cycle Theory, and Self-Efficacy Theory. Primary data collection involved survey questionnaires distributed randomly among Sri Lankan public university students, with 122 responses analyzed using EVIEWS and Excel. The results indicate a strong positive relationship between financial literacy and financial wellness, highlighting the positive impact of financial knowledge on overall financial well-being. Conversely, while there is a negative relationship between financial distress and financial wellness, it is not statistically significant. However, when considering the combined effect, there is a significant impact of both financial literacy and financial distress on financial wellness. Overall, the study reveals that public university students in Sri Lanka exhibit higher financial literacy and effective financial management, contributing to their resilience during the economic crisis. The findings emphasize the importance of addressing both financial literacy and distress for comprehensive financial wellness among this demographic.

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1. Introduction

This study is aimed at researching the measuring of financial literacy, financial distress, and financial wellness among public university students in Sri Lanka. Which focuses focusing to identify the interaction relationship between financial literacy and financial distress, finally, it focuses on identifying the impact of financial literacy and financial distress on the financial wellness of public university students in Sri Lanka. Many students have faced a lot of issues with the above financial crisis of inflation due to not having enough money to spend on their expenditures. Therefore, this research area is of timely importance in analyzing this period in the Sri Lankan context. Even though many researchers have found in developed and developing countries related to this research area, there is no research done in the Sri Lankan context under that research area. Then that shortage has been identified as the research gap for this research study.

Financial wealth is used as a more precisely quantified measure of financial wellness than health. Financial wellness is one of the key elements of financial health; the term "financial wellness" is now used to characterize a person's financial situation (Delafrooz & Paim (2011). Due to several factors contributing to the country's economic and financial instability, Sri Lanka is still going through its worst economic crisis. With the country's predicament, there are numerous initiatives to increase financial literacy and reduce financial suffering in Sri Lanka (South Asia Economic Focus and Sri Lankan Development Update, 2022). The financial crisis in Sri Lanka is causing major challenges for higher education students, particularly those attending public universities, according to University World News (2022). Because they don't have enough money to meet all their expenses, many students have suffered from the financial issues caused by inflation.

However, there is a lack of previous research done for measuring financial wellness using the combined effect of financial literacy and financial distress in Sri Lanka. That has been identified as the research gap for analyzing for this research area in the Sri Lankan contest. This study has focused on financial literacy, financial distress, and financial wellness among the population of public university students in Sri Lanka. In the developed and developing countries, there are much research has been done in foreign countries for this research area (Sonobe, 2011, Lusardi and Mitchell, 2014, Muhammad Bila 2016 Ismail, N., & Zaki, N. D. A,2019). Much research has been focused only financial literacy (S.T.M.S. Tennekoon and C. Liyanage, 2021, Weerasekara et al, 2018, Saman Kelegama and Ganga Tilakaratna, 2014).

There are numerous studies of the research on financial wellness to determine how financial distress and financial literacy affect it. According to Garman and Forgue (1997), Financial literacy is "adequate knowledge of facts on personal money and is the basis to personal financial management," Stress brought on by a financial situation, including a person's personal, familiar, and other varied financial problems, is referred to as financial distress (Joo, 1998). Financial wellness is one of the key elements of financial health, (Delafrooz & Paim (2011). The appropriate literature review and information sources were consulted to obtain a concise method for this research investigation. It is beneficial to recognize, clarify, and explain the research-related notion. Financial wellness is one of the key elements of financial health, according to Delafrooz & Paim (2011). Financial wealth is utilized as a more accurate quantitative measure of financial wellness than health, according to numerous empirical research studies (Delafrooz & Paim (2011). Financial wellness and financial literacy have been linked favorably in previous studies (Vitt et al., 2000) (Ismail, N., & Zaki, N. D. A. (2019). According to Dvorak and Hanley's study, those with lower levels of financial literacy tend to be less well-off and less educated. Therefore, this study is empirically significant for study. According to Delafrooz & Paim (2011), one of the key components of financial health is financial wellness. About two elements have been discussed in financial wellness which are economic well-being and financial wellness in differentiating personal financial management. It has been observed after reviewing of literature that much research has been conducted in areas of financial literacy, financial distress, financial wellness adoption and diffusion, conceptual evolution, implementation, and ignoring of financial literacy and financial distress on the financial wellness of individuals. Therefore, theoretically, it is more important to study this concept. The following research question and research objectives are organized according to the introduction background. Consequently, the objective of this paper is to test the impact of financial literacy and financial distress on financial wellness among Public University students in Sri Lanka.

2. Literature Review

Financial literacy is "adequate knowledge of facts on personal money and is the cornerstone to personal financial management," according to Garman and Forgue (1997). They also mention the difficulty in learning about personal finance, complex financial problems, and emotions of great stress brought on by having so many options to choose from when making financial decisions. These issues are all obstacles to financial literacy. According to Moore (2003) and Huston (2010), someone is considered financially literate if they can use their knowledge. According to Moore (2003, 2003), knowledge or literacy is acquired by active integration of knowledge and real-world experience. In other words, people will grow more financially smart as they get more literate. Huston (2010) also emphasized a significant finding, namely that even someone with financial literacy may not behave as expected or improve their financial wellness due to external factors like cognitive bias, self-control issues, peer pressure, and family, and institutional factors that may influence their financial habits and well-being. However, both Moore (2003) and Huston (2010) concur in explaining that financial literacy cannot be measured directly, and there is no standard instrument used to measure financial literacy.

Stress brought on by a financial situation, including a person's personal, familial, and other varied financial problems, is referred to as financial distress (Joo, 1998). Delafrooz and Paim (2011) broaden this concept to encompass challenges, restrictions, and stress related to the economy. According to Garman, Porter, and McMillion as well as Joo (1998), all these circumstances are financial pressures (1989). Therefore, financial hardship can also influence a person's health, ability to function in daily life, marriage quality, and ability to work (Sporawski, 1979; Garman, Leech & Grable, 1996; Garman, Kim, Kratzer, et al., 1999; Conger et al., 1990; Kim & Garman, 2004; Garman, 1997.

The degree of financial wellness of an individual can be used to gauge their fin ancial health. According to Taft et al. (2013), a person must be aware of their financial wellness to gauge their level of financial health. The decision regarding how to manage money may be affected overall by everyday financial wellness habits (Leila & Fazli, 2015). Spending, emergencies, and investing are additional three crucial aspects of financial wellness for income earners. Joo and Garman (1998) used the term "financial health" to refer to a wide concept that encompassed financial contentment, an objective evaluation of one's financial situation, financial perception, and unmeasurable conduct.

2.1 Theoretical Review

From the theoretical perspective of this study, some theories are closely related to identifying the theoretical behavior of selected variables. Some theories are closely related and those are prospect theory and self-efficacy theory. Prospect theory was developed by Daniel Kahneman and Amos Tversky in the early 1980s and includes two disciplines, namely psychology and economics (psycho economics) which is an analysis of a person's behavior in making economic decisions between two choices. Prospect theory focuses on how real decisions are taken (descriptive approach). By Kahneman and Tversky, these are referred to as risk-aversion and risk-seeking behavior. Prospect theory shows that people will have an irrational tendency to be more reluctant to risk gains than losses. This prospect theory is in line with mental accounting which focuses on how a person should respond and evaluate a situation when there are two or more possible outcomes, especially how to combine the possibilities of these results. Financial self-efficacy derives from Bandura's (1977, 1982) initial self-efficacy construct. He suggests that self-efficacy is best understood as a "self-referent" thought that operates at the intersection between knowledge and action (Bandura, 1982). Efficacious assessments of individual circumstances tend to drive behavior (action) in positive, productive ways leading to greater potential for personal success and overall well-being. If financial self-efficacy is a product of an individual success and/or belief in their potential for success, it could be argued that the promise of future earnings via a high-yield income major offers the potential for more muted financial distress.

2.2 Empirical Review

Measuring financial literacy, financial distress, and financial wellness is a challenging task. Various researchers have found different indices and variables for measuring financial literacy and financial distress. And there have been some methods used by past researchers for measuring financial wellness using different variables. According to Lusardi and Michell, financial literacy is the capacity to use knowledge and understanding of financial concepts and risks to make informed decisions in a variety of financial contexts, enhance one's own and society's financial wellness, and enable participation in the economy. That conclusion emphasizes the significance of making decisions with appropriate financial knowledge and attitudes. In the study "Financial behaviors of female teachers in Malaysia, 2013" measured the financial behavior using descriptive questions for making the responses. Factor analysis was carried out and the results showed there were four dimensions of the financial behavior measurement such as planning, cash management, saving, and card credit usage.

Financial distress and related constructs (financial anxiety and worry, money worries) have been shown to have a major negative impact on a person's quality of life and overall life satisfaction (Kahn & Pearlin, 2006; Northern, O'Brien, & Goetz, 2010; Park, Heo, Ruiz-Menjivar, & Grable, 2017). The responses are different forms according to different situations, those are emotional, relational, physiological, or a combination of these. (Grable, Heo, & Rabbani, 2014), as theories of general stress have been supported (Everly & Sobelman, 1987; Sapolsky, 1994). According to the APR financial distress scale (2020): The development and validation of a multidimensional measurement has developed the financial conceptual framework using psychological perspectives, social relationships, and physiological perspectives. According to that conceptual framework, this has constructed the financial measurement as affective reactions, relational behavior, and psychological responses.

According to the Financial well – being index, 2019, overall financial wellness can be measured using Money worries, Budgeting and Planning, Debt Management, Protection, Properties & Mortgage, Savings & Investments, Retirement, and Tax. In this Research study financial wellness has been measured using these dimensions by referring to the above index; those are Budgeting and Planning, Savings and Investments, Debt Management, Protection, and Insurance. Various research studies have found financial wellness using different variables. According to the international journal article "Does financial literacy and financial wellness affect financial wellness" in the theoretical framework as financial wellness has measured using financial literacy and financial distress. (Nurazleena Ismail, Nur Damia, Amiruddin Zaki (2019))

3. Methodology

A sample of the population ought to be taken, a portion of the population drawn from the sample, but not all of it. (U. Sekaran, 2016) Zikmund et al. (2013) emphasize in the other that sampling is advantageous for lowering expenses, labor intensity, and time restrictions. Frankline Kibuacha claims that sample size is a term used in research to denote the number of subjects that are included in a study to fairly represent a population. Choosing the appropriate sample size is one of the most important components of statistical analysis. The sample size is calculated based on the population size in the statistical table 01 below. 35000 students from Sri Lanka's public universities are the subject of this study.

The required sample size can change depending on the situation and is determined by the population and the expected level of margin of error Numerous sampling methods can be used, and they can be separated into two categories: probability sampling (Simple random sampling, systematic sampling, stratified sampling, and cluster sampling), and non-probability sampling (quota sampling, judgment sampling, and snowball sampling). The representative sample should also use probability sampling procedures to ensure that all population members have an equal chance of being chosen. With non-probability sampling procedures, the person who will be chosen as a sample from the population is unknown. (1953; A. Moser & Co.)

The population of this study consists of all students attending Sri Lankan public universities. Less than

Table 01
Sample Size Determination

	Size of population					
Margin of error	>5000	5000	2500	1000	500	200
10%	96	94	93	88	81	65
7.5%	171	165	160	146	127	92
5%	384	357	333	278	217	132
3%	1067	880	748	516	341	169

16% of students are allowed to enroll in universities. There are seventeen public universities in Sri Lanka, and each year, 35000 students are admitted. Students enrolled in Sri Lanka's public universities make up the study's target demographic. By distributing a questionnaire survey to students, this study was able to choose a random sample from that demographic. Delivering survey questionnaires to a randomly chosen sample of Sri Lankan public university students allowed for the collection of primary data. Sri Lanka has 17 public universities, and they are USJP, University of Ruhuna, University of Moratuwa, University of Kelaniya, University of Colombo, Sabaragamuwa University of Sri Lanka, Rajarata University of Sri Lanka, Eastern University, University of Jaffna, University of Peradeniya, Wayamba University of Sri Lanka, University of Vavuniya, SUSL, KDU. This study has gathered responses from several faculties at various Sri Lankan universities. These are some faculties who are studying, Management, Humanities, Engineering, Medicine, technology, Agriculture, Allied health science, Applied Science, Architecture, Faculty of law, Veterinary medicine, and animal science. Clusters should be homogeneous both internally and between them. To gather data, a questionnaire survey was performed. The significance and relevance of each piece of information for the industry sector are weighed. These chosen participants are from the higher education sector, and their financial health as well as a general analysis will be studied. As per the variables identified, the conceptualization for the study can be developed as in figure 01.

Table 03 shows the questions of the survey questionnaire which have been used for collecting responses from randomly selected samples using selected variables. The questionnaire is developed using previous literature reviews. Some of the sources are APR Financial Stress Scale: Development and Validation of a Multidimensional Measurement, A. Lay & A. Furnham, A New Money Attitudes Questionnaire, Ismail, N., & Zaki, N. D. A. (2019), Financial Behaviors of Female Teachers in Malaysia, Rahman et al. Future Bus J 2021, 7(1):52 and Surveymonkey.com.

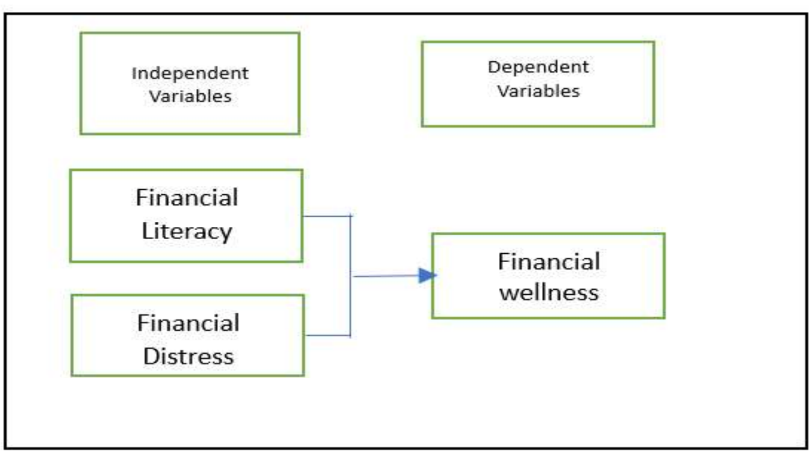

Figure 01: Conceptual Framework

Table 02
Operationalisation of Variables

Variable	Symbol	Operational Definition	Dimensions
Dependent Variable			
Financial Wellness	FW	Financial wellness is measuring the daily practices of financial wellness may affect the entire decision about money management (Leila & Fazli, 2015)	• Budgeting and Planning • Savings and Investments • Debt management • Protection and Insurance (Financial well – being index, 2019)
Independent Variables			
Financial literacy	FL	Financial literacy tests a person's knowledge of fundamental financial concepts as well as his or her capacity and confidence in managing their own resources. Edmund et al (2010)	• Financial behaviour • Financial knowledge • Financial attitudes African Journal of Higher Education (economic and management studies), 2022
Financial Distress	FD	Financial distress refers to stress that is caused by a financial situation including personal, family, and other various financial conditions including economic distress, difficulties, constraints, and stress. (Joo, 1998). (Delafrooz and Paim ,2011)	• Affective reaction (AR) • Relational behaviour (RB) • Physiological responses (PR) (APR Financial Distress Scale, 2020)

The following hypothesis was developed for analyzing and relationship of identified independent and dependent variables.

3.1 Financial literacy and financial wellness

Financial literacy tests a person's knowledge of the fundamentals of money as well as his or her capacity and confidence in managing their finances (Remund, 2010). It is also employed when considering four life events and the dynamic economic environment. Other factors that influenced financial literacy have been linked closely to socio-demographic traits and the state of family finances (Lusardi, Mitchell & Curto, 2010). From the justifications for individual financial literacy and how it might lead to financial wellness, the following hypothesis 01 can be developed:

H_1: There is a significant relationship between financial literacy and financial wellness.

3.2 Financial distress and financial wellness

Financial distress has been identified by several academics as pressure, strain, and economic stress. Mental and bodily reactions might result from financial distress. Examples of how financial distress can negatively impact one's health include developing drinking issues, physical impairments, depression, and declining psychological well-being (Kim & Garman, 2003). Hypothesis 2 is formulated as follows considering the several arguments of financial distress toward financial wellness:

H_2: There is a significant relationship between financial distress and financial wellness.

3.3 Financial literacy and financial distress on financial wellness

H_3: There is a significant impact of financial literacy and financial distress on financial wellness.

Financial wellness is correlated with financial literacy and financial distress linearly in this study, so depending on the current research, this researcher is using manly. Considering this, a regression can be performed on a set of variables, and the resulting model of multiple linear regression models can be as follows.

Multiple Linear Regressions:

$$FW = \beta_0 + \beta_1 * FL + \beta_2 * FD + \mu_i \quad (1)$$

whereby, FW = Financial wellness, FL = Financial literacy, FD = Financial distress.

4. Findings

Four components make up the survey questionnaire used as the assessment technique and are used to gather data for this analysis. Those are demographic information, financial literacy, financial distress, and financial wellness, and 61 questions consisting of a questionnaire survey. Examining the consistency of factors found among the items in questionnaires using a five-point Likert scale is done using the reliability test after collecting 29 responses before delivering further. According to the analysis, all the items for each variable are valid and reliable, with Cronbach's alpha testing and 0.911759, 0.933158, and 0.919323 respectively for financial literacy, financial distress, and financial wellness. Because of the quantitative nature of this study's methodology, the researcher used both descriptive and inferential statistical techniques to analyze the data. Mean, median and standard deviation were used by the researcher in descriptive statistics to display the data, and correlation and regression analysis were used by the researcher in inferential statistics to analyze the data. This study has used EVIEWs and EXCEL as statistical tools for analyzing data.

When presenting and analyzing the characteristics of the selected sample, this sample has been selected randomly from different public universities and different faculties in Sri Lanka. This analysis is based on correct responses from the students and 122 students responded with their honest opinion. Random responses have been received from these public universities as an overview, those are USJP, University of Ruhuna, University of Moratuwa, University of Kelaniya, University of Colombo, Sabaragamuwa University of Sri Lanka, Rajarata University of Sri Lanka, Eastern University, University of Jaffna, University of Peradeniya, Wayamba University of Sri Lanka, University of Vavuniya, SUSL, KDU. These are some faculties who are studying, Management, Humanities, Engineering, Medicine, technology, Agriculture, Allied health science, Applied Science, Architecture, Faculty of law, Veterinary medicine, and animal science.

Financial literacy and financial distress are considered independent variables in this analysis. Financial wellness is considered a dependent variable. Dimensions of financial literacy are financial behavior, financial knowledge, and financial attitudes. Affective reactions, relational/interpersonal behavior, and psychological responses are dimensions of financial distress. Financial wellness has been identified by dimensions of planning and budgeting, savings and investments, debt management, protection, and insurance. Table 05 represents an overview of the characteristics of the selected sample through demographic factors which are considered here.

Most of the respondents are female undergraduates and that is 60.66%. Many respondents are in the age range 24 – 26 and that is 57.38%. Many respondents' monthly income is between RS 5000 – 2000 and that is a percentage of 45.08%. And many respondents do not have work experience. It is about 42.62%.

4.1 OLS Linear Regression Analysis

Regression analysis is a quantitative research technique that is employed when modeling and analyzing several variables as part of a relationship between one dependent variable and one or more independent variables. Regression analysis is a statistical method that, in its most basic form, assesses the significance of a relationship between a dependent variable and one or more independent variables. Unknown values (β), independent variables (X), and dependent variables are the three types of variables that make up the fundamental form of linear regression (Y).

A linear regression model could demonstrate the link between the unknown parameters (β), independent variables (X), and dependent variables (Y).

OLS regression equation for testing hypothesis 01:

$$FW = \beta_0 + \beta_1 * FL + \mu i \quad (2)$$

OLS Regression equation for hypothesis 01:

$$FW = 27.312 + 0.893 * FL \quad (3)$$

Table 03
Questions for Survey Questionnaire

Financial literacy (FL)	FB – Financial Behaviour	I do a monthly personal budget
		I review and assess expenditures every end of the month
		I plan my budget to achieve my financial objectives
		I set aside money for savings
		I set money for emergency
		I do not frequently withdraw cash from my debit card
	FN – Financial Knowledge	I feel secure in my current financial situation
		I feel in control of my financial status
		I feel capable of using my financial status to get to my financial goals
		Savings and investing are important to me
		I feel I have a good understanding of all the insurance in all form
	FA – Financial Attitudes	I am concerned about whether I have enough money saved
		I am pretty good at budgeting
		I am not enjoy buying expensive products to impress others
		I wished that I understood financial affairs better than I do
		I have a real fear of running out of money which urges me to control my personal expenditure
		I am proud of my ability to save money
Financial distress (FD)	AR Affective Reaction	I feel depressed because of my financial situation
		I feel sad because of my financial situation
		I am fearful because of my financial situation
		I feel anxious because of my financial situation
		I worry a lot because of my financial situation
	RB – Relational Behaviour	My financial situation frequently interferes with my relationship with colleagues' relations
		I often argue with my parents / significant others because of financial matters
		I find it difficult to talk about my financial confidence with my significant relations due to no satisfaction
		I frequently avoid attending family events because of my financial situation
		My financial situation frequently interferes with my family relationship
	PR – Psychological Responses	I have stomach aches frequently because of my financial situation
		My heartbeat increases because of my financial situation
		I feel inactive because of my financial situation
		I have more tasteless because of my financial situation
		I have fatigue frequently because of my financial situation
Financial wellness (FW)	B&P – Budgeting and Planning	I keep track of my expenses on a regular basis
		I am always securing my earnings before expenses
		I am confident that I can control my personal finance
		I make goals about how to spend money and I discuss them with my family
		I am concerned with my overall financial performance
		I know that my financial management is in a good condition
	S&I – Savings and Insurance	I put money aside for savings, future purchases, or emergencies
		I am much more of a saver than a spender
		I am proud of my ability to save money
		I am feasible to have emergency savings of at least RS 10000 if needed
		I feel investment is an important habit for future
		I do investment as I have much information and knowledge on different schemes
	DB – Debt Management	I am not using a credit card when I run out of money
		I am not withdrawing cash from my credit card for my expenses
		I have not reached the maximum limit on my credit card usage ever
		I am not getting cash advances from my credit card frequently

	I pay bills immediately such as telephone, credit card and insurance payments to avoid interest and penalties
P&I – Protection and Insurance	I feel I have a good understanding on all insurance in all forms
	I think life insurance is good for the future
	I feel I am capable of handling buying insurance
	I have a life insurance policy I am well informed on
	I do not have a disability insurance policy
	I think life insurance provides financial support and financial benefits when it needed most

Table 04
Descriptive Statistics

Description	No of Respondents	Mean	Median	Std Deviation	Min	Max
Financial literacy (FL)	122	61.21	64	11.15	31	84
Financial distress (FD)	122	46.44	45	12.98	15	71
Financial wellness (FW)	122	81.99	82.5	12.55	43	106

Table 05
Characteristics of Demographic Sample

	No of respondents	%
Gender		
Male	48	39.34
Female	74	60.66
Age		
18 – 20	1	0.82
21 – 23	51	41.80
24 – 26	70	57.38
27 – 29	0	0
Monthly income		
No income	17	13.93
Below 5000	39	31.97
5000 – 20000	55	45.08
20000 – 40000	11	9.02
Above 40000	0	0
Working		
experience	52	42.62
No experience	22	18.03
Below 6 months	39	31.97
6 – 12 months	3	2.46
12 – 18 months	2	1.64
18 – 24 months	4	3.28
Over 2 years		

As Per the analysis, only the independent variable in financial literacy (FL) and the Constant variable significantly impacts the financial wellness of both 95% and 90% confidence levels. The overall significance of the initial model is significant as the probability value of the F statistic is 0.000 which is less than 0.05 at both 95% and 90% confidence levels can reject the null hypothesis. Multiple R is 79.3275952% and that explains why the dimensions of financial literacy are better to explain the FL. And adjusted R square is 62.6197459% is better which says that the overall model is significant for testing whether financial literacy is significantly influenced by financial wellness.

OLS Regression equation for testing hypothesis 02:

$$FW = \beta_0 + \beta_1 * FD + \mu i \quad (4)$$

OLS Regression equation for hypothesis 02:

$$FW = 82.580 - 0.012 * FD \quad (5)$$

As Per the analysis, only the independent variable in financial distress (FD) and Constant variable significantly impacts financial wellness at both 95% and 90% Confidence Levels. The overall significance of the initial model is not significant as the probability value of F statistic is 0.886068567 which is greater than 0.05 at both 95% and 90% confidence levels and cannot reject the null hypothesis. Multiple R is 0.013106385% and that explains why the dimension of the financial distress is not enough better to explain the FW. And adjusted R square is -0.008160125% is better which says that the overall model is not significant for testing whether financial distress is significantly influences financial wellness.

Table 06
ANOVA Statistics: Financial Literacy and Financial Wellness

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	27.312	3.893	7.014	0.000	19.603	35. 021
FL	0.893	0.062	14.272	0.000	0.769	1.017

Table 07
ANOVA Statistics: Financial Distress and Financial Wellness

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	82.580	4.256	19.402	0.000	74.153	91.007
FD	-0.012	0.088	-0.143	0.886	-0.187	0.162

Table 08
ANOVA Multiple Regression Statistics

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	27.078	4.693	5.769	0.000	17.785	36.371
FL	0.893	0.062	14.211	0.000	0.768	1.017
FD	0.004	0.053	0.090	0.928	-0.102	0.111

Multiple linear regression equation for testing hypothesis 03:

$$FW = \beta_0 + \beta_1 * FL + \beta_2 * FD + \mu i \tag{6}$$

Multiple linear regression equation for hypothesis 03:

$$FW = 27.078 + 0.893 * FL + 0.004 * FD + \mu_i \tag{7}$$

As Per the analysis independent variables are financial literacy (FL) and financial distress are constant variables that significantly impact financial wellness at both 95% and 90% confidence Levels.

The overall significance of the initial model is significant as the probability value of the F statistic is 0.00000 which is less than 0.05 at both 95% and 90% confidence levels can reject the null hypothesis.

Multiple R is 79.33% and that explains the financial literacy and financial distress are better to explain the FW. And adjusted R square is 62.31% is better which says that the overall model is significant for testing whether financial literacy and financial distress are significantly influenced by financial wellness.

5. Discussion

This research has been conducted and studied about the "Impact of Financial Literacy and Financial Distress on Financial Wellness among Public University Students in Sri Lanka". In this research primary data has been used and data has been collected using a questionnaire survey delivered among Public University Students in Sri Lanka. About 122 responses have been collected in a random sample among the selected population. It was identified that financial wellness as a dependent variable and independent variables are financial literacy and financial distress. All the variables have been measured with underpinning dimensions: Financial literacy consists of financial behavior, financial knowledge, and financial attitudes. Financial distress is comprised of affective reaction, relational/interpersonal behavior, and psychological response. Dimensions of financial wellness are budgeting and planning, savings and investments, debt management, protection & and insurance. The data was analyzed using ordinary linear regression and multiple linear regression methods, with the help of EVIEWS and EXCEL data analysis for data interpretation. Regression analysis is used to derive the relationship between. financial literacy and financial distress on financial wellness. This section will elaborate on the outcomes of the study based on the methodology that has been used to identify the impact of financial literacy and financial distress on financial wellness.

Hypothesis 01 has tested whether there is a significant relationship between financial literacy and financial wellness. There is a higher mean value and lower standard deviation in the descriptive statistics. There is a positive linear relationship between financial literacy and financial wellness. Financial literacy is measured using financial behavior, financial knowledge, and financial attitudes. All the dimensions are free from multicollinearity issues, and it was tested using VIF test. The model is normally distributed and free from omitted variable bias. The model has heteroskedasticity issues, Regression is run with ANOVA linear regression model and the overall P value is 0.0000 which is less than 0.05, then the overall model is significant and there is a positive strong relationship between financial literacy and financial wellness. In the literature review has shown that there is a positive correlation between financial literacy and financial wellness was discovered by one researcher after considering all the study's findings. There is a substantial correlation between financial literacy and financial wellness among government employees, according to this conclusion as well as several earlier researchers' opinions. According to Pearson's correlation for this analysis, which is 0.872, there is a very significant correlation and positive link. (Nurazleena Ismail, Nur Damia, Amiruddin Zaki. (2019)). and immediate and beneficial outcomes on monetary health may occur when the individual knows finance (Sabri and Falahati, 2013). As supported by Azwadi et al. (2013) explained that people with high money-related proficiency tend to arrange well in their spending and funds. Overall results represent that the respondents who are low-medium income earners have a medium level of financial wellness even though they have good financial literacy. According to the researcher's conclusion under this study, which shows that the relationship between financial literacy and financial wellness in a positive significant relationship. In hypothesis 02, this was checked whether there is a significant relationship between financial distress and financial wellness. This has a higher mean value and lower standard deviation. Financial distress has been measured using dimensions and those are affective reaction, relational behavior, and psychological responses. All the dimensions are free from multicollinearity issues and that is checked with VIF test. The model does not have normal distribution and is free from omitted variable bias and the model has heteroskedasticity issues. Overall model P value is 0.886 and that is greater than 0.05 which cannot reject the null hypothesis, then this study can recommend there is no significant relationship between financial distress and financial wellness; financial distress among public university students is not positively correlated to determine financial wellness. It can be assumed as the reason that public university students have higher financial knowledge, personal wealth management, and financial attitudes. If university students are not earners, and they are dependents, then they do not have critical financial responsibility towards their family or relations. There is a negative correlation between financial distress and financial wellness at a 1% significant level, which is -0.012676806%, and then there is a negative relationship between financial distress and financial wellness. But it has no significant impact. Previous researchers have found that low-medium income earners have a medium level of financial wellness even though they have good financial literacy. This is because most of them face high financial distress. It means that good financial literacy will not secure of better way in financial management due to lack of practicing precise financial way from what knowledge that they have. Most of the respondents have received low salaries. This may occur due to depression and deteriorating psychological well-being (Kim & Garman, 2003). Other than that, low-medium income earners face financial distress due to insufficient income allocated for repairs of household equipment or personal vehicles, borrowing money to buy necessary goods and improper planning of budget allocated for prioritized requirements. For that reason, the result shows that there is a significant relationship between financial distress and financial wellness. In the base article of Nurazleena Ismail, Nur Damia, Amiruddin Zaki, 2019 has there is a significant relationship between financial distress and financial wellness among government employees. Pearson's correlation for this analysis shows that there is a very strong correlation and positive relationship which is 0.852. However, this study it has found a negative relationship between financial distress and financial wellness which is not significant. It can be assumed as the reason that public university students have higher financial knowledge, personal wealth management, and financial attitudes.

In the multiple linear regression models, this is shown the combined impact of financial literacy and financial distress on financial wellness. The study further used correlation coefficient (R2) to statically measure which shows the goodness of fit or how well the sample regression line fits the data. The coefficient of determination and P value were used to check the overall significance of the model. In the multiple R^2 79.3292% indicates a strong positive correlation between the dependent and independent variables. And adjusted R2 is 62.3082% in other words, the coefficient of determination adjusted (R^2) of 62.31% shows that 62.3082% of the variation in the financial wellness (FW) is explained by the changes in financial literacy (FL) and financial distress (FD). Financial wellness, leaving only 37.0688% unexplained. The ANOVA model has determined the overall significance of the model. The regression model obtained for this study can therefore be used to pass financial wellness up to some context. The P-value of 0.0000 is less than 0.05, which shows that there is a significant relationship between the dependent and independent variables used in the study. Therefore, it can be concluded that the overall model is significant at the 5% significance level. Finally, hypothesis 03 is the combined impact of financial literacy and financial distress on financial wellness. The model is developed as a multiple linear regression model and independent variables are financial literacy and financial distress. Financial wellness is a dependent variable for the model. Since the p-value of the independent variables are 0.0000 and less than 0.05, there is evidence to say there is have significant relationship between financial literacy (FL) and financial distress (FD) on financial wellness (FW). When the Previous Year's financial literacy (FL) increases by 1-unit current year's financial wellness (FW) will increase by 0.893391283. And financial distress increase by 1- unit current financial wellness (FW) will increase by 0.004866281. That result is in compliance with the literature findings. In Ismail, & Zaki, 2019, is shown that there is a positive impact of financial literacy and financial distress. Those coefficients are 0.872 and 0.852 respectively of financial literacy and financial distress.

6. Conclusion

In conclusion, financial wellness has emerged as a crucial and widely discussed aspect within the realm of financial management. Many organizations recognize the need for financial wellness training, as findings indicate that students encounter financial distress despite possessing knowledge of financial management, ultimately leading to diminished financial wellness. Moreover, assessing the financial wellness of public university students should extend beyond monetary aspects to encompass their overall health, given that many students suffer from financial depression. Comprehension of financial management becomes paramount in averting financial depression, and an understanding of financial wellness is essential for public university students to consider themselves financially well-off. For future research endeavors, it is recommended that researchers explore additional factors such as financial self-efficacy and financial help-seeking behavior to comprehensively determine financial wellness. Addressing these factors could potentially enhance the financial wellness of individuals with moderate to low incomes by encouraging them to seek financial assistance and mitigating financial distress.

The study suggests implementing educational policies to boost financial literacy and alleviate financial distress among public university students in Sri Lanka. Incorporating components related to accounting and finance into the curricula of public university students is proposed. It is emphasized that financial literacy education should not only focus on knowledge acquisition but also on practical application, enabling students to gain hands-on experience. Several limitations were encountered during this research study. The small sample size may not ensure 100% predictive accuracy and may limit generalizability. Time constraints posed a significant limitation, preventing the collection and evaluation of data from a larger public university student population within a shorter timeframe. The study specifically targeted public university students in Sri Lanka, excluding other university students. Respondents may exhibit bias in providing financial information, and their lack of knowledge about various financial products could be a limitation. Despite efforts to incorporate all relevant variables, the study acknowledges the possibility of some variables not being considered.

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