

## ASSESSING THE IMPACT OF FINANCIAL LITERACY ON FINANCIAL WELLBEING OF SMALL AND MEDIUM-SIZED ENTERPRISES IN COLOMBO DISTRICT

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The purpose of this research was to explore impact of financial literacy on financial wellbeing of small and medium-sized enterprises (SMEs) in Sri Lanka. Financial literacy (FL) may be defined as the ability of an individual to make informed judgments and decisions regarding the use and management of money. Financial wellbeing (FW) is a state of being financially healthy, happy, and free from worries. FW is a key factor of going concern of the SMEs. SMEs play a vital role in Sri Lankan economy. The growth and expansion of SMEs are constrained by problems emanating from product and factor markets and the regulatory system. FL has also been a long-standing barrier for the development of SMEs over the years. A structured questionnaire was administered to 100 randomly selected SME managers (N = 100) from Colombo district to gather data for the study. The findings reveal that SME's FW has greatly been influenced by FL of SME managers. As expected, low level of financial literacy (48%) existed among managers of SMEs. FL is significantly correlated with family background. There is a strong correlation between the childhood consumer experience (business socialization process and managerial skills) and financial management skills of managers. Religion also has influenced on financial wellbeing. The study further reveals that gender differences among managers impact on financial literacy in managing business. The results were consistent with many of the associations predicted in the conceptual model. This study recommends the needs of enhancing financial education and financial literacy of SMEs in Sri Lanka.

**Keywords:** Financial literacy, Financial wellbeing, SMEs