Sri Lanka Journal of Marketing
University of Kelaniya - Sri Lanka

SLJM Vol 9 No 2: May - August 2023

ISSN 2719 – 2598 (Online)

An Empirical Investigation into The Determinants of Savings Intentions Amongst Young Customers in Licensed Specialized Banks within Central Province in Sri Lanka

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DOI: https://doi.org/10.4038/sljmuok.v9i2.139

ABSTRACT

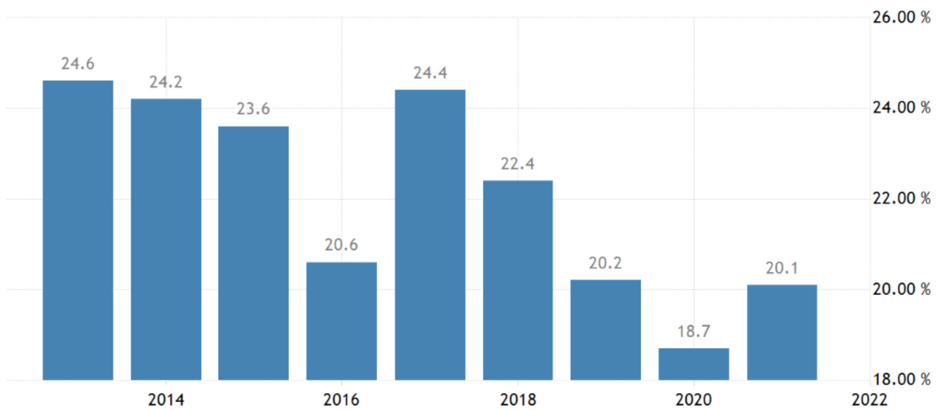
Savings, whether held in banks or other financial institutions, represents a pivotal component in bolstering the capital of any global economy. The presence of a substantial savings portfolio within an economy can significantly contribute to economic growth. As a developing nation, Sri Lanka aspires to expand its economy by leveraging the financial system to invest in developmental initiatives, thereby addressing financial shortfalls. At the helm of this financial system is the Central Bank of Sri Lanka, which exercises regulatory oversight over the entire spectrum of financial institutions, encompassing banks and non-bank entities alike. The Sri Lankan financial landscape can be categorized into several sectors: the banking sector, the non-bank finance and leasing sector, key traders, the micro-credit sector, and the money brokerage industry. Notably, the banking sector plays a pivotal role in mobilizing client savings into the economy, with savings serving both as a form of income for individuals and an investment for future benefits. The primary focus of this paper is to delve into the savings intentions of young clients in Licensed Specialized Banks, aiming to pinpoint the factors that influence their inclination to save. This study meticulously examines the impact of various factors on the savings intentions of young customers within this specific demographic, shedding light on which factors wield greater or lesser influence. The findings underscore that financial benefits stand out as the most influential factor, while personal income registers the lowest coefficient value, signifying its minimal impact. Uncovering the specific influence of each factor holds paramount importance, as it enables the translation of research findings into practical applications within the working environment. This insight will prove invaluable for policymakers, decision-makers, and banking strategists as they devise new plans and potentially recalibrate their vision statements to align with these revelations.

Keywords: *Financial Benefits, Financial Literacy, Personal Income, Peer Influence, Self-Control, Savings Intention.*

1. INTRODUCTION

Increasing saving habits among the people in society is very important for any economy as it fulfills capital requirements for ongoing development. The habit of saving comes from the long history in the world from England where people used to keep their gold as repositories in the possession of silversmiths. Later, with many changes in the global economy, banks were launched in many countries to manage deposits and investments from people providing advantages against their deposits. It was declared on 31 October 1924 as World Savings Day at the 1st International Congress of the Savings Bank in Milan (Adami, 2018). However, people need to save this surplus money for certain reasons. This has been explained as grounds for public demand for money (Kumari, 2012). The first is transaction demand, the second is precautionary demand, and the speculative demand. More people are managing their savings on these motives as explained by John Menard Keynes in his "general theory". The gross household saving rate in Sri Lanka is currently fluctuating at 22.4% in June 2018 versus 26.1% in the last quarter (Central Bank of Sri Lanka Annual Report, 2022). The saving behavior of the Sri Lankan people changes from time to time (Figure 1).

Figure 1. Sri Lanka Household Saving Ratio



Source: Central Bank of Sri Lanka Annual Report, 2022

ISSN 2719 – 2598 (Online)

As Figure 1 shows the personal savings of Sri Lanka is significantly decreasing in 2020. However, when analyzing the current savings portfolio of Sri Lanka, it is evident that Licensed commercial banks beholding nearly 89% and Licensed Specialized banks hold nearly 11% of the total savings. Here it is clear that the specialized banks (6 Banks) have very lower saving portfolios in the Sri Lankan Banking system.

In identifying the above, it is more important to focus on customer savings intentions for specialized banks and the factors that have impacted savings at these banks. For the purpose of finding the impact of factors on the savings intention in specialized banks, it is important to select a specific geographical area and a specific customer base for the convenience of the researcher. As analytical research here the main focus will be on the region Central Province of Sri Lanka and their licensed specialized banks. It was a well-known factor that the young generation of the country is very keen on modern banking facilities and accordingly, they are switching. However, most young age population has a very lower level of commitment to LCBs in Sri Lanka. This commitment would be out of 11% of the household savings base only 4% representing the young customer base in this banking sector (CBSL Annual Report, 2022).

Historically, Sri Lanka's financial system has been characterized as one of the financial systems with a predominant banking sector. The Central Bank of Sri Lanka (CBSL) is the only regulator of the Sri Lankan banking system. Moreover, as illustrated in Table 1, the composition of the financial system and the relative importance of each component in the financial system have not changed in the recent past though there are significant changes in the banking system structure.

Table 1:Total assets of the banking sector (Comparison of 2010 and 2022)

	2010		**2022**	
	Rs. bn	Share %	Rs. Bn	Share %
Banking Sector	4,532.2	67.7	23926.9	76.3
Central Bank	958.4	14.7	4510.3	14.4

Licensed Commercial Bank	2,969.3	44.4	17,255.2	54.9
Licensed Specialized Bank	578.5	8.6	2191.4	7.0

Source: CBSL Annual Report (2010, 2022)

The banking sector continues to be the dominant player in the financial system accounting for around 76.3 percent (including the percent held by the CBSL) of the total assets as of 2022. In addition, Licensed Commercial Banks (LCBs) dominate the banking system with about 71 percent of assets in the banking system, where the two largest LCBs are held by the State. According to the CBSL Annual report in 2022, there are currently 30 deposit-taking banks in Sri Lanka, 24 of which are Licensed Commercial Banks (LCBs) and 6 of which are Licensed Specialized Banks (LSBs). As far as ownership is concerned, 12 are local LCBs, while 12 other LCBs are foreign bank branches. The three largest deposit collectors are state-owned banks, which together represent about 56 percent of deposits mobilized by the banking system. Nevertheless, the share held by state-owned banks (in total assets) was reduced to 45,9 % in 2022 compared with 58,2 % in 2010.

Therefore, this research will be based on the opinions and feedback from young customers in the region on their intensity to save in specialized banks. In this context, it is possible to know which factors have a significant impact on young intensive clients. At the conclusion of the study, the results will expose which factors exert the most significant or minimal influence on the savings intentions of young customers in Sri Lanka's Central Province

Key Objective

- To identify the factors affecting young customers’ saving intention in Licensed Specialized Banks in the Central Province of Sri Lanka

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Specific Objectives

- To investigate the impact of personal income on the saving intention in Licensed Specialized Banks in the Central Province of Sri Lanka
- To investigate the effect of financial benefits on the saving intention in Licensed Specialized Banks in the Central Province of Sri Lanka
- To investigate the impact of financial literacy on the saving intention in Licensed Specialized Banks in the Central Province of Sri Lanka
- To investigate the influence of parental socialization on the saving intention in Licensed Specialized Banks in the Central Province of Sri Lanka
- To investigate the impact of peer influence on the saving intention in Licensed Specialized Banks in the Central Province of Sri Lanka
- To investigate the effect of self-control on the saving intention in Licensed Specialized Banks in the Central Province of Sri Lanka

2. LITERATURE FOR HYPOTHESES FORMATION

2.1. Saving Intention

The saving of a country is very important to its economic growth as well as development every time as it is providing the capital for investment and driving the development and growth of the economy. The 'saving' has been explained in various studies by various definitions by economists, socialists, and many more philosophers. Magap (2015) has defined saving as a foregone consumption. When someone does not spend all the income earned within a given period. According to them what is part earned today is left for future use is called saving. In the economic context, saving

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has been defined as the residual income after deducting current consumptions over a certain period of time

In economic theories, it is stated that saving is a part of disposable income that is not consumed (Magap, Okwanya, & Ojeka, 2015). In Keynesian economics, savings have been defined as what a person has left over when the cost of his or her consumer expenditure is subtracted from the amount of disposable income earned in a given period of time. In a simple definition Aggarwal, (2014) argued that saving would be the result of careful management of income and expenditure therefore that is something left to be put aside for future use. In most economics theories it is considered that saving is willpower and foresight, saving as a result of the ability to save and saving as a self-controlling strategy and mental accounting. Further in Economics, there are various theories concerning the saving of people such as the relative income theory (Debroy & Khan, 2005), Permanent income theory (Fajnzylber, Lederman, & Loayza, 2002) & life cycle theory (Adami, Carosi, & Sharma, 2018). According to Debroy and Khan, (2005) their relative income theory explains the amount of spending on consumption does not depend on the income of individuals instead it depends on the standard of living in a particular environment individuals are living. Friedman in his theory of permanent income assumes that the amount of spending is characterized by a permanent level dependent on the expected standard of living of a person's entire lifetime. On the other hand, the life cycle theory assumes that individual savings are depends on the life cycle stages or the age structure of the population of a country. That theory further explains that younger people with low income tend to take loans and mature & stable people with higher income tend to save for future security when they become again lower-income earners with a higher level of other commitments. These can be identified as saving motives and these motives remain unchanged throughout the entire lifetime. However, research has paid less attention to changing financial situation and therefore psychological explanation has begun to arise.

In the psychological context, saving has been defined by Verma and Aggarwal, (2014) as not spending money for the current period in order to be used in the future. He further stated that saving is a combination of future needs, a saving action, and a saving decision. Here it should understand the difference between saving and savings in order to compressively study the saving intention as the dependent variable of this research. Originally saving can be identified as an act of spending less than earning income and it is reserved for future consumption. Savings is the actual quantity of funds in a reserve account that is kept for future requirements or consumptions. Both ends would fulfill the future expectation of a person who is involved in saving.

Saving has been divided into two parts by Dharmarathna and Kumari (2021), according to them, saving can be identified to increase the value of assets and decrease or reduction of debt. De Koker and Jentzsch, (2013), have explained the saving between four saving motives cash management, buffer for unforeseen emergencies, financial means attaining a desired goal, and wealth management. According to Liquidity theory, these motives are not considered direct motives and have mediating factors that simply show variations in reaction to economic stimuli. Lehmann and Neuberger, (2001) have distinguished savings as recurrent savings and total savings. Here they have explained recurrent saving as saving that occurred on a continual or regular basis and on the other hand total saving as liquid assets in banks & building societies.

Lehmann and Neuberger, (2001) found the variation in regular saving was predicted by several factors such as disposable income, saving, the amount spent on clothing & food, the importance attached to the value of enjoyment, and other factors. On the other hand, total saving was predicted by disposable income, demographic variables, and the amount of money invested & purchases of insurance. Devlin, (2009) has found that total saving was predicted by age and regular saving was predicted by factors such as a healthy current financial situation, the tendency of the decision-maker to save other than spend windfall income, high self-control & low time preference.

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2.2. Personal income

Most studies have examined the facts on income level and saving behaviour in the past period in the world. The income can be identified as the flow of cash or cash equivalents received from work (wage or salary), Capital (interest or profit) or land (rent) (Adami, Carosi, & Sharma, 2018).In economics, the maximum amount an individual can spend during a period without being any worse off Personal income determines the capacity of the savings. In many past studies, it was found that there is a positive relationship between personal income level and savings of people. Klapper (2006) argued that psychological traits and motives would change very slowly in a population and current income is the important income measure. There are some definitions regarding personal income as follows.

- Personal income is the amount of money collectively received by the inhabitants of a country.
- From employment, dividends and distributions paid by investments, rents derived from property ownership and profit-sharing from the business.
- Personal income generally subject to taxation

In economists' view of point, the term called personal income is referring to the total compensation received by an individual which sometimes refers to individual income and in other words gross income. Personal income is mostly affected by consumer consumption. The level of income will determine the consumption level of an individual.

Hypothesis 1: Personal income has a significant impact on the saving intentions of young customers in Licensed Specialized Banks in the Central Province of Sri Lanka.

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2.3. Financial Benefits

Financial benefits mean concerning an asset any direct or indirect benefit in many terms (or convertible to many) attributable to or accrued to such asset. In an altering way, it means benefit in the form of money, property, commercial interests, or anything else the primary significance of which is economic gain.

Rewards are also very important for individuals sustaining their commitment to an institution or organization within and outside of the organization. A well-programmed reward system will be a key success factor for any institution, for its employees as well as its customers. Maintaining a reward system will build up the customer base and their standard of performance within the organization. When it comes to financial rewards there will be financial gains such as interest, pay, bonus etc. However, rewards and benefits are three types such as extrinsic, intrinsic, and social rewards. Extrinsic benefits are considered as physical benefits provided by an organization such as pay bonuses, fringe benefits etc. and intrinsic rewards refer to the rewards that come from the content of the job itself. For example, role clarity, autonomy, and training etc. Social rewards arise from interaction with other people on the job and may include supportive relationships.

However mostly discuss the benefits that include bonuses, profit sharing, medical disability and other and life insurance, pensions, stock options, gratuity and other retirement plans. However, there are many theories behind the financial benefits or rewards, in other wards financial incentives for an individual to attain on their choices. When it considers the expectancy theory (Verma & Aggarwal, 2014).In this theory, it is explained that peoples make decisions in such a way to obtain the desired outcome because they expect to maximize their satisfaction by choosing that particular outcome. There are three main components of this theory and how an individual perceives these beliefs lead to the motivational force which includes a certain level of effort which leads to the desired outcome. According to this theory, when incentives are presented because of increased expectancy about the effort outcome relationship and increased from the desired subject.

Financial incentives will be high for individuals to perform towards the desired subject. This focus has been discussed in the agency theory (Ellis, Lemma, & Rud, 2010) and social cognitive theory by Bandura (1994) has explained that as an individual's belief about his/her capabilities and accomplishment of tasks. A person with higher self-efficacy will show more commitment than those who have very lower self-efficacy.

Hypothesis 2: Financial Benefits have a significant impact on the saving intentions of young customers in Licensed Specialized Banks in the Central Province of Sri Lanka.

2.4. Financial Literacy

Financial literacy is defined as a set of abilities to read, analyze, understand, manage and communicate the terms and mainly basic economic concepts which are used in effective personal financial decision-making (Kroszner & Strahan, 2001; Montoya & Hayes, 2017). This has also been defined as sufficient knowledge of personal finance facts and terms for successful personal financial management (Gorton & Kahn, 2000).

According to Kumari (2020a: 2020b), Financial literacy consists of five dimensions such as financial knowledge, financial skills, attitudes to using financial knowledge for decision-making, the real use of financial instruments (Financial behaviour), and financial awareness. For every dimension, measures need to refer to at least four financial areas such as budgeting, savings, credits, and investments. By understanding financial concepts, individuals will be able to be self-sufficient in financial knowledge and skills effectively and can manage personal financial behaviour in order to invest or save their income achieving financial stability. There are some characteristics of being financially literate such as effective financial planning, properly managing debt, accurately calculating interest, and understanding the time value of money. This financial education will improve the skills to budget track spending effectively, pay off debt, and properly plan for retirement. This also improves poor financial decision-making into the most effective financial decision-making of individuals.

Those who have well understanding, and knowledge of financial concepts and techniques can manage personal financial matters efficiently and also can make appropriate choices for investment, savings, insurance, real estate, budgeting, retirement, and tax planning. The person who belongs to such knowledge will always be rational in their choices when it is a purchasing, he or she may answer whether it is a required item, and it is affordable and whether it is an asset or a liability. By learning financial concepts individuals may acquire advanced knowledge on organization, skills, consumer rights technology and global economic conditions and personal financial behaviour.

According to kumara (2021) the financial behaviour of individuals who possess financial literacy will be able to manage their money which is daily spending. How to decide to, how much to spend on his or her earned money in a given period. So the individual can develop a financial road map to identify what he or she earns, what spends, and which amount to save. When focusing on Sri Lanka's financial literacy rate it shows as 35% compared to other developed countries with an average of 65%. This financial knowledge is poor not mostly among the poor but among professionals, even doctors, lawyers, engineers, and judges.

In Sri Lanka, many people use credit cards and many more credit facilities to fulfill their needs and want in the banking sector. In the Sri Lankan financial market, more than 80% of Sri Lankan have bank accounts and use 23 Mn debit cards and 1.7 Mn credit cards with a declaration by the Central Bank of Sri Lanka as the year 2020 as "the year of digital transactions". There are over 4700 automated teller machines (ATMs) and over 3000 branches locally to provide financial solutions for customers

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in Sri Lanka (FT, 2018). However, many people do not have a proper knowledge understanding of interest rates, the cost of financial instruments, and operational products and benefits.

When moving on to theoretical models of financial literacy those always explain rational individuals who assume less when their income and earnings are high while increasing savings for future consumption with ideas of Dharmarathna and Kumari (2021) and Chakrabarty and Chaudhuri (2001) the consumers are posited to arrange their optimal saving and dissimulations patterns to smooth marginal utility over their lifetime. In many studies, this has been shown such a life cycle optimization process can be shaped by consumer preferences, the economic environment, and social safety net benefits, among other features. These models have proved that any individual can execute saving and spending down plans with financial markets. Few people seem to have a sound knowledge of finance when retirement plans were designed by any government individual workers, pay very little attention to their plan details.

Hypothesis 3: Financial Literacy has a significant impact on the saving intentions of young customers in Licensed Specialized Banks in the Central Province of Sri Lanka.

2.5. Prenatal Socialization

Parents are considered as first teachers to their children. Mostly better-educated parents are more likely to give better education to their children. Parental socialization will be managed. Vellala (2014) investigated this concept determinant of saving behaviour among university students in Malaysia Chibba, (2011) found that parents are influencing their economic behaviour

From childhood, parents are striving to build up their children's behaviour giving them better guidance to protect against external challenges in the social economy and the culture. There are two types of parents that can be identified. The first type of parents is looking at children's behaviour and protect them by using their parents' knowledge. The second type of parents is teaching and guides their children to protect

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themselves by using children's knowledge for externalities. Parents need to have children who are well-educated and have better knowledge of financial management, economic matters social matters, etc. The children become younger's they can smoothly face future risks, and challenges and manage them

Those who know their parents particularly trade and market conditions interest rates investments procedures etc. can manage properly their life cycle. Bongomin (2017) suggested that parental education is more effective than receiving formal education at school and based on different social demographic variables they show different behaviour. When there are different teaching methods by their parents everyone can address their financial issues in the future.

Socialization is meant by the act of adopting behaviour and adapting behaviour to the norms of a culture or society is called socialization. In other words, going out and meeting people or hanging out with peers. Collective socialization theories are typically based on the psychological literature on parenting supervision and role models as well as sociological literature on monitoring and isolation (Lusardi & Olivia, The economic importance of financial literacy: Theory and evidence, 2014). Socialization is considered an important area in psychology and has a direct relationship with psychology and socialization factors. On the other hand, this area includes a variety of theories, concepts, and approaches. For example, evolutionary theory has been created as thinking of socialization theory since 1970.

Hypothesis 4: Parental Socialization has a significant impact on the saving intentions of young customers in Licensed Specialized Banks in the Central Province of Sri Lanka.

2.6. Peer Influence

Peer influence means the direct influence on people by peers or the effect on an individual who gets encouraged to follow their peers by changing their attitudes, values, or behaviours to conform to those of the influencing group or individual. The

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influencing effect would be positive and negative effects or both. Peer influence will directly affect individuals' decision-making process.

As previously discussed, parental socialization plays a larger part in adolescent behaviour and peer influence plays an important role in individuals' decision-making on financing, banking, saving, or investing. The peer group will be a key factor in these decisions and according to their educational level, and social status level, the standard of the decision will be determined. When it comes to saving and investment decisions of individuals among the peer groups many theories may explain their behaviour in economic conditions. According to the economic theory of time preference and also psychological theories on adolescent crowds, they experienced that more crowds would be more patient and more likely to save money if they are positioned high on the adult or academic-oriented dimension while the groups that are positioned on high on peer-oriented dimension were expected to be less patient and less likely to save money.

As defined in society, a peer group is both a small group and a primary group of people who have similar interests, age, background, or social status. The member of this group is likely to influence the person’s beliefs and behaviour. These peer groups consist of hierarchies and district patterns of behaviour.

Apart from peer groups, there are cliques and crowds. Cliques are small groups typically defined by common interests or by friendship. These cliques contain 2-12 members and tend to be formed by age, gender race, and social class. Cliques are playing as an agent of socialization and social control. Crowds are large and serve as peer groups. In early adolescence, they increase the importance and decrease in late adolescents. Peers, cliques, or crowds may influence its member's behaviour and decision-making process in their lifestyles. Particularly peer groups offer individuals to develop their social skills, leadership skills, teamwork, and empathy.

Hypothesis 5: Peer Influence has a significant impact on the saving intentions of young customers in Licensed Specialized Banks in the Central Province of Sri Lanka.

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2.7. Self-Control

Self-control is defined as an aspect of inhibitory control. It is the ability to regulate one's emotions, thoughts, and behaviour in the face of temptations and impulses. Self-control is also defined as a cognitive process that is necessary for regulating one's behaviour to achieve specific goals. In the short term use of self-control will lead to depletion and in the long term, it can strengthen and improve over time. Self-control is the ability to identify and regulate one's emotions and desires. It is characterized by the exertion of will, self-discipline, and the ability to delay gratification (Bahmar, 2012). For an operational definition of self-control TOTE model, (Test, Operate, Test, Exit) of self-regulation will be a basis for this definition.

The importance of self-control is young described as it can predict cognitive and self-regulatory skills in adolescence (Singh & Kumar, 2017) as well as essential outcomes such as health and well-being later in life (Memon, Cheah, & Ramayah, 2017). More ever having self-control is related to better grades and academic achievements (Taliaferro, 2011; Diamond & Rajan, 2001). Being low self-control will lead to such as impulse buying and financial debt, maladaptive eating patterns (Ellis, Lemma, & Rud, 2010) and procrastination (Taylor & Wagland, 2011).

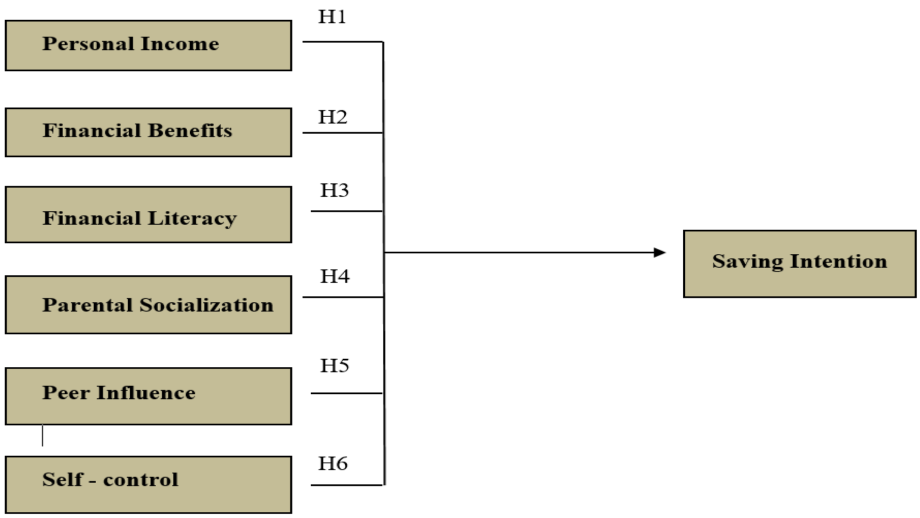
When considering the theoretical background of the concept of self-control dual system theories are more important and these characterized by the notion of two systems for processing information and ongoing behaviour on the other hand hot system is fast, associative, continuously on and provides impulsive tendencies for behaviour. The cold system is a bit slower and can only function when enough resources are available and is more likely to initiate rationalized behaviour (Taliaferro, 2011; Diamond & Rajan, 2001).

Another model of self-control strength model is more important (Bongomin, Ntayi, & John, 2017). It explains as an act of self-control by which the self-alters its behavioural patterns to prevent or inhibit its dominant response. In the general theory of crime, the self-control concept is a key concept being considered and studied

(Ghatak, 2013).In this theory, self-control is defined as the differential tendency of individuals to avoid criminal acts independent of the situations in which they find themselves. Persons with lower self-control tend to be impulsive, Insensitive towards others, risky tasks, short-sighted and non-verbal.

Hypothesis 6: Self-Control has a significant impact on the saving intentions of young customers in Licensed Specialized Banks in the Central Province of Sri Lanka.

Figure 2: Conceptual Model



Source: The author developed based on the previous literature

Table 2: Operationalization Table

Variables	Dimensions	Indicators	Source	Questions in the Questionnaire
Personal Income	Consumer Expenditure Consumption Consumer Credit	Personal Expenditure Family Expenditure Consumption style Creditability	(Memon, Cheah, & Ramayah, 2017)	Q8 – Q14

Financial Benefits	Interest rates Financial Gifts & Rewards	Optional interest rates Special Occasional gifts Financial Scholarships	(Hussein, Al-Tamimi, & Bin Kalli, 2009)	Q15 – Q21
Financial Literacy	Understandability	Knowledge/Awareness Skills Attitudes Behaviour	(Diamond & Rajan, 2001) (Kumari 2020a)	Q22 – Q30
Parental Socialization	Money Management	Money Management Controlling Spending Motivation to saving	(Vellala, Madala, & Chhattopadhyay, 2014)	Q31 – Q38
Peer Influence	Influence	Individual Behavior Group Behavior Comparison Leisure with friends	(Ellis, Lemma, & Rud, 2010)	Q39 – Q43
Self-Control	Self-control	Emotions Desires Will Power	(Kaur & Tagnhi, 2014)	Q44 – Q53
Saving Intention	Saving Intention	Compare on purchases Reduce expenses	(Magap, Okwanya, & Ojeka, 2015)	Q54 – Q61

3. METHODOLOGY

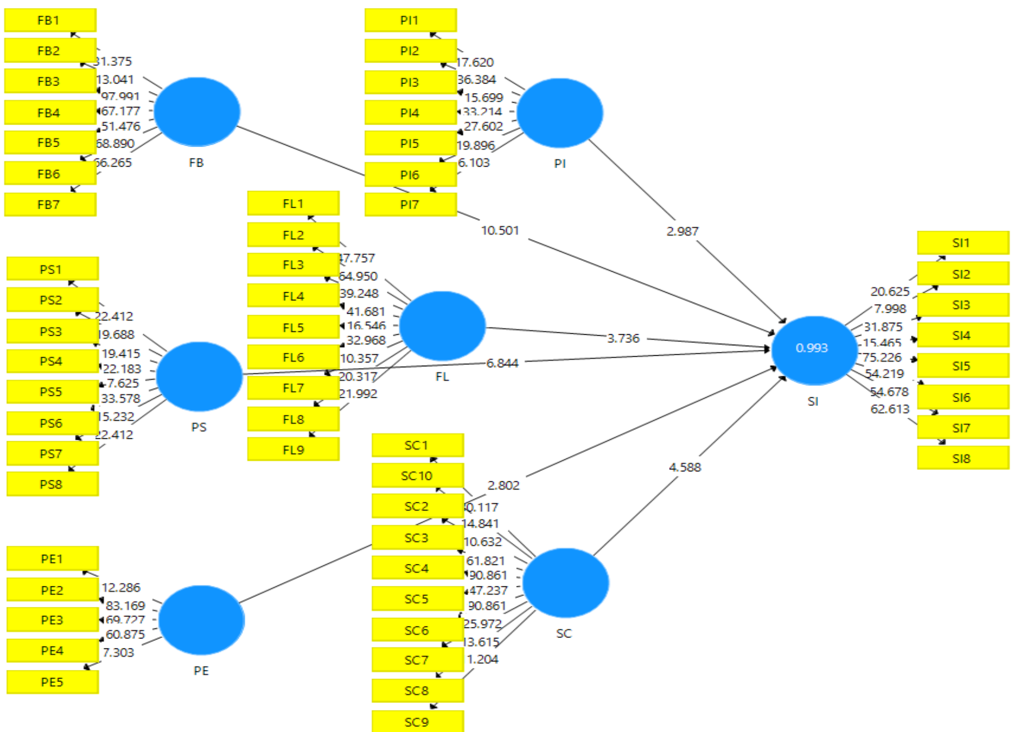
In order to examine young customers' saving intention and its impact on their savings decisions, this research is conducted under positivist philosophy, deductive research approach, and quantitative research strategy. The present study is mainly focused on identifying the factors affecting the savings intention of the younger generation in Sri

Lanka and needs to verify the most significant determinants of the saving intention of young customers dealing with the licensed specialized banking sector in Sri Lanka. In the initial phase of the study, an extensive literature review was carried out with the purpose of identifying the determinants of saving intention. In the second phase, a survey was conducted among 254 young customers representing LSBs in Central provinces in Sri Lanka, with the assistance of a researcher-administrated questionnaire. The population of this research was young customers in LSBs, who are aged between 16 to 35 years and stay in the Central province of Sri Lanka. In the Central province, there are 5 LSBs, Central provinces the population is more than 750 customers. For the analysis, 254 customers in the Central Province were addressed by the researcher to analyze the customer's intentions. However, among this sample, only 167 questionnaires were found filled correctly in all aspects and their responses formed the basis for analysis. The response rate was 65.7%. The sample was selected based on the convenient sampling method and the unit of analysis was the individuals belonging to the LSBs. The reliability of scales was measured by Cronbach's Alpha coefficients. Furthermore, a partial least squares structural equation model (PLS-SEM) was employed as the principle data analysis approach, and Smart PLS 3 was employed as the main analytical software. The saving intention was tested based on 46 items identified by previous researchers and Principle Component Analysis was employed to determine the key factors of Saving intention.

4. RESULTS AND DISCUSSION

The structural model will have denoted the relationships among the main constructs in the conceptual framework by using path coefficients. Accordingly, the path coefficients represent the hypothesized relationships among the constructs in the model (Hair, Sarstedt, Ringle, & Gudergan, 2018; Ringle, Sarstedt, Mitchell, & Gudergan, 2020). The value for the path coefficient should fall between -1 and +1. When it tends toward +1, it is interpreted as a strong positive relationship that is statistically significant and vice versa. However, whether the Path coefficient is significant or not depends on its standard error which can be obtained by considering two types of criteria. As bootstrap standard error enables the computation of the **t-** values and **p-**values for all structural path coefficients, the **p-**value can be considered to assess the significant level of path coefficients (Hair et al., 2018). Generally, a 5% significant level can be considered as the threshold level of the p-value, accordingly, the p-value must be smaller than 0.05 to demonstrate the significant relationship among constructs. Further, the respective t value should fall in the range of - 1.96 to +1.96 to assure a significant level of path coefficients. Therefore, said condition can be considered as criteria 01. Moreover, Hair et al. (2018) suggest that researchers should check the bootstrap confidence intervals under Bias Corrected approach (BCa) in order to further test the significant levels of path coefficients, in the case 1st criterion is not satisfied. Accordingly, if the bootstrap confidence interval does not have a zero value, the path coefficient is still significant. It can be considered as criterion 2nd. The path diagram is given in Figure 3 and the summary of the statistics taken by bootstrapping techniques is given in Table 3.

Figure 3: Relationship between the determinant and the saving intentions of young customers



Source: Smart PLS output

Table 3: Significance of the relationship between financial literacy and investment decision

	(Stan. Beta) **β**	Sample Mean (**M**)	Standard Deviation (STDEV)	**T** Statistics (|O/STDEV|)	**P** Values	**CILL** 2.50%	**CIUL**97.50%
FB -> SI	0.687	0.679	0.066	10.432	0	0.569	0.826
FL -> SI	0.159	0.167	0.043	3.701	0	0.074	0.239
PE -> SI	0.149	0.145	0.054	2.776	0.006	0.032	0.246
PI -> SI	0.105	0.112	0.035	2.958	0.003	0.171	0.033
PS -> SI	0.309	0.311	0.046	6.722	0	0.23	0.421
SC -> SI	0.192	0.183	0.043	4.507	0	0.28	0.116

Source: Smart PLS output

Based on the Smart PLS output, hypotheses were tested and results summarized according to the respective hypotheses. The first hypothesis (H1) was formulated to test the relationship between Personal Income (PI) and savings intention of young customers in FSBs in Sri Lanka. According to the results, it was revealed that there is a positive relationship between the level of personal income and savings intention of young customers. The path coefficient represents the exogenous latent variables combined effect on the endogenous latent variable (Ringle et al., 2020). The output indicates that the path coefficient is 0.105 which denoted a positive and significant relationship between the two variables. The researchers should assess the R^2 values of all the endogenous constructs as a measure of the model's in-sample predictive power. According to Hair et al. (2018) when R^2 values become 0.25, 0.50, and 0.75, it implied that the respective endogenous variables are weak, moderate, and strong respectively. Therefore, one of the main parts of the structural model evaluation is the assessment of the coefficient of determination (R^2). In the present research, personal income is the main construct of saving intention (dependent variable). As per the estimated structural model given in Figure 3, the overall R^2 (0.993) is found to be a strong level. In this case, it suggests that the six dimensions of savings intention i.e. Personal Income (PI), Financial Benefits (FB), Financial Literacy (FL), Parental Socialization (PS), Peer Influence (PE), and Self-Control (SC), can jointly explain 99% of the variance of the endogenous construct (Savings Intention (SI)). The R^2 value is 0.993; it is shown inside the blue circle of the Savings Intention (SI) construct in the PLS diagram (see Figure 3). The individual path coefficients in the structural model and Table 3 represent the standardized Beta (**β**) coefficients in an OLS regression which express a one-unit change of the exogenous construct changes the endogenous construct by the size of the path coefficient while everything remains constant. However, whether path coefficients are significant or not should be determined by testing statistical criteria. Personal Income (PI), is showing a significant positive relationship with savings intention of young customers. In relation to the other statistical values as p = 0.003; t= 2.958; and BCa (Bias Corrected) confidential intervals lower = 0.171 and upper = 0.033, revealed that the relationship took positive as well as the impact made by the Personal Income(PI), on Savings Intention (SI) of the young customer was significant. Therefore, the first hypothesis H1; was accepted.

In addition to that, there were another five hypotheses formulated to test the dimensional relationship on the savings intention of young customers in FSBs in Sri Lanka. When the H2 is considered, need to test the influence made by Financial Benefits (FB) on the Savings Intention (SI) of young customers in FSBs in Sri Lanka. Table 3, explained that the path coefficient (β = 0.687) was reported as the positive impact of Financial Benefits (FB) on Savings Intention (SI). Further, in terms of the other statistical values as p = 0.000; t= 10.432; and BCa (Bias Corrected) confidential intervals lower = 0.569 and upper = 0.826, revealed that the relationship took positive as well as the impact made by the Financial Benefits (FB) on Savings Intention (SI) was significant. Therefore, H2 was accepted.

The third hypothesis (H3) was designed to test the relationship between an accessing of Financial Literacy (FL) on the saving intentions of young customers in licensed specialized banks in Sri Lanka. According to the output results it revealed as

ISSN 2719 – 2598 (Online)

slandered β = 0.159 revealed that there is a positive relationship between these two variables; p = 0.000 means, the probability value takes the threshold value (0.05); t = 3.701 explained a strong t value greater than 1.96; and BCa (Bias Corrected) confidential intervals lower = 0.074 and upper = 0.239 (no zero laid between two confident intervals), it confirmed that, the young customer's financial literacy level significantly effects on their saving intentions. While considering the coefficient level, financial literacy has taken high impact on young customers' saving intention, therefore, H3 was accepted.

Peer Influence (PE), as another factor taken from the path coefficient (β = 0.149), Peer Influence (PE) of young customers' saving intention has a significant impact on saving decisions. Further, it was confirmed with the other statistical tests as well as: p = 0.006; t = 2.776; and BCa (Bias Corrected) confidential intervals lower = 0.032 and upper = 0.246 (no zero laid between two confident intervals), it further confirmed that, the peer influence effects on young customers' saving intention. Therefore, H4 was accepted.

With respect to the fifth hypothesis (H5) path coefficient (β = 0.192, Self-Control (SC) about Savings intention has a positive impact on the saving decisions of young customers. Significance was further, revealed by the other statistical tests as well as: p = 0.000; t = 4.507; and BCa (Bias Corrected) confidential intervals lower = 0.28 and upper = 0.116 (no zero laid between two confident intervals). Therefore, it elucidated that there is a significant positive impact of Self-Control (SC) on young customers with their savings decision. Hence, H5 was accepted.

When the H6 is considered, need to test the influence made by Prenatal Socialization (PS) on the Savings Intention(SI) of young customers in LSBs in Sri Lanka. Table 3, explained that the path coefficient (β = 0.309) was reported as the positive impact of Prenatal Socialization (PS) on Savings Intention (SI). Further, in relation to the other statistical values as p = 0.000; t= 6.722; and BCa (Bias Corrected) confidential intervals lower = 0.23 and upper = 0.421, revealed that the relationship took positive as well as the impact made by the Prenatal Socialization (PS) on Savings Intention (SI) was significant. Therefore, H6 was accepted.

5. CONCLUSION

In the era of financial globalization, it is imperative to conduct research and discover methods to enhance the savings acumen of individuals, particularly young customers who are regarded as the future generation in every nation. Based on the data analysis results, it was determined that Financial Benefits (FB) emerged as the foremost influential factor in the Savings Intention (SI) of young customers in Licensed Specialized Banks within Sri Lanka's Central Province. This indicates that this particular variable holds considerable sway over the savings intent of young customers in the central provinces of Sri Lanka. When examining the least impactful factor, Personal Income (PI) is associated with the smallest coefficient value. Therefore, it became evident that in order to stimulate customers' savings intentions, authorities must focus on raising awareness among them regarding the aspects of personal financial management, providing them with tangible knowledge about managing their personal finances effectively. Regarding the viewpoints of customers regarding their savings intentions, the findings indicate that among the six factors related to savings intention, two demonstrated a notable impact on the savings intentions of young customers (Financial Benefits and Parental Socialization) within Licensed Specialized Banks situated in Sri Lanka's Central Province. As a result, these two determinants should undergo further enhancement to bolster savings intentions. The variables with the least significance (Financial Literacy, Peer Influence, and Self-Control) should be considered by policymakers for taking essential steps to effect further improvements in this regard.

6. RECOMMENDATIONS

It is advisable for investment companies in the region to launch an awareness campaign aimed at educating the public about the significance of starting to save money at a young age. Additionally, addressing the challenge faced by individuals with monthly incomes in managing their needs and desires, it is suggested that fund management programs be offered to raise public awareness.

To encourage the younger generation to save with banking institutions, it is recommended that these banks provide competitive, higher interest rates for savings and fixed deposits. Furthermore, banks should consider introducing new and improved savings products tailored exclusively to the younger demographic. These offerings could include tax-free interest rates for short-term deposits, as well as the provision of gifts and rewards for special occasions.

Emphasizing the importance of educating people about credit card usage and personal credit levels is also recommended. Additionally, promoting a better understanding of alternative investment methods such as bonds and treasury bills, along with raising awareness of personal finance management and budgeting, is advisable.

Recognizing that parents significantly influence the savings habits of respondents, it is suggested that awareness campaigns be conducted for teenagers and their parents across various digital and traditional media platforms. These strategies and implications are deemed effective and efficient means of boosting the savings intentions of young individuals.

Moreover, it is worth noting that peer influence plays a role in savings habits. Discussing money management, comparing savings and expenditures with friends can enhance an individual's inclination to save.

Lastly, it is recommended that a person's purchasing behavior positively impacts their savings intentions. Setting saving goals and successfully achieving them can also contribute to an increased inclination to save. Furthermore, having both long-term and short-term life goals can positively influence individuals' savings intentions.

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