

Exploring undergraduates' money-management life: insight from an emerging economy

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Abstract

Purpose – Undergraduates are expected to be future leaders responsible for business and nations. Given that sound financial decision-making is critical to their success in their careers and lives, it is important to understand the money-management behaviour of undergraduates. In the context of developing countries, the body of knowledge on money-management behaviour is dominated by functional financial literature and there is little research on factors beyond this. This study aims to fill this gap by exploring economic, social and psychological factors that influence money-management behaviour of undergraduates in a developing nation (Sri Lanka) and how undergraduates respond to these influences.

Design/methodology/approach – The study used a qualitative exploratory approach. Data collection was carried out using focus group discussions and individual interviews amongst undergraduates in a leading Sri Lankan state university.

Findings – The results indicate that undergraduates adopted both careful and risky money-management approaches. The subthemes, specifically identified under economic, social and psychological factors, revealed how undergraduates responded to each of these factors and the influence of contextual and cultural differences in their money-management behaviour.

Research limitations/implications – Findings of the study revealed the importance of promoting innovative educational strategies to change the dependability mindset of undergraduates and to promote stress-management strategies that will assist them to enhance their personalities and creativity in making financial decisions. Theoretical and practical implications and future research directions are provided.

Originality/value – The literature scores in developing context are limited to exploring the existing pattern and the levels of the functional financial literacy. This study has deepened the authors' understanding of how the developing context affects undergraduates' response to the factors relating to their money-management behaviour. The findings from this study will be useful to government, financial institutions, educational institutions, parents and those who have a keen interest in encouraging healthy money-management behaviour in undergraduates.

Keywords Qualitative approach, Undergraduates, Beyond financial literacy, Money-management behaviour

Paper type Research paper

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1. Introduction

Money-management behaviour of undergraduates has received considerable attention from researchers and practitioners alike (Bamforth *et al.*, 2017; Heenkenda, 2014; Hung *et al.*, 2009; Schwartz, 2010), given the expectation that this cohort of students will become future managers and decision makers who generate revenue for nations (O'Loughlin and Szmigin, 2006). Irresponsible spending behaviour can influence undergraduates' academic performance, social relationships and physical and emotional well-being (Xiao *et al.*, 2007). Hence a deeper understanding of money-management behaviour of undergraduates is

vital. A careful review of the literature shows that studies on money-management behaviour have focused mainly on functional financial literacy (Garg and Singh, 2018; Heenkenda, 2014; Hung *et al.*, 2009; Karakurum-Ozdemir *et al.*, 2018; Lusardi and Olivia, 2013; Natoli, 2018; Schwartz, 2010) and credit card usage and debt management (Atkinson and Kempson, 2004; Beal and Delpachitra, 2003; Danes and Haberman, 2007; Xiao *et al.*, 2007). It has been suggested that economic, social and psychological factors influence the money-management behaviour of undergraduates, young consumers and individual investors (Capuano and Ramsay, 2011; Gudmonson and Danes, 2011; Hodson and Dwyer, 2014; Mottola, 2014; Sahi, 2013). These suggestions have been investigated in developed nations such as Australia, the USA and the UK (Capuano and Ramsay, 2011; Gudmonson and Danes, 2011; Hodson and Dwyer, 2014; Mottola, 2014). However, little is known about the relevance of these studies to developing countries.

Developing nations, particularly in Asia, are becoming the world's largest trading region because of their rising population and income levels (Mottaleb *et al.*, 2018). As a result, leading multinational companies from developed countries invest in and expand their business activities to developing countries, and there is also an increasing trend in the migration of skilled workers from developing nations to the developed world (Mottaleb *et al.*, 2018), thereby creating significant employment opportunities for graduates living in developing countries. Undergraduates' money-management behaviour during university can certainly have a major influence over their decision-making patterns later in life and careers and subsequently all over the world (Bamforth *et al.*, 2017). Hence, it is essential to gain deeper insights into undergraduates' money-management behaviour in developing countries, more so because such insights can aid in understanding their future financial behaviour and enable corrective action where required (Bamforth *et al.*, 2017). The benefits of understanding the undergraduates' money-management behaviour in developing countries is not only applicable to government, financial institutions, educational institutions and parents in developing countries but also to developed countries as many educated individuals in developing countries are move in to developed countries quite often (Mottaleb *et al.*, 2018). However, there is limited understanding of factors that influence money-management behaviour of undergraduates and how they respond to these influences (Bamforth *et al.*, 2017), especially within developing nations. This study will address this research gap by focusing on the money-management behaviour of undergraduates in Sri Lanka, a developing country. According to *World Economic Situation and Prospects (2014)*, based on the per capita gross national income, Sri Lanka has been categorised as an upper-lower-middle-income developing country.

Sri Lanka has had a free education system from kindergarten to undergraduate education since 1945. Tertiary education is dominated by state-owned universities (University Grants Commission Sri Lanka, 2018) where the admission of students is merit-based across districts. The UGC directly controls admission into the 15 state universities and all the bachelor degrees are fully funded by the State (Gamlath, 2013). Because there are limited places available in state-owned universities, there is intense competition to gain university placement. Further, almost all undergraduate students are covered by a scholarship programme, known as "Mahapola", which is granted to students based on their performance at the General Certificate of Examination (Advanced Level) and on their family income level. Between 70 and 80 per cent of state undergraduates receive such financial assistance (University Grants Commission Sri Lanka, 2018). This is a nominal monthly allowance that is only sufficient to cover the basic monthly expenses of the students, such as meals, educational needs and travel. Undergraduates are given meals, hostels and communication facilities at subsidised rates that help them to substantially reduce the direct costs involved with their higher education. The university system in Sri Lanka therefore has the unique feature of free education, especially when it is compared with developed countries where students are heavily dependent on educational loan systems. In line with this contextual difference of Sri Lankan undergraduates relative to developed nations, it is highly essential

to understand what factors influence undergraduates' money-management behaviour and how they respond to these influences.

Following Bamforth *et al.* (2017) on the need for a multinational canvas to identify the contextual differences and similarities in undergraduates' responses, this study identifies how undergraduates in a developing nation with state-funded tertiary education respond to and account for the factors in their money-management behaviour. The study also reveals the impact of contextual factors on the money-management behaviour of undergraduates in Sri Lanka. Focus group discussions and individual interviews were used to collect data by recruiting students from a leading state university.

This study offers several contributions to the undergraduates' money-management behaviour literature. Although studies have focused on determinants of such behaviour in developed countries (Bamforth *et al.*, 2017; Bamforth and Geursen, 2017; Capuano and Ramsay, 2011; Hodson and Dwyer, 2014; Mishelet *et al.*, 2009; Mottola, 2014; Gudmonson and Danes, 2011; Xiao *et al.*, 2007, 2008), there is a dearth of literature that explores determinants of that behaviour in a developing context. The literature scores in the Sri Lankan context are limited to exploring the existing pattern and the levels of functional financial literacy (Heenkenda, 2014). In line with Bamforth *et al.* (2017), we used a qualitative approach to investigate how undergraduates respond to the factors that influence their money-management behaviour. In doing so, we deepen our understanding of how the developing context affects undergraduates' response to the factors relating to their money-management behaviour.

Research shows that undergraduates tend to have a weaker ability to make appropriate decisions in regard to money management (Lim *et al.*, 2014; Lusardi and Tufano, 2009). In developing countries, degree completion rates greatly depend on financial constraints and language barriers (Kumara *et al.*, 2017). Understanding the factors that influence money-management behaviour of undergraduates and how they respond to these influences will therefore be useful to support programs designed to assist them to make effective money-management decisions, and thereby enhance degree completion rates. Finally, findings from this study will be useful to government, financial institutions, educational institutions, parents and those who have a keen interest in encouraging healthy money-management behaviour in undergraduates.

The rest of this article is organised as follows. The first part presents the literature review, followed by the methodology and findings. The final part provides conclusions, implications and directions for future research.

2. Literature review

Money management is a process of managing income, spending patterns, savings and investments (Beal and Delpachitra, 2003). It plays an important role in shaping an individual's quality of life, social relationships and mental fitness (Danes and Hira, 1987; Bamforth *et al.*, 2017; Bamforth and Geursen, 2017) by managing over-spending, minimizing risk of being misled on financial matters and managing financial debt (Bamforth *et al.*, 2017). Money-management skills can differ between population sub-groups according to age, marital status, gender, education level, personality characteristics and cultural influences (Lane and Pritzker, 2016, Norvilitis and MacLean, 2010; Danes and Hira, 1987).

Research has shown that inadequate money-management behaviour has been connected to high levels of personal and household debt (Fear and O'Brien, 2009; Lusardi and Tufano, 2009), weak saving for emergencies (Lim *et al.*, 2014), adverse health choices (Peters *et al.*, 2007), inadequate retirement and management of property planning (Lim *et al.*, 2014; Lusardi and Mitchell, 2007) and poorer general life outcomes (Cull and Whitton, 2011). According to Peng *et al.* (2007), undergraduates take on high levels of personal financial

responsibility and challenges with respect to budgeting monthly expenses, working, savings, debt management and bill payments. Thus, financial knowledge and financial skills obtained at the university level can act as a basis for workable financial behaviour later in life (Beverly & Burkhalter, 2005). To equip undergraduates in attaining effective money-management behaviour, financial education programmes have been introduced to improve financial knowledge and skills of undergraduates (Heenkenda, 2014; Peng *et al.*, 2007).

Research shows that financial literacy levels significantly contribute to responsible financial decisions (Atkinson and Kempson, 2004; Beal and Delpachitra, 2003; Danes and Haberman, 2007; Lusardi and Mitchell, 2007; Mahdhan and Tabiani, 2013; Schwartz, 2010; Xiao *et al.*, 2007). However, money-management behaviour is not only determined by financial knowledge but also deeply intertwined with economic, social and psychological factors of people (McNair *et al.*, 2016; Peltier *et al.*, 2013).

2.1 Economic factors

Among the factors that impact undergraduates' money-management behaviour, economic factors, which include both macro- and micro-level economic factors, are of paramount importance (Bamforth *et al.*, 2017). Macroeconomic factors are those that affect society and are not under the control of an individual. These include global financial recessions, inflation, interest rates, capital-intensive production and services that lead to the creation of unemployment, especially relating to part-time jobs which undergraduates often undertake, trends in university education and changes in tuition fees charged (Bamforth and Geursen, 2017; Bamforth *et al.*, 2017).

The microeconomic factors that aid in determining individual money-management decisions include an individual's financial literacy, gender, family income, age, marital status, education and stream of education (Thapa and Nepal, 2015). Financial literacy is discussed under economic factors (Norvilitis *et al.*, 2006; Danes and Hira, 1987) and it is suggested that increased financial literacy can lead to better management of money, debts and retirement planning (Kidwell and Turrisi, 2004; Cull and Whitton, 2011; Thapa and Nepal, 2015), that is, financial literacy skills enable individuals to identify and manage the effects of macroeconomic factors on microeconomic issues (Bamforth *et al.*, 2017).

Soria *et al.* (2014) reveal that students from low-income backgrounds are more likely to make decisions based on financial need rather than their educational need and rely on credit cards and loans as a result of their financial concerns. Such students are also likely to increase their number of working hours and thus interrupt their academic progress. According to Bamforth *et al.* (2017), undergraduates carefully manage their money using a combination of money products (taking on extra work, using technology to reduce expenses), while controlling their credit card usage. Lusardi and Mitchell (2007) report that female students have more difficulty in catching up with economic and financial market development and thus struggle to manage their money. However, little is known about the impact of these economic factors on a developing nation and its possible cultural implications. Especially in a developing nation where higher education is funded by the state and also undergraduates are given a monthly allowance by the state. These phenomena show that the impact of economic factors on money-management behaviour is not conclusive and needs further research.

2.2 Social factors

Social learning theory highlights that observational learning impacts financial behaviour (Shim *et al.*, 2015). Social agents such as teachers, parents, peers and the media can influence financial behaviour (Campenhout, 2015). Of these socialisation mechanisms, parental involvement plays a vital role in constructing appropriate attitudinal and behavioural skills. Specific to financial skills and attitudes, parental occupation is a positive

mechanism for influencing teenagers' financial decisions (Gudmonson and Danes, 2011; Limbu *et al.*, 2012; Norvilitis and MacLean, 2010; Xiao *et al.*, 2011). Empirical evidence in developed countries shows that parental involvement influences students' credit card usage (Bamforth *et al.*, 2017; Limbu *et al.*, 2012; Norvilitis and MacLean, 2010; Peltier *et al.*, 2013; Xiao *et al.*, 2011). As role models, parents' financial behaviour, norms and attitudes significantly influence financial socialisation of their children (Campenhout, 2015). Family background, such as income level, parental experiences associated with credit card usage, education level of parents and single-parent-headed households, may play a role in young adults' attitudes and behaviours towards the use of credit cards (Hayhoe *et al.*, 2000; Lyons, 2004). Teachers can play a unique role as financial mediators (Shim *et al.*, 2015). Because lack of motivation leads to low levels of financial literacy (Mandell and Klein, 2009), teachers can make long-lasting efforts to motivate students by emphasizing why financial capability is vital in the first place (McCormick, 2009). Peers seem to exert unique influences on undergraduates' learning and decision-making processes (Sachitra and Bandara, 2017) and they become another social agent influencing financial behaviour of undergraduates (Bamforth *et al.*, 2017). Finally, study of social media usage (Park and Lee, 2014) indicates that social comparison strongly influences financial decisions of teenagers who are less confident about themselves.

Several social aspects have been noted in the literature as influencing the money-management behaviour of individuals. It is interesting to investigate how contextual differences interact with these aspects and how Sri Lankan undergraduates respond to and account for the factors in their money-management behaviour. There is little research on the influence of social factors such as parental involvement, peer influence, the teacher's role and social media usage on the financial behaviour of undergraduates in a developing context. Thus, there is a limited understanding of how undergraduates engage with and respond to social influences while managing money in developing countries.

2.3 Psychological factors

The theory of planned behaviour (Ajzen, 1991) demonstrates that self-identity is a major predictor of intention and behaviour (Terry *et al.*, 1999). A person's self-concept motivates identity-related behaviours and influences behavioural decisions (McNair *et al.*, 2016; Terry *et al.*, 1999). Studies show that undergraduates with daily emotional stress, low self-esteem, decreased confidence in managing economic resources and diminished psychological well-being are more likely to experience college dropout, difficulty finding employment after graduation, poor mental health and, in some cases, attempted suicide (Berg *et al.*, 2010; Robb and Sharpe, 2009). Thus, it has been identified that psychological stress causes poor self-control (Fedorkhin and Patrick, 2010), which in turn affects financial decisions. Because degree-completion rate depends on financial constraints of undergraduates in developing countries (Kumara *et al.*, 2017), self-identity may be a major predictor of money-management behaviour. Thus, in the present scenario, much remains unknown about the psychological factors influencing money-management behaviour of undergraduates (Bamforth *et al.*, 2017; Pham *et al.*, 2012).

How people react to financially pressured times reflects their self-identity (Folkman and Lazarus, 1985; Stanton *et al.*, 2000). Individuals with an adaptive lifestyle appear to incur low credit card debt and are less likely to borrow (Ksendzova *et al.*, 2016; McNair *et al.*, 2016). Folkman and Lazarus (1985) indicate that the mitigation of emotional stress predicts a lower propensity to borrow. Failure to mitigate emotional stress may push people towards borrowing to address financial constraints as well as facilitate further spending. Hence, it is important to avoid suppressing emotional stress, as this increases negative effects on financial decisions (Gross and John, 2003; Muraven and Baumeister, 2000).

People who benchmark themselves in material terms – so-called “higher materialism” – tend to have more open attitudes to spending, take loans and practise ineffective money

management (Pinto *et al.*, 2000; Garðarsdóttir and Dittmar, 2012; Watson, 2003). As Atkinson *et al.* (2007) and Atkinson and Kempson (2004) say, the younger generation normally expresses overconfidence in buying new financial products (credit cards), leading to mis-selling and impulsive buying. Thus undergraduates with an external *locus* of control are more likely to experience greater borrowing (Ksendzova *et al.*, 2016; McNair *et al.*, 2016), while those with a more internal *locus* are more likely to experience more active budgeting (Kidwell and Turrisi, 2004).

There are several psychological aspects that influence money-management behaviour of individuals, but there are very few in-depth studies that examine how psychological factors affect undergraduates' money-management behaviour (Bamforth *et al.*, 2017; Peltier *et al.*, 2013) and how they respond to these psychological aspects. To the best of our knowledge, there is no prior qualitative research or quantitative survey in Sri Lanka on this. Thus, research examining psychological factors affecting undergraduates' money-management behaviour in Sri Lanka is needed.

Besides, the study also argues that there are contextual factors, such as cultural and social differences, that influence on the money-management behaviour of undergraduates in Sri Lanka. Perez-Villadoniga *et al.* (2014) defined culture as the customary beliefs and values that ethnic, religious, and social groups transmit fairly unchanged from generation to generation. Pathirana (2016) revealed that the family (parents and siblings) seemed to have a strong influence on Sri Lankan adolescent (both in school as well as out of school) in promoting their psychosocial and economic well-being. The study identified that the parents as the most trusted, liked and the personal confidantes of early adolescents irrespective of age and sex and socio-economic status. On the other aspect, generally, Sri Lankans are religious, in that, people commit to the fundamentals of their own religions. Prior studies argued that religiosity is more likely to influence attitudes and decision-making of individuals (Du *et al.*, 2016; Platonova *et al.*, 2016), whereas the interaction of finance and religion shows a long historical relationship and continues to influence financial decision-making in the modern world (Alderman *et al.*, 2017).

3. Methodology

A qualitative research design was used to investigate how undergraduates manage and respond to factors that influence their money-management behaviour (Yin, 2003). To collect data, focus group discussions were conducted. These allow mimicking real life, with people talking to each other rather than to a researcher and encourage the use of participants' own vocabularies (Braun and Clarke, 2013). When investigating general issues relating to undergraduates, even though existing literature tends to use focus group discussions rather than individual interviews (Chavan *et al.*, 2014; Pandey and Chawla, 2016), as financial-related issues are highly sensitive in one's personal life, authors suggest that one-to-one interviews will enable respondents to reveal their views and ideas freely. The study therefore used individual interviews to validate data obtained from focus group discussions.

The study used convenience sampling to recruit a group of undergraduates in a leading state university in Sri Lanka. This university is recognised as the one with the largest undergraduate population in density and is ranked among the top five universities (University Grants Commission Sri Lanka, 2018) in Sri Lanka. Undergraduates were contacted via email and invited to participate on a voluntary basis to focus group discussions and individual interviews. In the focus group discussions, 40 undergraduates participated, and in the individual interviews, 13 participated.

Acknowledging the major characteristics of focus group discussions (Malhotra and Dash, 2010), each focus group consisted of six-eight participants to induce momentum in the discussion. A total of six focus group discussions were conducted in February 2018 until the authors noted the emergence of saturation of themes (Saunders *et al.*, 2017). The focus group participants were not allowed to participate in the individual interviews. The

demographic characteristics of the respondents are shown in [Table I](#). The sample profile included an adequate representation of the population.

Focus group discussions were conducted using an interview guide ([Appendix 1](#)). The initial question guide was prepared acknowledging studies related to money-management behaviour ([Bamforth et al., 2017](#); [Bamforth and Geursen, 2017](#)) and adjusted to contextual differences. Open-ended questions were incorporated to allow participants to talk in-depth. Expert confirmation was taken from two academics with relevant expertise in financial management and the field of higher education. The interview guide was then translated into the Sinhala language to overcome the language barrier with respondents. In the process of translating the original English questions, the researchers acquired the service of a professional bilingual translator. The translated questionnaire was re-tested on two lecturers to ensure that it was free of translation errors. Subsequently, the translated questionnaire was “back-translated” and re-tested on two lecturers.

The study pre-tested the initial interview guide with eight randomly selected undergraduates. Based on the pre-tested feedback, some adjustments were made and there were no sensitive issues relating to the questionnaire guide. The participants involved in the pre-test did not participate in the final discussions and interviews.

All focus group discussions were conducted in a lecture room at the university. Two authors who had previous experience in conducting discussions moderated all focus group discussions and interviews. On average, focus group discussions and individual interviews lasted between 60 and 90 min and anonymity was guaranteed. The groups and individuals were encouraged to participate freely in the discussions at all times. As the undergraduates did not give their consent to record the discussions, the authors took notes. The notes taken in Sinhala were translated into English by a professional bilanguage translator. The responses were corded based on the faculty names such as management (FMSC); humanities and social sciences (HSS); and applied sciences (AS) and medical sciences (MS) to identify the response differences in terms of different academic disciplines.

The data analysis of focus group discussion and individual interviews consisted of three phases. First, we analysed the notes to capture the respondents' overall perspectives.

Table I Demographic characteristics of respondents

<i>Factors</i>	<i>Frequency</i>	
	<i>Focus group</i>	<i>Individual interview</i>
<i>Gender</i>		
Male	18	6
Female	22	7
<i>Degree type</i>		
Management (FMSC)	16	6
Humanities and social sciences (HSS)	11	4
Applied sciences (AS) and medical sciences (MS)	13	3
<i>Academic year</i>		
Year III	24	7
Year IV	16	6
<i>Residence</i>		
Home	14	4
Hostel	17	4
Boarding place	9	5
<i>Working hours per week</i>		
Not working	7	2
Less than 10 h	3	4
10-20 h	12	3
More than 21 h	18	4

Second, the notes were coded and recorded on a master map which highlighted emerging points. Third, we reviewed the master map and grouped the emerging points prior to finalising the thematic map which defined key themes and subthemes identified in the discussions (Appendix 2). Initially, two authors who conducted the interviews and discussions performed these three phases individually. Next, two authors shared their notes and repeat the three phases. Then, all the notes were given to third author of the study and performed the three phases. Finally, comparison was performed among three results and all authors identified and finalised key themes and subthemes. It is also worth to note that the data collection and the phases of the analysis described above have followed nonlinear steps. Further, there were no substantial deviation of responses at interviews and discussions, but some sensitive issues were noted in individual interviews: family income issues, cost-cutting methods and socialisation expenses.

4. Findings and discussion

When investigating the money-management behaviour of undergraduates it is important to understand what is meant by "money management" to understand what students mean by managing their money. Previous studies suggest that students' financial literacy and budgeting skills mainly determine how they manage their income, spending and savings (Xiao *et al.*, 2007). Consistent with such findings, the majority of respondents defined money management as budgeting. They indicated that budgeting skills are important for them to manage their money because money is scarce. Of the 40 undergraduates, 35 received government scholarship support (i.e. Mahapola), and they regard managing scholarship money with a budget as their money management:

I don't have financially strong family background. Since I received a Mahapola scholarship, I have to keep a very tight budget for my learning materials, food, clothes and transport. Every month I also give Rs.1500 to my mother to cover necessary expenses in my family. (HSS R2)

However, some indicated that money management is not only about budgeting but also includes several other factors:

I don't have much control over my money, no matter whether I budget for the period or not [...] I simply can't manage my expenses [...] (FMSC R4)

The findings also revealed that a variety of factors impacted respondents' money-management behaviour. These can be categorised under economic, social and psychological factors, as identified by Bamforth *et al.* (2017). The following sections explain how undergraduates respond to economic, social and psychological factors as part of their money-management behaviour.

4.1 Findings on economic aspects

Consistent with prior studies (Capuano and Ramsay, 2011; Gudmonson and Danes, 2011; Hodson and Dwyer, 2014; Mischelet *et al.*, 2009; Mottola, 2014), our findings indicated that economic factors affect undergraduates' money-management behaviour. However, several differences also emerged due to contextual differences. One of the important findings from our data was that the majority of respondents' main income source was the Mahapola Scholarship (SM). It was evident that undergraduates' desire to find money by doing part-time jobs was low, but those students who had to look after their families did additional jobs to earn extra money. Respondents were identified as having negative attitudes towards engaging in blue- or pink-collar jobs (e.g. labouring, cashiers, sales representatives, insurance agents) because they perceived that they were destined for white-collar jobs:

Because of SM, I'm managing my expenses without being a trouble to my parents, it is indeed very helpful for me to continue my studies without any disturbance, otherwise I would have had a hard time to finance myself by doing various part time jobs. (HSS R7)

I do engage in additional work as I have to help my parents and to save some money for my wedding; I do typesetting work at night so it doesn't have much impact on my studies. (AS R4)

Consistent with our findings, it is observed that with rising education levels, Sri Lankan youth tend to seek white-collar jobs mainly because of comparatively higher wages and recognition (Central Bank Report, 2015, p. 187). This is not common to only Sri Lanka. As Pieters (2013) emphasised, the majority of young workers in South Asia and sub-Saharan Africa, especially in low-income countries, increasingly diversify into non-agricultural activities (specifically service sector) as part of their livelihood strategies to obtain social recognition (Pieters, 2013). Hence, our results manifest the social influence towards attitudes of undergraduates' job expectations and their income generation.

Findings also revealed that, as undergraduates are reluctant to engage in part-time jobs to manage their finances, they tend to reduce their costs to manage with the SM:

In a particular month, if I have to have additional expenses, say, we are going on a trip, I try to manage my money by going to less expensive canteens for meals or I will skip a few meals, so I don't trouble my parents. (HSS R2)

They found cheaper ways to communicate with others:

I use Viber, Whatsapp, Facebook to stay involved with my friends; I use university wi-fi to keep involved in social media to socialize with my friends. (MS R2)

The respondents did not effectively use either saving plans or different investment plans to save and multiply money. The majority wanted only to survive throughout their university life and wished to save and invest once they completed the degree and gained a permanent job:

I manage myself with Mahapola [SM], and it is only enough to satisfy my basic needs. Since I don't do any part-time work and don't ask for help from my parents, I don't have any savings other than a small amount I have in my [savings] book. I think I will be able to save once I go for a permanent job after graduation. (FMSC R3)

However, it was noted that many respondents used their SM to obtain a laptop at a concessionary rate and to pay it off in instalments using their SM. They regarded it as a worthy investment and a saving:

Well, it is true to say I don't save money, but I got a laptop, which I think is a good investment and I have an asset. So I feel it's a big saving. (HSS R10)

A few respondents (3 out of 18) who lived with their parents (and who had a sound financial background) engaged in stock market investments. Other than that, it was noted that undergraduates' level of savings and investment were not at a satisfactory level.

Another interesting finding that emerged was their reluctance to incur debt. They viewed it as an unavailable option for them because they do not generate income for themselves:

[Smiles] oh, debts [...]. No, no [...] I won't go for it. I don't have an income to settle it, so better I avoid it [smiles again]. (MS R5)

The findings highlighted the importance of the SM for undergraduates. Students were able to focus on their studies, as they could manage money by themselves without difficulties, thanks to the SM. The SM also helped them avoid part-time work, debt and credit card use. We found this a unique situation, because findings from other studies suggest that students tend to be more stressed in generating income, have higher levels of debt and use credit cards more (Bamforth *et al.*, 2017; Bamforth and Geursen, 2017; Norvilitis *et al.*, 2006). It is also important to note that education in state universities in Sri Lanka is fully funded by the state and most needy students use

hostels and other utilities at a subsidised fee, which helps them manage their money during university life.

The respondents' preferred payment methods were debit card and cash payments. Concerning the technology-driven banking services in Sri Lanka, commercial banks increasingly use technology applications such as automated teller machines, online banking, mobile banking, telephone banking, e-remittance and internet payment gateway to enhance their customers' saving habits and provide cyber shopping facilities (Abeyrathna, 2015). However, recent study revealed that use of technology-driven banking services (except ATM) has been less than 1 per cent (Nawaz and Yamin, 2018). According to the present study result, undergraduates' preference for online payments as an easy method was not present even though most of undergraduates were aware of the IT knowledge, internet experiences and online banking concepts than other people.

Because of the free education and the SM, respondents were not ready to incur any risk in generating money. Their desire to generate an income was not observed, except among those from families with financial difficulties. Consequently, they may be less creative in generating income or seeking different ways to do so. This finding suggests it is possible that, when these undergraduates become leaders in government or business organisations (O'Loughlin and Szmigin, 2006) or they are future members of different professions in corporate scandals (Elias and Farag, 2010), they may lack creativity in generating income sources and this may negatively affect the economy of the nation. This is also evident from the argument raised by Wickramasinghe *et al.* (2017), indicating that the majority of graduates in Sri Lanka prefer to start their career attaching either to public or private institutions as a monthly earning employee rather than changing the mindset to start their own business. According to Wickramasinghe, the reasons for having negative entrepreneurial experience in Sri Lankan context are fear of failure and less family support on undergraduate entrepreneurial intention. This phenomenon is also common for working youth living in Asia and the Pacific, showing that they were significantly less likely to be entrepreneurs (Lyons and Contreras, 2017). Together with this, undergraduates' expectations regarding employment opportunities are abnormally high, so that they are reluctant to utilise available part-time employment opportunities and to be creative entrepreneurs.

4.2 Findings on social aspects

Prior studies highlight that societal influences and pressures affect money-management behaviour of undergraduates (Bamforth *et al.*, 2017; Leclerc, 2012; Limbu *et al.*, 2012; Norvilitis and MacLean, 2010; Peltier *et al.*, 2013; Wang and Xiao, 2009; Xiao *et al.*, 2011). The findings of this study found parental influence, peer influence, religious beliefs and social media to have an impact on that behaviour.

The respondents lived with their parents and away from their homes. The findings show that undergraduates living away from their homes actively follow parental advice and their behaviour in money management. This reflects that they use tried-and-tested management approaches based on parents' experience and knowledge:

Even though my mother is not-well educated (not a graduate), I learn a lot from her. She always says 'You need to have money for emergencies like medicine, so spend money with extra care'. So I always keep her advice in my mind when I buy clothes and food. (HSS R4)

My father is an over-spender for [...]. We faced lots of difficulties in our childhood even for food. He made our life miserable. Because of him, I have learnt not to spend more than I earned and I need to prioritize my expenses. (AS R2)

Relative to developed countries, cultural and social aspects in Sri Lanka highlight ample parental care and attention towards their children. Parents are truly concerned

about their children even though the children start to earn their own bread ([Pathirana, 2016](#)). Respecting elders and following their advices are common norms in Sri Lankan culture, which are inherited from religious practices. Thus, parental influence on their children's decision-making is high, and the financial decision behaviour is no exception. The result of the study further proves this cultural and social aspects influence by highlighting the impact of parental advice and behaviour towards our respondents' money-management behaviour.

However, a few respondents living away from home enjoyed the freedom of self-spending and less parental control:

I am spending more for food and entertainment because I live at a boarding place. It is very easy to live out of home, because I can spend on whatever stuff I like. (AS R6)

In contrast, undergraduates who live with their parents prefer to ask for financial support for food and transport costs but are reluctant to ask for parental help with entertainment, mobile phones and clothes. Because the county provides free education at state universities, undergraduates need not be significantly concerned about their educational costs. This behaviour is very common to undergraduates in different disciplines:

I believe that it is acceptable to ask money for food and train costs from my father, but I never ask money for entertainment and for my mobile phone. My father has many questions when I ask for money for these things. (MS R3)

I love to pay for my social stuff [. . .]. It delights me and I feel so satisfied when I pay for my social stuff by myself. (FMSC R12)

Peers become another social agent that influences behaviour ([Bamforth et al., 2017](#)). Findings from this study showed that respondents were influenced by their peers in different ways. The following quotes show how undergraduates enjoyed an expensive lifestyle because of their friends:

My friends usually go out and have fun at weekends. I cannot afford those expenses as they can, since my parents are government employees. But I push myself to spend like my friends, otherwise I feel ashamed in front of them. (AS R3)

I spend lots because I want my friends' attention. I know my friends are there because I spend like this. If I am not spending, they pushed me: 'Oh, you are no fun, don't you need us anymore?' (MSR1)

In contrast, a few respondents indicated that they managed to control their expenses even though they were heavily influenced by their friends:

I get a lot of pressure from my friends to spend for [. . .], but I manage to put them off, saying that oh, I have assignments, lecturers [. . .]. This does not always work, but I try my best. (FMSC R9)

I let them know it is difficult for me to spend more. Sometimes they understand and sometimes they do not. It is hard. (HSS R1)

Some respondents keep only a few close friends and maintain close relationships with them. They adopt alternative measures to respond to peer influence relating to their money management:

I have four close friends. We created a friendship fund for our social stuff [. . .]. If we don't have enough funds, we ignore necessity and play video games or that sort of thing. (FMSC R16)

My friends find cheaper stuff that look like expensive stuff. So I learnt to get stuff like them and keep within a budget. (FMSC R14)

A few respondents showed that religious beliefs influenced their spending patterns and they tried to live a simple life where they could manage with what they earned. It is interesting to note that this behaviour is common to undergraduates in different disciplines:

According to my religion, I manage a simple life. I don't waste my time and money for cosmetics, fancy dress, jewelries, haircuts [. . .]. I don't care if others laugh at me. (HSS R8)

We should have fun because we only live once. It is ridiculous to suffer in your life. (MS R4)

Perez-Villadoniga *et al.* (2014) indicated that the religious beliefs and practices influence individual traits and in turns affect earnings, spending and human capital investment. Acknowledging this view point, Alderman *et al.* (2017) indicated that in the modern world religion continues to influence financial decision-making of individuals, corporate leaders and bankers. Historically, religiously stimulated regulation limited financial activity. With that much of importance, however, there is a relatively small empirical studies that have investigated the association between religious background and economic outcomes for the advanced nations (Sinnewe *et al.*, 2016), as well as the aspect of money management in developing nations. Thus, the result of this study also extends the argument of Perez-Villadoniga and Alderman, emphasising that religious beliefs influenced their spending patterns and in turns influence to money-management behaviour of undergraduates.

Finally, a majority of respondents highlighted that social media usage significantly affected their money-management behaviour and it is very common to undergraduates in different disciplines. This finding is consistent with the findings of Lee *et al.* (2014), who emphasises that social media usage strongly influences the financial decisions of teenagers who are less confident about themselves:

I am addicted to Facebook. I try to imitate the things I see on Facebook. Last week I changed my haircut because I saw [name of film star] has changed [] hairstyle. But now I feel this style is not a match to my face. (AS R3)

Social media helps me to learn new features in mobile phones. I change my mobile phone frequently when I see new ones. (MS R6)

However, a few said that Facebook assisted them to find cheaper products:

The University has free Wi-Fi. I bought my bike through Facebook. It was secondhand but fitted to my budget. (FMSC R10)

The findings study show that, because of various social factors related to money management, respondents adopted both careful and risky money-management approaches. The results further indicated that undergraduates experienced strong parental and peer influence. These results were not surprising, as Sri Lankans have a sharing and caring culture (Gunarathne *et al.*, 2016).

The findings are consistent with previous findings arguing that financial behaviour of parents and peers as well as norms and attitudes significantly influence financial decisions of young people. Similarly, respondents indicated that they took their parents' advice on their financial situation. However, a few who live away from home made their decisions based on their freedom and independence. Notably, our respondents were careful about what expenses they asked for financial support for from their parents. They were reluctant to ask parents to help for social costs such as entertainment, mobile phones and clothes. But some enjoyed an expensive lifestyle because of their friends and struggled to manage their money. Respondents who kept fewer friends adopted alternative measures to manage their social expenses:

We live at a hostel and we share our problems [. . .]. When we have functions, we don't spend to get sarees, jewelry, etc. [. . .] Rather we borrow from friends or exchange our things and manage. (HSS R4)

This study shows that religious beliefs and parental and peer influence influenced respondents' spending patterns and suggests that the influence of a shared culture is reflected in the fact that respondents helped each other to cope with their money-management issues (Lane and Pritzker, 2016; Hofstede, 1984). The study also shows that social media usage plays a vital role in determining money-management behaviour. In contrast to the findings of developed nations, our findings suggest that teacher influence over undergraduates' money management was absent. This may be due to the absence of a close relationship between teachers and undergraduates at university level. However, this area needs future research to be conducted.

4.3 Findings on psychological aspects

Psychological status affects financial decisions of young people (Berg *et al.*, 2010; Dwyer *et al.*, 2011; Ksendzova *et al.*, 2016; McNair *et al.*, 2016). Among several psychological factors, the respondents of this study emphasised that self-identity, emotional stress and repetitive mistakes influenced their behaviour.

Prior research (Dwyer *et al.*, 2011; McNair *et al.*, 2016) shows that daily emotional stress can influence money-management behaviour of undergraduates. Because a majority of respondents received the SM, their stress levels were less in terms of generating income. However, the SM is only enough to cover basic expenses and this can lead to stress on money management, especially when they are additional expenses to bear. To reduce expenses, some respondents tended to skip meals:

It really upsets me to know that an additional expense is coming. Then to face it I save money by skipping my dinner, or sometimes I sleep till about 11 in the morning, and then I can have lunch straightway. (HSS R5)

I avoid going home if any extra payment is on the cards [. . .], so I save travelling cost [. . .]. This feels really bad but you can't help it, right? (FMSC R5)

These findings indicated that even though respondents manage their money with cost-cutting, they experience fear, frustration and let-down, which *inter alia* result in stress and finally depression. Our results suggest that, although respondents displayed careful, controlled money-management behaviour, stress was evident amongst a majority of them and it is very common in different disciplines.

Another important aspect revealed relates to the internship programme of Year IV undergraduates in multiple degree programmes, where students have to undergo compulsory training. Respondents expressed that, even though they worked for extended hours, the allowance they generate is not adequate. Because they have to go for training, they have to spend more on their clothing, food and travel and the allowance they generate is not adequate to cover these additional costs. Those in this category experienced more anxiety and frustration:

Though I generate additional income from my internship, I have to spend more for travelling and food, so I have no savings [. . .] [Feeling sad]. (FMSC R6)

The internship allowance is not enough; we work extended hours, we have to sacrifice our study times as well. It's frustrating. (AS 5)

Our study offers some additional interesting insights into this emotional stress. In Sri Lanka, students gain admission to the university system at an average age of 19-21 and their graduation takes place at 24-25. A majority of respondents found it difficult and

embarrassing to ask for parental support because they were at income-generating age and were supposed to provide income assistance to their families. This resulted in frustration and stress:

I feel sad that, although I'm educated, I still can't help my parents. Even when I finish with a degree I don't know how long it will take to find a good job. (FMSC R13)

I wish I could purchase amma [mother] what she would like to have, but having to wait more time to do that is killing me. (AS R7)

As [Pinto et al. \(2000\)](#) suggest, money helps people design their lifestyle, and thus money is used to reflect a person's self-identity. Self-identity can influence people's ability to manage them, i.e. the ability to take responsibility for a person's own behaviour and well-being ([Dwyer et al., 2011](#); [Robb and Sharpe, 2009](#)). This helps undergraduates to show their confidence in self-management and being independent.

With regard to self-identity, our discussion revealed mixed results. It was noted that, even though many respondents were willing to have a self-identity by being independent, they were not quite able to because they had to depend on their parents. This was evident especially from female students who lived with their parents:

My parents give me money to handle my expenses, and my SM is saved as my mother wanted to save it. Though I'm good at studying, I need my parents' help when it comes to living. (HSS R6)

I'm lucky to live with parents, they provide me with all the necessities. (MS R3)

Respondents who lived away from their parents demonstrated independent money-management behaviours, maintaining their self-identity:

Whatever expenses come, I'm confident of managing them by myself rather than asking my parents for assistance. Maybe I'll do some part-time work to earn them. (HSS R1)

In a way, it is good that I had to stay away from home and live at the hostel: I learned to manage money and control my expenses. (AS R2)

Some respondents showed that they learned from their mistakes:

Every person needs a second chance to correct themselves. You know, the best teacher is your own mistakes [...] I was spending too much without an income. I then realized how much pain I bring to my parents [...] and then I started working part-time to help myself, and then got to know the difficulty of generating money rather than spending it. Now I earn for myself and I control my expenses better [...]. (FMSC R15)

However, a few who lived with their parents preferred to enjoy their overspending patterns without being concerned about the difficulties faced by their parents or family members:

I love to buy good brands. I know they are expensive [...] but my mother never says no to me. So, I don't see my parents have difficulties. I buy them. (AS R7)

Psychological factors increase stress levels of the students and can result in many negative outcomes such as higher failure rates or decreased quality of life and health ([Kidwell and Turrisi, 2004](#); [Tang and Gilbert, 1995](#)). Creating self-identity via management of money can lead to building up a strong personality of individuals, which is a positive factor when later they become leaders of corporate and government institutions ([Norvilitis et al., 2006](#)). Our findings show that some respondents, especially females who lacked independence, did not manage money by themselves and were dependent on their parents ([Wahab et al., 2016](#); [Norvilitis et al., 2006](#); [Danes and Hira, 1987](#)).

The results indicated that economic, social and psychological factors were interrelated, suggesting that undergraduates' money-management behaviour is determined by the

interplay of these factors. Notably, economic and social factors were interrelated with psychological factors, suggesting that, when undergraduates experience lack of income, they might intentionally or unintentionally react to other factors such as emotional stress, choosing friends, self-identity or peer influences. Our respondents confirmed this interplay of economic, social and psychological factors:

My best friend and I share food, clothes, shoes and other sorts of things to maintain weekly fund allocations. (FMSC R16)

I never take loans from my friends because I hate to be in debt. I don't need to rely on others. (MS R5)

In contrast, a few behaved otherwise:

I ask help from my best friends when I face financial shortage. But I know that I can't pay them back. I feel so nervous, but I am helpless. (AS R3)

The findings suggest that there are differences between money-management behaviour of male and female undergraduates. Females displayed more careful money-management behaviour through cost cutting and cautious spending. In Sri Lankan culture, young females tend to live with their parents and they are rarely given responsibilities for money management until they get married. However, studying in a university is one of the rare occasions where young females are authorised to stay away from their home, and therefore can live independently and have a chance to manage their money with more control. It is also a belief in Sri Lankan culture that females should depend on someone else, and therefore they need to know how to live within their means. On the other hand, males are recognised as the main breadwinners of the family and therefore they are perceived as able to spend more because they can earn more.

5. Conclusion and implications

The study was conducted to identify how Sri Lankan undergraduates respond to and account for the factors affecting their money-management behaviour and to identify the existence of contextual factors that affect behaviour of Sri Lankan undergraduates. The findings revealed that economic, social and psychological factors influence the behaviour and that these factors interact with each other. Further the confirmed that contextual factors (e.g. the SM, free education, religion, a sharing and caring culture, attitude towards job expectation and risk avoidance) have an impact over the financial behavior of under graduates.

Summary of the key findings: factors affecting money-management behaviour of undergraduates in Sri Lanka:

1. Economic factors:

- SM
- Cost-reduction strategies.
- No debts.
- Less savings.
- Cash and debit card payments.
- Reluctance towards part-time jobs.

2. Social factors:

- Parental influence.
- Peer influence.

- Religious beliefs.
 - Social media.
3. Psychological factors:
- Emotional stress due to cost cutting.
 - Self-identity.
 - Learning from mistakes.

It should be noted that factors such as the SM, cost-reduction strategies, and reluctance towards part-time jobs, religious beliefs, social media and emotional stress due to cost-cutting emerged as a result of contextual differences identified. Even though the study expected to identify the response differences in terms of different academic disciplines, there was no differences emerged with respect on parental and peer influence, religious beliefs, social media usage, cost-reduction strategies, reluctance towards part-time jobs and anxiety and frustration towards undergoing compulsory training.

The study revealed that as a developing country, Sri Lanka is structurally different than developed countries, where most of the earlier studies have been carried out. Sri Lanka has been characterised by strong cultural and social differences (parental influence, religious influence, job selection attitudes and risk avoidance). These phenomena have, in turn, led to have an impact over economic, social and psychological factors relating to the money-management behavior.

This study offers useful contributions to the literature regarding money-management behaviour of undergraduates. Applying a qualitative exploratory approach by using focus group discussions and individual interviews enabled our respondents to express their own lived experiences regarding how they manage money with respect to economic, social and psychological aspects, and enabled us to identify valuable and interesting insights from their responses. Thus, we extend the application of money-management behaviour beyond financial literacy, exploring how undergraduates respond to economic, social and psychological aspects. The study underscores the importance of contextual differences in responding to economic, social and psychological aspects.

Because there are increasing trend in the migration of skilled workers from developing nations to the developed world (Mottaleb *et al.*, 2018), understanding of factors that influence money-management behaviour of undergraduates in developing countries and how they respond to these influences aid the developed nations to understand financial behaviour of graduates in developing nations and their decision-making behaviour.

The findings showed that economic, social and psychological factors do not work in isolation. There is therefore a requirement to focus on holistic strategies when addressing undergraduates' economic, social and psychological issues.

The findings suggest the importance of developing strategies to educate students to manage their money effectively. In developing these, undergraduates' attitudes towards income generation, cost minimisation, parental and peer influence, stress management and personality development should be considered. For instance, the findings revealed that our respondents were reluctant to seek extra income-earning opportunities or go into debt, indicating that they preferred to be risk-averse. Because money-management behaviour practised at university is likely to be carried forward into career life, it is not a good sign to be risk-averse as an undergraduate. Its consequences can be replicated negatively in decision-making processes of individuals, organisations and the nation. It is therefore important that universities, financial institutions and government initiate programmes to make undergraduates aware of this and improve their risk-taking abilities.

The literature suggests that financial behaviour of parents and peers influences financial decisions of undergraduates (Bamforth *et al.*, 2017). Respondents of this study indicated that they followed their parents' advice and behaviour in making their money-management decisions and they tended to replicate parental advice and behaviour as they grew older. There are two sides to this scenario. If parents practise healthy money-management behaviour, undergraduates manage their money carefully, and vice versa. Therefore, it is important to encourage parents to be aware of their influence on undergraduates and practise careful money-management behaviour, which may be a key consideration for financial institutions and government bodies. With regard to peer influence, undergraduates need to be educated and advised on how to choose peer groups. This can be practiced through orientation and mentoring programs conducted by the university. Strategies should also be developed to strengthen the teacher–student relationship, to ensure that teachers have a mentoring role for sound undergraduate financial decision-making.

The findings also suggest that female students lack independence and steps should be taken to encourage such students to become self-controlled and independent so that they develop their personality and creativity.

The literature also suggests that in the modern world religion continues to influence financial decision-making of individuals (Alderman *et al.*, 2017). Respondents of this study indicated their religious beliefs and practices influence on their spending patterns. Because Sri Lanka is endowed with a rich religion-based culture, encouraging good religious practices assist in inculcating careful spending patterns in undergraduates. Universities could therefore organise support programmes that help undergraduates to practice their religious beliefs and encourage them to participate in these programs. Universities should also have programmes to help students identify the risks associated with social media usage and assist them to develop risk management strategies to protect themselves from overspending purchasing habits.

6. Limitations and further research

As this study is conducted in a state university in Sri Lanka, the ability to generalise the reported results remains restricted. Hence, further research is required in other universities, especially non-state universities. Although the Sri Lankan university system is currently dominated by state-owned universities with free education, privately owned university establishments are also on the rise. In addition, banks have started granting loans to help students to manage their tuition fees. This tendency may result in increasing undergraduate debt, part-time work and credit card usage, which will ultimately result in higher stress levels because of the need to generate income and may result in higher failure rates. Because non-state university undergraduates do not have access to free education, such a study will enable comparison as to how these undergraduates respond to economic, social and psychological factors relating to their money-management behaviour.

Because developing countries experience the common characteristics of youth employees, namely, employment expectation and risk avoidance (Lyons and Contreras, 2017), the findings of the study on the money management should also be applied to the undergraduates in other developing countries. Thus, it provides avenues for further research in other developing countries.

Quantitative studies are needed to examine the extent and interplay of economic, social and psychological factors on money-management behaviour of undergraduates to generalise the findings of the study.

A longitudinal study would facilitate identifying how the money-management behaviour of undergraduates has changed over time to benefit policymakers in developing and adopting productive financial and educational policies.

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Appendix 1. Focus group discussion and interview questions

General questions:

- Faculty
 - Degree
 - Gender
 - Age
 - Academic year
 - Place of residence
 - Working hours per week
1. What is/are your income source/s?
 2. What do you mean by money management? (in your own view)
 3. How do you manage your money?/Do you feel in control of your money management?
 4. Do you use credit/debit card? Describe how you use your credit/debit cards. (Example: over/below credit limit, pay minimum amount, check statement [...])
 5. What are your primary expenses?
 6. What factors encourage you to spend more?
 7. What factors affect your money-management behaviour? (Please explain how each factor influences you)
 8. How are you going to react to these factors to manage your money? (Please explain in detail)
 9. Do you have any debt? (Example: borrow money from friends, pawning goods, instalment payment agreement [...])
 10. Do you able to settle yours debt in time? (Example: settle loans taken from friend, re-pay pawn instalments in time [...])
 11. Does having debt change your money-management behaviour?
 12. What is your approach to savings? What are the barriers to your savings?

Appendix 2. Key themes and subthemes

Table A1 Highlight themes	
Key themes	Subthemes
Define money management	Budgeting, other factors affect financial decisions
Economic aspects relating to money management	SM, doing part-time jobs, internship, cost-cutting, payment methods, fear of debt, savings and investment
Social issues influencing money management	Parental influence, peer pressure, religious beliefs, social media usage
Psychological issues affecting money management	Self-identity, emotional stress, repetitive mistake behaviour, learning from mistakes

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