



**A STUDY ON FINANCIAL LITERACY LEVEL AMONG  
GENERATION Y IN MELAKA**

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## **ABSTRACT**

Nowadays, the number of Generation Y that has financial problem and bankruptcy are keeping increasing. Accordingly, the purposed of this study is to study the Level of Financial Literacy among Generation Y in Malacca City. A field study was conducted in Malacca City, where 150 questionnaires were distributed at AEON Bandaraya Melaka, TESCO, and Jalan Hang Tuah but only 130 questionnaires were collected back. The data will interpret using Descriptive Analysis, Pearson Coefficient Correlation ( $r$ ), and Regression Analysis. In order, to explain the level of Financial Literacy, Motivation, knowledge and Culture among Generation Y the researchers are using Descriptive Analysis. Overall, the respondent has high level of Financial Literacy and Motivation following by Knowledge and Culture on the average level in this study. Based on this study, it is good to increase the level of Motivation of Generation Y in order to make them have high level of Financial Literacy.

## **1.0 Introduction**

This chapter will be discussed about the background of the study followed by problem statement, research objectives and research questions, scope of study, significant of study, definition of terms and limitations of the study. This study focuses on the level financial literacy of Generation Y in Melaka. Issue on the level financial literacy among Generation Y in Melaka will be discussing.

### **1.1 Background Of The Study**

Nowadays, financial environment has changing faster and the burden of making sound financial decisions is coming to rest on the shoulders of consumers and it becoming an important thing to every individual. Moreover, the recent mortgage crisis, consumer over indebtedness and household bankruptcy are increasing among the Generation Y. Financial literacy can be influence by motivation, knowledge and cultural of the individuals. The successful or unsuccessful of financial literacy will affect the individual's future.

According to Garman et. al. (2009), several factors such as overuse of credit, reckless spending, and lack of planning due to low level of financial literacy contributed to financial problems especially among employees. The financial literacy are differs substantially depending on education, age and gender by Maarten van Rooij<sup>1</sup>, Annamaria Lusardi<sup>2</sup>, and Rob J. M. Alessie, (2007).

Yet only a minority of American households feels "confident" about retirement saving adequacy, and a one--third of adults in their 50s say they have failed to develop any kind of retirement saving plan at all (Lusardi 1999, 2003; Yakoboski and Dickemper, 1997).