

A MINI EXPLORATION ON THE FACTORS OF PERSONAL BANKRUPTCY AMONG MALAYSIAN'S YOUTH

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ABSTRACT

This paper exploring factors influencing the occurrence of personal bankruptcy among Malaysian youth. As this paper is a mini project, we only have two informants as part of our method in getting data in exploring the topic. Therefore, this study utilizes a very simple approach in exploring the topic about personal bankruptcy among youth in Malaysia. Several key factors being identified as the contributor to personal bankruptcy including socioeconomic background, educational attainment, employment status, financial literacy, and access to credit. Findings in this study also stressed the importance of financial education and its potential positive impact on individuals' financial well-being and bankruptcy prevention. Youth behaviour and attitude also being emphasizes in financial decision-making and bankruptcy outcomes, aligning with previous quantitative studies. With the findings from the informants, this study shall able to highlight the complex interplay of these factors in determining the likelihood of personal bankruptcy among young Malaysians. It is very important to those individual youth to measure their readiness to accept or respect their values or practices at the debt level to avoid bankruptcy. This study provides valuable insights into the factors contributing to personal bankruptcy in Malaysia, emphasizing the critical role of financial management, lending practices, behaviour and attitude, and financial education. In a possible way, a policy implication has also been highlighted as the need for targeted interventions to enhance financial education, promote responsible lending practices, and support economic opportunities for youth. By addressing the factor, this study found that it is very crucial to mitigate the impact of personal bankruptcy and fostering financial resilience among Malaysian youth. By elucidating these dynamics, this study contributes to a deeper understanding of the multifaceted challenges faced by young Malaysians in managing personal finances and navigating the complexities of modern financial systems.

Keywords: Personal Bankruptcy, Youth, Malaysia, Financial Literacy, Socioeconomic Factors

1.0 INTRODUCTION

Personal bankruptcy is a significant issue in Malaysia, with many individuals facing financial distress and insolvency. Understanding the factors contributing to personal bankruptcy is crucial for developing effective strategies to address this problem. Personal bankruptcy is a concerning issue because it reflects the well-being of the population, which in turn directly influences the growth of the country. Personal bankruptcy may also cause micro-macroeconomics issues. According to the statistic reported in the website of

Malaysian Department of Insolvency (MDI), the number of bankruptcies keep increasing until the year of 2018. The increasing number, shows that something shall be done in order to reduce the increasing value. However, when the government started changing the threshold of bankruptcy value from RM50,000 to RM100,000, the number of bankruptcies shows a decreasing movement until now, year 2023. Even the statistic of bankruptcies shows decreasing value, bankrupt cases keep existing and this become one of the issues.

As data reported from the website of Malaysian Department of Insolvency (MDI)(May 2023), they have deal with 261,445 cases of bankruptcy which include the personal bankruptcy. This is not a simple figure that shall be ignored by the policymaker. The impact of bankruptcy not only on the current situation of that individual, but it may give impact on the future of that individual.

MDI also reported that many cases of bankruptcies in Malaysia were dragged down by personal loans, with other reasons including vehicle hire purchase, business loans and outstanding credit card repayment (Azmi et.al, 2019; Nor et.al, 2018; Hassan et al., 2021). Also, being reported, age numbers of bankrupts between 25 – 44 years old is quite high. Personal bankruptcy or consumer bankruptcy also had been reported keep increasing in other countries such as US (Desai, 2015; Chatwani & Mishra, 2021), UK (Iftikhar Hussain, 2002), Canada (Xiong et. al, 2013), Czech Republic (Hospodkaa et.al, 2015), Singapore (Agarwal et al, 2018). This is an alarm that shall be taken serious by the related government.

2.0 PROBLEM STATEMENT & RESEARCH QUESTION

Youth bankruptcy is a significant issue in Malaysia, particularly among young people. According to Salim et al. (2020) there were 107,306 cases of bankruptcies among entrepreneurs in Malaysia from January to April 2020, with 948 of them being youth. This highlights the financial challenges faced by youngsters in the country. Financial awareness among youths is also a concern, as highlighted by (Nga et al., 2010). The study found that credit card bankruptcies in Malaysia tripled from 2006 to 2007, and study loan defaults increased by 103 percent in the same period. Financial literacy plays a crucial role in addressing youth bankruptcy. Bakar et al. (2020) found that financial education can moderate the influence of financial management practices among Malaysian youth. This suggests that providing financial education programs can help young people make more informed financial decisions and reduce the risk of bankruptcy. Similarly, Sabr and Poh (2017) emphasize the importance of financial literacy among today's youth and its potential to empower them economically. The financial problems faced by urban poor youths are also a concern. Sabri and Dass (2017) highlight the need for plans, policies, and laws to enhance the economic status of Malaysian urban youths and improve their financial well-being. This indicates that addressing the financial challenges faced by urban youth can contribute to reducing bankruptcy rates among this population. In conclusion, youth bankruptcy is a pressing issue in Malaysia, particularly among young entrepreneurs. Financial awareness and literacy among youths play a crucial role in addressing this problem. Providing financial education programs and support systems can empower young people economically and help them make informed financial decisions, reducing the risk of bankruptcy.

Several studies have been conducted to explore the causes and consequences of personal bankruptcy in Malaysia. Sabri et al. (2010) conducted a study on the financial literacy of college students in Malaysia and found that personal and family background, academic ability, and childhood consumer experiences can impact financial literacy. This suggests that improving financial literacy among Malaysians can help prevent personal bankruptcy. Consumer behaviour and household consumption patterns have also been identified as factors contributing to personal bankruptcy. Zhu (2011) investigated the relationship between household consumption and personal bankruptcy and found that adverse events such as divorce, unemployment, and medical conditions can lead to

bankruptcy filings. This highlights the importance of understanding the impact of these events on individuals' financial stability. Furthermore, demographic and behavioural factors have been found to influence indebtedness and the likelihood of personal bankruptcy. Rahman et al. (2020) conducted a study on the determinants of indebtedness in Malaysia and found that factors such as age, marital status, and psychological factors can influence individuals' borrowing behaviour. This suggests that addressing these factors can help prevent excessive debt and personal bankruptcy. Additionally, the consequences of personal bankruptcy have also been explored. Han and Li (2008) investigated household borrowing after personal bankruptcy and found that credit access and borrowing costs improve over time after filing for bankruptcy. This suggests that individuals who have experienced bankruptcy may have opportunities to rebuild their financial standing.

Thus, personal bankruptcy is a significant issue in Malaysia, and understanding the factors contributing to its occurrence is crucial for developing effective interventions. Therefore, this study is trying to explore further factors that contributed to the increasing situation of bankrupts which mostly involved youth in Malaysia. This study proposed these research questions as below: -

Research question 1: Why does bankruptcy exist even after credit analysis process had been done before financing can be granted?

Research question 2: What are the root causes and consequences of bankruptcy among the Malaysians' youth?

Research question 3: How can financial education and support program in Malaysia be effectively designed to mitigate youth bankruptcy?

3.0 JUSTIFICATION

Personal Bankruptcy

The definition of personal bankruptcy has been explored in several studies. Lee et al. (2011) discuss the similarities between personal and corporate bankruptcy laws, highlighting the importance of understanding the legal framework surrounding personal bankruptcy. They emphasize the distinction between personal bankruptcy, which involves individual households and small businesses, and corporate bankruptcy, which pertains to larger incorporated firms. The causes of personal bankruptcy have also been extensively studied. Factors such as financial mismanagement, excessive debt, unemployment, and unexpected life events have been identified as common contributors to personal bankruptcy (Dawsey, 2014). Traczynski (2019) examines the relationship between personal bankruptcy and asset risk, highlighting the role of adverse life events in triggering bankruptcy filings. Understanding these factors can help individuals and policymakers develop strategies to prevent personal bankruptcy. The consequences of personal bankruptcy have significant implications for individuals and society as a whole. Bankruptcy can have long-lasting effects on creditworthiness, financial stability, and overall well-being, (Hackney et al., 2016). Jenkins and McKelvie (2016) discuss the relevance of entrepreneurial failure in the context of bankruptcy, emphasizing the need for a clear conceptualization of failure to inform future research and policy interventions. From a legal perspective, bankruptcy laws and regulations play a crucial role in governing the process and outcomes of personal bankruptcy. Wang (2022) examines the legislative construction of the personal bankruptcy exemption system, highlighting its significance for economic development and national welfare. Understanding the legal framework surrounding personal bankruptcy is essential for individuals, creditors, and policymakers involved in bankruptcy proceedings. In conclusion, the literature on personal bankruptcy covers a wide range of topics, including its definition, causes, consequences, and legal implications. Understanding these aspects is crucial for individuals,

policymakers, and researchers in developing effective strategies to prevent personal bankruptcy, mitigate its negative consequences, and promote financial stability.

Youth

In Malaysia, the definition of youth varies depending on the context and policy framework. According to the Malaysian Youth Policy (2015), youth is defined as individuals between the ages of 15 to 30 years old (Kamaruddin et al., 2022). This definition aligns with the United Nations' definition of youth, which considers individuals aged 15 to 24 years old as youth (Zeldin et al., 2015). However, it is important to note that different studies and policies may use different age ranges to define youth based on their specific objectives and criteria. The definition of youth in Malaysia is significant as it determines the scope of policies, programs, and research targeted towards this demographic group. Understanding the age range of youth helps in addressing their specific needs, challenges, and opportunities. It allows policymakers and stakeholders to develop targeted interventions and initiatives that cater to the unique experiences and aspirations of young people. Moreover, the definition of youth in Malaysia also influences the understanding of various social, economic, and developmental issues related to this population. It provides a framework for studying and analyzing topics such as education, employment, health, social participation, and civic engagement among young Malaysians. By defining youth within a specific age range, researchers and policymakers can gather data, conduct studies, and formulate policies that are relevant and tailored to the needs of this demographic group. In conclusion, the definition of youth in Malaysia encompasses individuals between the ages of 15 to 30 years old, as stated in the Malaysian Youth Policy (2015) (Kamaruddin et al., 2022). This age range serves as a guideline for understanding and addressing the specific needs, challenges, and opportunities of young Malaysians. However, it is important to consider that different studies and policies may adopt different age ranges based on their objectives and criteria.

The National Youth Development Policy of Malaysia defines youth as people aged between 15 and 40 years. It stipulates further that the main focus of youth development programs and activities in the country should be young people aged 18 to 25 years (MOYS, 1997). Meanwhile, The Department of Statistics Malaysia (DoSM) defines youth as persons between 15-24 years. While young people in the Member States of the Association of South East Asian Nations (ASEAN) are defined based on each country's law and regulations, the organization classifies youth as anyone aged between 15-35 years. In Malaysia, the age for youth is defined as those between 15 and 40 years old but the main focus of development programs in the country are for those aged between 18 to 25, Yunus (2022). Youth in Malaysia represents 41.5 % of the total population, and about 60.3% of the youth are employed. They are mainly employed in the manufacturing sector, followed by wholesale and retail trade, and hotels and restaurants. Despite that figure, 18.7 % of these are in the professional and technical category.

Financial Management

Financial management plays a critical role in the economic well-being of individuals and organizations. The literature on financial management encompasses various aspects, including financial literacy, prudent financial management practices, and the impact of financial education on youth bankruptcy. Garg and Singh (2018) emphasize the importance of analyzing the level of financial literacy among youth to understand their financial habits and potential risk of bankruptcy. Additionally, Bakar et al. (2020) highlight the role of financial education as a moderating influence in promoting prudent financial management practices among Malaysian youth to avoid bankruptcy. Furthermore, Nga et al. (2010) discuss the significance of financial awareness and planning concepts among today's youth, shedding light on the potential impact on bankruptcy risk. The literature also delves into the

relationship between financial management and bankruptcy prediction. Kovacova et al. (2021) present the connection of earnings management and its impact on bankruptcy prediction, highlighting the importance of understanding financial practices in assessing bankruptcy risk. Moreover, Yao and Xiao (2022) explore the potential effect of financial capability on informal bankruptcy, addressing a gap in the bankruptcy literature and emphasizing the relevance of financial capability in bankruptcy risk assessment. In addition to the individual level, the literature also examines the financial well-being of specific demographic groups. Sabri and Dass (2017) conducted a study among urban poor youths to assess their financial status, problems, and personal well-being, shedding light on the challenges faced by this demographic group and their potential vulnerability to bankruptcy.

Behaviour And Attitude

Additionally, behavioural factors have been examined in relation to retirement planning behaviour and its impact on personal bankruptcy. Kimiyagahlam et al. (2019) applied the theory of planned behaviour and time perspective theory to analyze the influential behavioural factors on retirement planning behaviour in Malaysia. They found that individuals with a positive attitude towards retirement planning and a future-oriented time perspective were more likely to engage in retirement planning, which can contribute to financial stability and reduce the risk of bankruptcy. Financial satisfaction has also been identified as a factor influencing personal bankruptcy. Ali et al. (2014) explored the relationship between financial satisfaction and financial literacy in Malaysia. They found that individuals with higher levels of financial literacy tend to have greater financial satisfaction, which may reduce the likelihood of bankruptcy. This highlights the importance of promoting financial literacy as a means to improve financial satisfaction and reduce the risk of bankruptcy among young individuals.

Lending Practices

Lending practices play a crucial role in personal bankruptcy, as they can either contribute to or mitigate financial distress. One aspect of lending practices that has been examined is the availability of bank credit for entrepreneurs. Black and Strahan (2002) discuss the effects of increased competition and consolidation in the financial sector on the supply of credit to relationship borrowers. They find that the literature is divided on the expected effects, highlighting the need for further investigation into the impact of lending practices on personal bankruptcy. Credit market competition has also been studied in relation to personal bankruptcy. Dick and Lehnert (2010) investigated the relationship between personal bankruptcy and credit market competition. They found that following deregulation, overall lending increased, loss rates on loans decreased, and bankruptcy rates rose. This suggests that increased competition in the credit market may contribute to higher personal bankruptcy rates. The democratization of credit has been identified as another factor influencing personal bankruptcy rates. Livshits et al. (2016) explore the rise in consumer bankruptcies and the effect of lower risk-free rates on borrowing rates. They find that the effect of lower rates on borrowing rates is ambiguous, suggesting the need for further research on the relationship between credit availability and personal bankruptcy. Lending technology and its role in debt collection have also been examined. Drozd and Serrano-Padial (2017) emphasize the importance of lending technology in the expansion of debt collection. They highlight the need to understand the driving force behind the expansion and its implications for personal bankruptcy.

Financial Education

Abdullah et al. (2022) found alarming information about the low financial literacy among youth globally, highlighting the need for enhanced financial education to minimize the risk of bankruptcy. Additionally, Charitou et al. (2011) investigate the earnings quality of firms

with different financial health characteristics and growth prospects, emphasizing the importance of financial health in mitigating bankruptcy risk.

Maroto (2015) analyzes the National Longitudinal Survey of Youth data to highlight the complexities of financial hardship in the path to bankruptcy, emphasizing the need to understand the diverse pathways that lead individuals to bankruptcy. Furthermore, the literature addresses the role of financial literacy and education in mitigating bankruptcy risk. Garg and Singh (2018) conducted a literature review on financial literacy among youth and found that a lack of financial knowledge and skills can lead to poor financial decision-making, increasing the risk of bankruptcy. This highlights the importance of promoting financial literacy programs and initiatives targeted at young individuals to enhance their financial management skills.

Furthermore, the literature has explored the relationship between financial education and bankruptcy, indicating a positive association between personal bankruptcy and financial literacy (Selvanathan et al., 2016). It has also been suggested that post-bankruptcy education programs should encourage human and social capital development in addition to financial education to increase the likelihood of financial wealth accumulation following bankruptcy (Bhargava et al., 2018). Moreover, financial education has been recognized as a means to endow youth with the skills to use financial services effectively, thereby promoting financial inclusion and reducing the risk of bankruptcy (Frisancho et al., 2021). The effectiveness of financial education programs has been a subject of interest, with studies highlighting the importance of financial education early in life and the role of motivation and attitude as drivers of informed financial decisions (Kalwij et al., 2019). Additionally, the literature has emphasized the need to investigate the level of financial literacy among youth and the relationship between financial knowledge, financial behavior, financial attitude, and familial influences on financial literacy to address financial difficulties and alleviate the risk of bankruptcy (Hashim et al., 2021).

4.0 METHODOLOGY

Method

A research philosophy refers to the underlying beliefs regarding on how data about a phenomenon should be gathered, analysed and used. There are two commonly adopted research philosophies. There are positivism and interpretivism. The current study is on the interpretivism. The interpretivism is often the underlying research philosophy in qualitative studies, assumes that the researcher performs a role in observing the world around them and that reality is unique to each observer. The current study is Qualitative research. Qualitative research involves collecting and analyzing non-numerical data (e.g., text, video, or audio) to understand concepts, opinions, or experiences. It can be used to gather in-depth insights into a problem or generate new ideas for research. Qualitative research is the opposite of quantitative research, which involves collecting and analyzing numerical data for statistical analysis. Qualitative research is commonly used in the humanities and social sciences, in subjects such as anthropology, sociology, education, health sciences, history, etc. An interview is being used in this study to collect the data. The current study will adopt a cross-sectional analysis. As for cross sectional, data will be collected one point at a time.

Interview Session

There two (2) participants involved in this study. The details of the participant and interview sessions are as below;

Details	Participant 1	Participant 2
Date of interview	24 October 2023	31 October 2023
Time	6.00 pm	4.00 pm
Demographic info	Female/Government Officer/35 years old	Female/Teacher/25 years old

Interview Guide

In order to execute the interview sessions, five (5) questions were being used as an interview guide. The questions are as below;

Q1 : In your opinion, why does bankruptcy happen even after the banker has executed credit analysis on the customer before disbursing loan to them?

Q2 : From your experience, when you apply loan or credit card from the bank, is it easy to be accepted by the banker?

Q3 : Why do you think youth are among the group that highly announced as bankrupt?

Q4 : Do you know what are the consequences if being announced as bankrupt?

Q5 : Do you think financial education or financial support program in Malaysia has effectively designed to mitigate youth bankruptcy?

5.0 DATA ANALYSIS & FINDINGS

TRANSCRIPTS:PARTICIPANT 1

	<i>Script</i>
Me	Do you have loans?
P1	Yes, one. Personal Loan with MBMB. Deduction from ANGKASA.
Me	Only one? How about credit cards?
P1	Have. One also.
Me	If the personal loan, deduct from salary. How did you fulfil your payment on credit cards?
P1	Thru online banking
Me	As far as you remember, did you easily get loan, credit card?
P1	Very easy. Very quick.
Me	So far, are you facing any difficulties in paying the loan? Credit card?
P1	Difficulties? How?
Me	Any lapse? Longer time not paying loan or credit card.
P1	Owhh..... cannot pay? No. loan deduct from salary. Credit card I pay on time. No problem.
Me	Did you know the impact of lapse payment on loan?
P1	Owhh I don't know. What impact? Got it?
Me	Normally , people with difficulties in paying loans, and having a lot of lapse, their name will be listed in CCRIS, and the worst case being declared bankrupt.
P1	Never heard CCRIS. Owhh..bankrupt...
Me	Since you does not have problems in paying loans, that's why you never heard CCRIS. Okay... what is your opinion on financial education in Malaysia?
P1	Financial education? School is it? What do you mean?
Me	Yupp, financial education. How do you see it?
P1	We don't have formal financial education right? But I think.....errmmm need it.

Me	Do you think it is not enough?
P1	Not sure. But I think people can go to AKPK to get more information. People can get info there right? And of course shall highlights on the new graduates. They just got job, got salary. They should manage their money well. I heard bankruptcy many come from them right? Just get the job, they need to learn to control their expenses. Even, being student buying luxury things.

TRANSCRIPTS: PARTICIPANT 2

	Script
Me	In your opinion, why bankruptcy happen even after banker had executed credit analysis on the customer before disbursed loan to them?
P2	In my opinion, bankruptcy can still occur even after a bank conducts a thorough credit analysis on a customer before disbursing a loan. Maybe first of all because of the unforeseen circumstances.
Me	Can you explain more about that unforeseen factors?
P2	For instance, economic downturns, unexpected personal hardships, or industry-specific challenges can lead to financial difficulties that were not apparent at the time of the credit analysis.
Me	Despite that unforeseen factors, what else do you think?
P2	Maybe because of overleveraging. This is when customers may take on too much debt or use the loan for purposes other than what was initially intended. Then, this can bring them down to more credit risk.
Me	As from your experience, when you apply loan or credit card from the bank, is it easy to be accepted by banker?
P2	so far from my experience applying a loan for my first car, there are a few things they would want to look at like your income and employment status. This is to ensure we should be able to pay back the loan. Then, as I remembered, they ask what the loan for. I think they need to evaluate the purpose too.
Me	Why do you think youth are among the group that highly announced as bankrupt?
P2	Youth? Bankruptcy? Maybe because of they love to follow their friends (peer pressure). They need to be at the same level as other friends. I think that's make them spend more. They spend more because of the lifestyle show by friends around them. So, they need to keep up to that level of standard too. If not careful making expenses, this can bring them to financial strain.
Me	Do you think, why that kind of situation appear?
P2	Owhh.... Nowadays, many young adults may lack experience in managing their finances. And this situation causing them to make poor financial decisions. That's why they may do overspending. This also we may say they mismanage their money.
Me	Did you know what are the consequences if being announced as bankrupt?
P2	Yes, being declared bankrupt has several significant consequences. Bankruptcy is a matter of public record, and your bankruptcy status may be accessible to anyone who searches for it. Plus with you may be restricted on financial activities. Example such as limitations on operating a business or holding certain professional licenses.
Me	What else do you know about the consequences from bankruptcy?

P2	Bankruptcy can also be effect person’s emotion. Possible it can cause stress. Might be also person that being announced as bankrupt, will feel anxiety.
Me	Do you think financial education or financial support program in Malaysia effectively designed to mitigate youth bankruptcy?
P2	I think the quality of that programs. And also the commitment of both individuals and institutions to financial responsibility. The Programs should be accessible to a wide range of young individuals, including those from different socioeconomic backgrounds and regions.

Analysis Process

The study used the thematic analysis. Thematic analysis is a qualitative research method used to analyze and interpret textual data. It involves identifying, analyzing, and reporting patterns or themes within the data (Forbes, 2021). Thematic analysis is commonly used in various fields, including sociology, nursing, psychology, and public health (Vaismoradi et al., 2013; Nowell et al., 2017). The process of thematic analysis typically involves several steps. First, the researcher familiarizes themselves with the data by reading and re-reading it to gain a comprehensive understanding (O’Toole et al., 2020). Then, initial coding is performed, where the researcher identifies and labels meaningful units of data (Farias et al., 2020). These codes are then organized into potential themes, which are patterns or recurring concepts that capture the essence of the data (Forbes, 2021). Next, the researcher reviews and refines the themes, ensuring they accurately represent the data and are coherent and meaningful (O’Toole et al., 2020). This involves comparing and contrasting the themes, looking for connections and relationships between them (Coker, 2021). The themes are then defined and described in detail, providing a clear understanding of their content and relevance (O’Toole et al., 2020). Finally, the researcher reports the findings of the thematic analysis, presenting the identified themes and supporting evidence from the data (Nowell et al., 2017). This may involve using quotes or examples to illustrate the themes and their significance (Brooks et al., 2018). Thematic analysis can be used with various types of qualitative data, including interviews, focus groups, and open-ended survey responses (Storer et al., 2020). Thematic analysis provides a systematic and rigorous approach to analyzing qualitative data, enabling researchers to gain insights, identify patterns, and generate new knowledge (Attride-Stirling, 2001). In conclusion, thematic analysis offers a systematic and flexible approach to understanding and interpreting qualitative data, allowing researchers to explore research questions and gain insights into participants’ experiences or perspectives.

6.0 FINDINGS

The result of this qualitative study was based on interview of two (2) participants from different background. All participants voluntarily participated in the study. The participants were contacted and invited to participate in the study via verbal invitation. The attribution of the participants is explored as in Table1: Demographic Profile of the Participants.

Table 1: Demographic Profile of the Participants

	Number	Percentage (%)
Gender		
Male	0	0
Female	2	100
Age		
15 – 30	1	50
30 – 40 above	1	50
Marital Status		
Single	1	50
Married	1	50
Job agency		
Public	1	50
Private	1	50

All participants were female between the age of 25 to 35 years old. The results from the interview were categorized into four (4) main themes. These main themes were: [1] financial management [2] lending practices [3] behaviour & attitude and [4] financial education. The open coding and themes have been shown in Table2: Open Coding. Meanwhile for the sub-theme, being described in Table3: Theme and Sub -Theme.

Table2: Open Coding

Phrase	Code	Theme
PARTICIPANT 1		
We don't have formal financial education, right? But I think.....errmmm need it.	C1 - financial education	THEME 1 : FINANCIAL MANAGEMENT C2, C5, C8, C13,
No, I don't have problems. My loan was deducting from salary. Credit card I pay on time. No problem.	C2 - manage loan payment	
Very easy. Very quick.	C3 - loan process	THEME 2 : BANKING PRACTICES C3, C10, THEME 3 : BEHAVIOR &
But I think people can go to AKPK to get more information. People can get info there, right? And of course, shall highlights on the new graduates. They just got job, got salary. They should manage their money well. I heard bankruptcy many come from them right? Just get the job, they need to learn to control their expenses. Even, being student	C4 - information and counselling C5 - financial management	

<p>buying luxury things.</p>	<p>C6 - materialistic</p>	<p>ATTITUDE C6, C7, C9, C11, C12, C14, C15, THEME 4 : FINANCIAL EDUCATION C1, C4, C16, C17</p>
<p>PARTICIPANT 2</p>		
<p>In my opinion, bankruptcy can still occur even after a bank conducts a thorough credit analysis on a customer before disbursing a loan. Maybe first of all because of the unforeseen circumstances.</p>	<p>C7 – unexpected situation</p>	<p>THEME 1 : FINANCIAL MANAGEMENT C2, C5, C8, C13, THEME 2 : BANKING PRACTICES C3, C10, THEME 3 : BEHAVIOR & ATTITUDE C6, C7, C9, C11, C12, C14, C15, THEME 4 :</p>
<p>Maybe because of overleveraging. This is when customers may take on too much debt or use the loan for purposes other than what was initially intended. Then, this can bring them down to more credit risk.</p>	<p>C8 - Higher debt C9 - Increase risk in capacity</p>	
<p>so far from my experience applying a loan for my first car, there are a few things they would want to look at like your income and employment status. This is to ensure we should be able to pay back the loan.</p>	<p>C10 - Loan process / loan application</p>	
<p>Youth? Bankruptcy? Maybe because of they love to follow their friends (peer pressure). They need to be at the same level as other friends. I think that's make them spend more. They spend more because of the lifestyle show by friends around them. So, they need to keep up to that level of standard too. If not careful making expenses, this can bring them to financial strain.</p>	<p>C11 - Friends factor C12 - Standard of living</p>	
<p>Owhh.... Nowadays, many young adults may lack experience in managing their finances.</p>	<p>C13 - Manage own</p>	

And this situation causing them to make poor financial decisions. That's why they may do overspending. This also we may say they mismanage their money.	money	FINANCIAL EDUCATION C1, C4, C16, C17
Yes, being declared bankrupt has several significant consequences. Bankruptcy is a matter of public record, and your bankruptcy status may be accessible to anyone who searches for it. Plus with you may be restricted on financial activities. Example such as limitations on operating a business or holding certain professional licenses.	C14 - Long term effect of bankruptcy	
Bankruptcy can also be effect person's emotion. Possible it can cause stress. Might be also person that being announced as bankrupt, will feel anxiety.	C15 - Other effect of bankruptcy	
I think the quality of that programs. And also the commitment of both individuals and institutions to financial responsibility. The Programs should be accessible to a wide range of young individuals, including those from different socioeconomic backgrounds and regions.	C16 - Program for Financial education C17 - Access of financial program	

Table 3: Themes and Sub-Themes

Theme	Sub Theme
THEME 1: FINANCIAL MANAGEMENT C2, C5, C8, C13,	Financial literacy Financial management
THEME 2: BANKING PRACTICES C3, C10,	Processing Procedure Liberalization of lending principals
THEME 3: BEHAVIOUR & ATTITUDE C6, C7, C9, C11, C12, C14, C15	Behaviour & Attitude Impact of bankruptcy
THEME 4: FINANCIAL EDUCATION C1, C4, C16, C17	Formal vs. non-formal Needs or Compliment

Financial Management

In the study, P1 identified herself as not having any problem with her money management. This due to the reason that her housing loan was deducted from salary. At the same time, for the credit card payment, she also makes payment on time. This shows that P1 was able to manage her financial resources very well.

No. loan deduct from salary. Credit card I pay on time. No problem. [P1]

In addition, P1 also felt that new graduates should be able to manage their salary very well. Furthermore, nowadays cost of living is very high. In addition, P2 also highlighted that youngsters should manage their financial resources well. This is because, if they lack or mismanage their money, it could turn out to be overleveraging.

And of course, it shall highlights on the new graduates. They just got job, got salary. They should manage their money well...[P1]

.....may lack experience in managing their finances. And this situation causing them to make poor financial decisions.... [P2]

Lending Practices

Lending practices play a crucial role in personal bankruptcy, as they can either contribute to or mitigate financial distress. An increased competition and consolidation in the financial sector on the supply of credit to relationship borrowers might give some impact towards youth bankruptcy. Such as credit market competition which is being deregulated may contribute to the rise of bankruptcy number among youth.

Very easy. Very quick. [P1]

This is admitted by Participant 1 in this study who agree that she is able to get her loan very easily.

In addition, Participant 2 also shares her experience in getting her vehicle loans and say this, so far from my experience applying a loan for my first car, there are a few things they would want to look at like your income and employment status. This is to ensure we should be able to pay back the loan. [P2]

Her respond implied that she does not face any delay or difficulties in getting her loan approved. This suggests that increased competition in the credit market may contribute to higher personal bankruptcy rates.

Behaviour and attitude

Individual with positive attitude and future oriented time perspective was expected to contribute to financial stability. And this, shall be able to reduce the risk in bankruptcy.

Just get the job, they need to learn to control their expenses. Even, being student buying luxury things. [P1]

As what had been highlighted by Participant 1, mentioned that graduates which normally youth should properly manage their salary. They should hold themselves from being materialistic.

Not only Participant 1 highlighted about being materialistic, Participant 2 also considering peer pressure as part of attitude which youth shall avoided in order to control their expenses.

Maybe because of they love to follow their friends (peer pressure).need to be at the same level as other friends. I think that will make them spend more.because of the lifestyle show by friends around them. So, they need to keep up to that level of standard too. If not careful making expenses, this can bring them to financial strain. [P2]

Bankruptcy will affect the youth for long term and short-term duration. A lot of difficulties will happen once an individual declared as bankrupt. Participant also pointed out some of the consequences that will occur once being announced as bankrupt.

Declared bankrupt has several significant consequences. Bankruptcy is a matter of public record, and your bankruptcy status may be accessible to anyone who searches for it. Plus, you may be restricted on financial activities. Example such as limitations on operating a business or holding certain professional licenses. [P2]

The effect of bankruptcy not only on the business matters but also can give effect towards the emotion of the youth. Participant also identified that bankruptcy can give impact towards youth emotion.

Bankruptcy can also be effect person's emotion. Possible it can cause stress. Might be also person that being announced as bankrupt, will feel anxiety. [P2]

Financial education

Financial education encompasses the process of providing individuals with information, instruction, or objective advice to enhance their understanding of financial products, develop their skills to be aware of risks and opportunities, make informed choices, and take effective actions for their financial well-being. Many literatures on financial education emphasizes its role on promoting financial literacy, prudent financial management practices, and mitigating the risk of bankruptcy, particularly among youth. The participants also mentioned about the needs of financial education. Hence, participant 2 emphasizes about the quality of the education program and shall be easily access by youth.

We don't have formal financial education, right? But I think....errmmm need it. [P1]

I think the quality of that programs. And also, the commitment of both individuals and institutions to financial responsibility. The Programs should be accessible to a wide range of young individuals, including those from different socioeconomic backgrounds and regions. [P2]

In summary, analysis of participant responses revealed four (4) themes related to personal youth bankruptcy; financial management, lending practices, behaviour & attitude and also financial education.

7.0 DISCUSSION

The current study explored the factors that relate with the existence of personal bankruptcy in Malaysia. A few key themes had been identified from the interview sessions conducted. The key themes included financial management, banking or lending practices, behaviour and attitude plus with financial education.

In order to avoid bankruptcy, an individual shall manage their financial resources well. Lack of financial literacy may drag that person into bankrupt situation. Findings in this study consistent also with previous quantitative study as in Garg & Singh (2018) and Bakar et. al (2020). The implications of financial literacy shall abide either youth that just started working or have been working in longer period of time. They should know their limits and capacity in having loans.

The impact of lending practices on personal bankruptcy is a complex issue that encompasses various economic, financial, and behavioural dimensions. As found in Neira (2019), the study documented banks adjust their lending practices in response to bankruptcy procedures, indicating a direct link between lending practices and bankruptcy. Meanwhile, Selvanathan et al. (2016) emphasizing the impact of lending practices on individuals' financial stability.

By understanding the impact of personal bankruptcy on consumer behaviour and the factors leading to personal bankruptcy, it is critical for a youth to measure their readiness to accept or respect their values or practices at the debt level. The outcome of the interview also reveals that behaviour and attitude also play important role as factor contributor for personal bankruptcy. The implication of youth behaviour and attitude is very important for financial decision-making and bankruptcy outcomes. The findings were also harmonised with previous quantitative study by Ali et al. (2014) and Kimiyahaglam et al. (2019).

Financial education also plays a role in promoting responsible financial behaviour and mitigate risk of insolvency. Youth shall equip themselves with financial education in order to be manageable with their financial resources. The findings also consistent with Cooper and Uzun (2019) which emphasize the importance of bankruptcy avoidance and also underscoring the role of financial education. Palmer and Bhargava (2017) discuss the perceived and actual benefits of financial counselling and education courses in the context of bankruptcy, indicated the potential positive impact of financial education on individuals' financial well-being and bankruptcy prevention.

As a conclusion the summary of the discussion was table as below:

Table 4: Summary of conclusion

RESEARCH QUESTION	THEME	SUPPORTED
RQ 1 : Why does bankruptcy exist even after credit analysis process had been done before financing can be granted?	THEME 2: BANKING PRACTICES	Neira (2019) Selvanathan et al. (2016)
RQ 2 : What are the root	THEME 3: BEHAVIOUR &	Ali et al. (2014)

causes and consequences of bankruptcy among the Malaysians' youth?	ATTITUDE	Kimiyaaglam et al (2019).
RQ 3 : How can financial education and support program in Malaysia be effectively designed to mitigate youth bankruptcy?	THEME 1 & THEME 4: FINANCIAL MANAGEMENT / EDUCATION	Garg & Singh (2018) Bakar et. al (2020) Cooper & Uzun (2019) Palmer & Bhargava (2017)

8.0 CONCLUSIONS & RECOMMENDATION

In conclusion, the current study is able to identify the financial management, banking or lending practices, behaviour and attitude, and financial education as critical factors contributing to the existence of personal bankruptcy. This study also emphasizes the importance of managing financial resources effectively and highlights the detrimental impact of a lack of financial literacy on individuals' susceptibility to bankruptcy. Furthermore, the current study also highlights the significance of understanding one's financial limits and capacity in acquiring loans to prevent bankruptcy, particularly for individuals who have recently entered the workforce or have been employed for an extended period. Nevertheless, the impact of lending practices on personal bankruptcy is revealed to be complex, encompassing various economic, financial, and behavioural dimensions. The current study also highlights the critical role of financial education in promoting responsible financial behaviour and mitigating the risk of insolvency. Financial education also has positive potential impact on individuals' financial well-being and bankruptcy prevention. Youth behaviour and attitude being emphasizes in financial decision-making and bankruptcy outcomes, aligning with previous quantitative studies by Ali et al. (2014) and Kimiyaaglam et al. (2019). Therefore, individual youth should measure their readiness to accept or respect their values or practices at the debt level to avoid bankruptcy.

Policyholders should prioritize improving the financial literacy to increase the understanding in managing finances, which can help mitigate the risk of bankruptcy. Investing time in financial education can enhance individuals' ability to make informed decisions regarding loans and credit. Policyholders and financial institutions need to be aware of the multifaceted nature of lending practices. Therefore, advocating for responsible lending policies that consider the borrower's financial education level and behavioural factors is very essential. Engaging younger individuals in discussions about financial management and responsible borrowing can foster a culture of financial responsibility that persists into adulthood. A combined effort in educating individuals about financial management and improving lending practices will be essential. By addressing both aspects, policyholders can create a more sustainable financial environment and reduce the incidence of personal bankruptcy.

Recommendation for Future Research

Given the findings of the current study which have highlighted key factors related to personal bankruptcy in Malaysia, several avenues for future research are recommended to deepen understanding and address this critical issue. Future research could benefit from longitudinal studies that track individuals' financial behaviours, attitudes, and literacy over time. This would provide insights into how these factors evolve and influence the likelihood of encountering financial difficulties or bankruptcy. Future research may also investigate the effectiveness of digital tools and platforms (e.g., apps, online courses) in improving financial literacy and management among youth. It is possible by understanding how technology can enhance financial education could lead to innovative solutions for preventing bankruptcy. By pursuing these avenues of future research, scholars and policymakers can build on the current study's findings and develop comprehensive strategies to reduce the incidence of personal bankruptcy, ultimately enhancing financial stability for individuals in Malaysia.

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