

UNIVERSITI TEKNOLOGI MARA

**PRUDENT FINANCIAL
MANAGEMENT PRACTICES
AMONG MALAYSIAN YOUTH: THE
MODERATING ROLE OF
FINANCIAL EDUCATION ON THE
RELATIONSHIP BETWEEN
FINANCIAL ATTITUDE, PARENTAL
FINANCIAL SOCIALISATION AND
FINANCIAL LITERACY**

MOHD ZAMRI BIN ABU BAKAR

PhD

July 2020

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student : Mohd Zamri Bin Abu Bakar

Student I.D. No. : 2015780789

Programme : Doctor of Philosophy in Business Management –
BM950

Faculty : Business Management

Thesis Title : Prudent Financial Management Practices Among
Malaysia Youth: The Moderating Role of Financial
Education on The Relationship Between Financial
Attitude, Parental Financial Socialisation and
Financial Literacy

Signature of Student : 

Date : July 2020

ABSTRACT

Studies have indicated that the key contributors to heavy financial debt and various financial problems among youth are the global economic situation with uncertainty of economic growth, wide access to financial products and services, and sophistication of the financial environment. Additionally, the market regards youth as a primary lucrative market and this has led youth to fall into poor financial habits, bad financial behaviours and widely exposed to bankruptcy. The inability of youth to become financially sustainable in manoeuvring their expenditure and savings further cemented the notion that youth are lacking in financial knowledge and financial skills which lead to indecisive financial actions and negative financial practices. The study aims to investigate the role of financial education (FE) as a moderator to financial attitudes (FA), parental financial socialisation (PFS), and financial literacy (FL) to ensure the success of prudent financial management practices (PFMP) among Malaysian youth. The study was designed quantitatively and employed self-administered questionnaires which were adopted from previous studies and distributed to 480 youths in Malaysia. A pilot study was conducted and Cronbach alpha result was between 0.703 to 0.910. The data were analysed using *Partial Least Squares Structural Equation Modelling* (PLS-SEM) to address the research objectives, research questions and hypotheses of the study. The results showed FA, PFS and FL have significant and positive relationship with PFMP. However, for moderating interaction of FE, results showed that FE does not significantly moderate the relationship between FA, PFS and FL with PFMP. Although several studies found that FE plays important roles for conveying financial knowledge, improved financial skills and nurturing financial behaviour, the results of this study were found to go against the statements. The results further highlighted serious concerns on the effectiveness of FE towards improving youth capability in managing their financial affairs prudently. This proved that mandated FE prior graduation has less effect and do not lead to behaviour changes among Malaysian youth. It shows the challenges faced by country stake holders to strengthen FE, enhance the effectiveness and encompass right FE element to ensure current youth are able to apply what they learned in the classroom into their real life. Nevertheless, the findings may help to understand how to improve the financial practices of Malaysian youth. Finally, prudent financial management practices among youth are the results of shared accountability from various stakeholders such as parents, policymakers, academicians, economists and financial institutions.

ACKNOWLEDGEMENT

Alhamdulillah, all praise be for Allah SWT, for granting me the strength and allowing me to undergo my studies up to this doctoral level. With His permission, this study has been carried out successfully. This journey has been a long one and I definitely feel that it not been for the support of some important person, the thesis would not have made it to this point.

I would like to thank the Ministry of Higher Education for giving full support in pursuing this study through MyBrain15. My utmost gratitude goes to my supervisor, Associate Professor Dr. Saridan Abu Bakar who has provided me the guidance, encouragement, unfailing support and motivating during the course of the study. Thank you very much and I really appreciate your advice and guidance throughout this journey.

A special tribute to Mrs Arina, my beloved wife who has been constant support for me to complete this study. Also, to my lovely daughters, Zandra and Sofie who always understand daddy's commitment and struggle as a student and day.

This is not to forget the support of other family members, especially my father and mother, father-in law, mother-in-law, sisters, brothers and other siblings who understand my responsibility of being a far-sighted student. Thanks also to all my colleagues, especially Dr Suffian Hadi Ayub, Dr Norazwa Yeop Kamarudin and others who involved directly in the success of this long journey. Without them, I would not have been able to complete this beautiful experienced journey. Love. Thank you. Alhamdulillah. Amen.

TABLE OF CONTENTS

	Page
CONFIRMATION BY PANEL OF EXAMINERS	ii
AUTHOR’S DECLARATION	iii
ABSTRACT	ivv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	xii
LIST OF FIGURES	xiv
LIST OF ABBREVIATIONS	xv
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction	1
1.2 Background of The Study	1
1.2.1 Overview of Personal Bankruptcy in Malaysia	6
1.3 Problem Statement	9
1.4 Research Objectives (ROs)	12
1.5 Research Questions (RQs)	13
1.6 Significance of The Study	13
1.6.1 Implication to Youth	14
1.6.2 Implication to Parents and Families	14
1.6.3 Implication to Educators and IHLs	15
1.6.4 Implication to The Government	15
1.7 Scope of The Study	16
1.8 Organization of The Thesis	16
1.9 Definition of The Key Terms	17
1.10 Chapter Summary	19