



UNIVERSITI TEKNOLOGI MARA

**THE FACTORS INFLUENCING
SAVING HABITS AMONG STUDENTS
OF UiTM JOHOR**

NAJWA BINTI NORDIN

Thesis submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Hons) (Islamic Banking)**

Faculty of Business and Management

July 2017

ABSTRACT

Over the years, there are numerous researcher have conducted research on the determinants of saving behavior among the households and employees rather than youth such as students or teenagers. Even though there are few studies have been done from previous researcher focus on the financial behavior amongst undergraduate students, most of the studies merely focused on single factors only. Therefore, this research intends to investigate factors that influence savings habits among university students. It is concerned on the needs to educate the young adults the fundamental value of supplementing their savings in order to ensure they have sufficient savings during their future retirement. The selected independent variables are financial literacy, parental socialization, peer influence and self-control. In addition, the research aimed to identify whether all the independent variables significance influence on the saving habits among students of UiTM Johor. By using primary data, a set of questionnaire was distributed to the samples comprised 159 final year students from four main courses faculty of Business Management UiTM Johor. Statistical Package for Society Science (SPSS) software version 22 used to process and analyzed the data. Results revealed that financial literacy, parental socialization, peer influence and self-control play a vital role in encouraging students' saving habits. From the result of the study, it was concluded that parental socialization has the most impact influencing saving habits among students of UiTM Johor.

ACKNOWLEDGEMENT

Firstly, I wish to count my blessings and thanked to Allah SWT for giving me this opportunity to embark on my Degree and for providing me with good mental and physical as well as ability to complete this long and challenging journey successfully. My gratitude and deepest appreciation goes to my research advisor Sir Ferri bin Nasrul and co-advisor, Miss Tan Yan Ling for their valuable guidance and advice. Thank you for the support, patience and ideas in assisting me with this research. In addition, I also would like to express my gratitude to Madam Zuraidah binti Sipon as a coordinator thesis for Islamic Banking students for providing knowledge and assistance in completing this project paper.

My appreciation goes to University of Technology MARA (UiTM) Johor for providing me with a great facility especially reading materials from the library and the staff from administration in assisting during sampling to complete this research. Furthermore, I would like to extend my appreciation and special thanks to my colleagues and friends for helping me with this research.

Finally, my deepest gratitude goes to my beloved parents for their understanding, unwavering support and sincere blessing. This piece of victory is dedicated to my beloved parents for the vision and determination to educate me. Alhamdulillah.

Thank you.

TABLE OF CONTENTS

LETTER OF SUBMISSION	ii
DECLARATION OF ORIGINAL WORK	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLE	x
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS	xii
CHAPTER ONE	1
1.1 Introduction	1
1.2 Background Of Study	1
1.3 Problem Statement	3
1.4 Research Question	5
1.4.1 Main Research Question	5
1.4.2 Specific Research Questions	5
1.5 Research Objective	5
1.5.1 Main Research Objective	5
1.5.2 Specific Research Questions	6

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

The introductory chapter aims to explain an overview of the research topic. There is background of the study which stated briefly about the study and followed by clarification of problem statement, defining research objectives, research questions, scope and limitation of study, identified the significance of this study and definition of term. At the end of this chapter is concluded by the summary of each chapter of this research.

1.2 BACKGROUND OF STUDY

Savings can be defined as a part of individual's income which they put aside and it is not to spend. Over the past decades, savings play a vital role in maintaining economic growth and development of one country. According to Investopedia, economic growth can be referred to an increase in the capacity of an economy to produce productivity (goods and services) compared from one period of time to another.

Logically, to achieve economic growth, investment is the correct thing that one must do. Then to encourage investment, one must save. Therefore, saving encourages investment thus foster the economic growth of one country. It is supported by the research from the first group of economists, Roy Harrod (1939) and Evsey Domar (1946) suggested that if a developing country wants to achieve economic growth, the government in that country need to encourage individual savings. They added high savings rate will raise up the rate of investment and hence increase economic growth. Furthermore, it also has been supported by the research from Chor Foon Tang (2010), through the TYDL Granger causality test, conclude that increases of savings will affect the capital accumulation and