



**A STUDY ON FACTORS INFLUENCING YOUNG ADULTS' DEBT
IN KUALA LUMPUR, MALAYSIA**

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ABSTRACT

The purpose of this research is to investigate the factors influencing young adults' debt. This study consists of one dependent variable which is debt accumulation and four independent variables consists of income, materialism, money management skill and compulsive buying. The study involves the problem on the debt accumulation in Malaysia where it is escalating as the number of bankruptcy is increasing. In this study, debt accumulation are increasing because the consumer spending pattern are also increasing throughout the years. This cause the people to take up many loans and causes them to have debts accumulation. High cost of living also one of the reason that lead to the high number of bankruptcy.

The types of debt consist of purchase of investment securities, hire purchase, purchase of residential property, purchase of non-residential property, personal uses, purchase of fixed assets other than land and building, credit cards, purchase of consumer durable goods, construction, and working capital. The research targeted group is within the age range of 18 and 35 years old which encompasses the state of Kuala Lumpur. From the 384 questionnaires distributed, only 244 questionnaires were valid as the research only focus on young adult's respondents. Young adults' is chosen as the targeted group because of the highest number of population and to know what types of debt that they have with how much debt accumulation in such an early age. The method use in this study are reliability analysis, descriptive statistics, correlational analysis and multiple regression analysis. The data is analyses using SPSS Version 20 software. The results show that income and materialism have significant relationship with debt accumulation. From these two variables, the most significant factor is income.