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Factors Influencing Financial Literacy: Evidence From Economics And Financial Undergraduate Students

[1]Naziatul Aziah Mohd Radzi, [2]Nurfaradilla Haron,[3]Normaizatul Akma Saidi & [2]Harisah Hakimah Abdul Rahim

[1]Center for Sustainable and Inclusive Development (SID) Studies, Faculty of Economics and Management, Universiti Kebangsaan Malaysia, Bangi, Selangor, Malaysia, [2]Academy of Contemporary Islamic Studies (ACIS), Universiti Teknologi MARA (UiTM), [3]Faculty of Hospitality, Tourism and Wellness, Universiti Malaysia Kelantan, Malaysia

Corresponding Author Email: nurfaradilla@uitm.edu.my

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Abstract

Financial literacy can have a significant influence on individuals' lives. Faced with the challenge of adapting to the new norms post-pandemic, there are numerous aspects that need to be prioritised in daily life, particularly in terms of finances. The significance of financial literacy is well recognised, as insufficient financial literacy among young adults, particularly students, can result in financial hardships. According to the literature, inadequate financial management practices are indicative of young individuals falling into the cycle of financial difficulties. Therefore, this study aims to identify the extent to which financial knowledge and financial behaviour influence the level of financial literacy among undergraduate students in the Department of Economics and Financial Studies. The research methodology in the present study employs a quantitative approach by administering a survey to undergraduate students. The data was subsequently analysed using SPSS version 29 for descriptive and regression analysis. This study's findings indicate that financial knowledge is the most influential factor in the level of financial literacy among undergraduate students. It is recommended for future researchers or studies to incorporate additional variables that can exert a more substantial influence on financial literacy.

Keywords: Financial Behaviour, Financial Planning, Financial Knowledge, Well-being

Introduction

The significance of financial education has increased over the years, especially as a supplementary measure to financial consumer protection and inclusion, aiming to promote financial stability and enhance individual financial well-being. Financial literacy, in particular, has been identified as a crucial life skill for individuals since it contributes to the growth of financial markets and is influenced by demographic, economic, and regulatory changes.

Financial literacy encompasses the integration of financial knowledge, credit and debt management, and the literacy necessary to make prudent financial decisions. Furthermore, financial literacy is commonly considered a crucial aspect of both personal financial empowerment and the stability of the financial system. In terms of opportunities and achievements, financial literacy has the potential to significantly influence individuals' lives. It is a foundational element that contributes to prosperity, entrepreneurship, social mobility, and inclusive growth (Ab Rahman, Tajudin & Tajuddin, 2018). According to Sabri et al. (2018), individuals who have a limited understanding of financial matters are more likely to face difficulties, which in turn leads to a decline in their financial well-being.

Financial literacy is an essential requirement that involves the knowledge and competence to effectively manage personal finances, particularly in enabling individuals to make prudent financial decisions and avoid financial difficulties. Individuals or families can enhance their quality of life by effectively managing their financial resources in order to attain their personal financial objectives through the practice of financial literacy. The purpose of financial literacy is not to unnecessarily complicate or prevent individuals from enjoying life and utilising their financial resources. Financial literacy is considered critical for those navigating a complex financial landscape, particularly during a pandemic when the economy is becoming increasingly volatile. Individuals with limited financial literacy possess insufficient skills to assess and make informed decisions regarding their personal finances. By providing unbiased information, clear instructions, and expert advice, financial consumers and investors can enhance their understanding of financial products, concepts, and risks, as well as develop the necessary skills and confidence to be more cognizant of financial risks and opportunities, make well-informed decisions, identify sources of assistance, and take proactive measures to enhance their financial well-being (Alim & Rashid, 2022).

Financial literacy is an essential understanding that every individual should possess in order to effectively manage their personal or family finances. Insufficient knowledge and understanding of financial matters among individuals will inevitably lead to numerous problems that impede effective financial management. According to Alim and Rashid (2022), the financial literacy rates in Asian countries, including Indonesia, the Philippines, China, Japan, and Malaysia, were found to be between 20% and 50% based on data from 2018. In contrast, European countries such as Denmark had a financial literacy rate of 71%. Therefore, this demonstrates the persistently low level of financial literacy in Malaysia. Furthermore, Malaysians exhibit a lack of confidence in their own financial acumen. As reported by the Financial Education Network in 2018, a significant portion of Malaysians, specifically one-third, perceive their financial expertise to be limited. The absence of financial literacy will inevitably lead to financial turmoil in the midst of the pandemic crisis. According to RinggitPlus 2020, the Malaysian Financial Literacy Survey 2020 found that only 29% of respondents were aware of the importance of emergency funds following the establishment of the Movement Control Order (MCO), suggesting that the majority of individuals are financially illiterate. The lack of awareness among these individuals further highlights the prevailing financial illiteracy in Malaysia. This is due to the fact that individuals with an inadequate level of financial literacy are more likely to encounter financial difficulties, such as debt management issues.

A study conducted by Aziz and Kassim (2020) reveals that individuals in Malaysia, especially those aged 18 to 44, encounter financial obligations or debts. Consequently, the majority of young individuals, including university students, are primarily confronted with financial difficulties. Indebtedness issues may also signify reduced levels of savings and investment, which in turn affect economic growth. It is reported that the number of

Malaysians being declared bankrupt is consistently rising on an annual basis. According to the December 2019 Malaysian Economic Monitor study report published by the World Bank, approximately 60% of bankrupt individuals in Malaysia are classified as young individuals. Indirectly, this can impact economic growth, as the primary determinants of economic growth encompass savings, income, and investment. Hence, it may be inferred that a deficiency in financial literacy among young individuals is a contributing cause of bankruptcy. Acquiring financial knowledge can effectively minimise financial errors. Although financial education may commence in secondary school, further education or employment opportunities can reinforce and strengthen the knowledge that has been imparted. In fact, each financial decision, such as obtaining credit, managing debt, obtaining insurance, paying bills and taxes, or any other financial matter, requires some type of financial education, whether formal or informal, to avoid prevent costly financial errors. Therefore, financial literacy is seen as crucial, as insufficient financial literacy among young adults, particularly students, might result in financial hardships.

Furthermore, according to the literature, inadequate financial management practices serve as a predictor of young individuals falling into the predicament of financial difficulties (Bakar & Bakar, 2020). During the initial year of university, numerous students experience a notable transition period in which parental financial control has shifted to the students' exclusive responsibility. At this point, students possess full control and independence over their personal finances. University students must manage responsibilities such as financial planning, organising expenses, and creating savings. Financial literacy among students is crucial in enabling them to effectively manage their personal finances. The occurrence of a financial crisis is contingent upon students' failure to exercise prudent financial planning. Furthermore, nowadays, a plethora of financial facilities are offered, including loan and investment facilities, which necessitate students to possess financial literacy in order to ensure their overall welfare. Overall, financial literacy is crucial in order to prevent students from accumulating excessive debt and to steer clear of imprudent expenditures.

University and college students must possess a high level of knowledge and expertise in order to effectively manage their financial resources, which may come from many sources such as parental support, loans, or scholarships. Therefore, the main focus of this study is to examine the elements that constitute financial knowledge and financial behaviour, which impact the degree of financial literacy among undergraduate students in the Department of Economics and Financial Studies.

Literature Review

Financial Knowledge

According to Bajaj and Kaur (2022), financial knowledge is defined as knowledge about basic financial concepts useful in day-to-day life, such as interest rates, inflation, etc., as well as knowledge of concepts specific to the banking sector, such as knowledge about savings accounts, debit cards, e-payment apps, Internet banking, etc. An individual who possesses financial literacy will possess fundamental knowledge of essential financial concepts (OECD, 2013). Therefore, Huston (2010) revealed that financial knowledge is considered the main dimension of financial literacy. In addition, financial literacy is often considered synonymous with financial literacy (Bucher-Koenen et al., 2016). Multiple academics have formulated the concept of financial knowledge by considering diverse subject areas. Financial knowledge, according to Huang, Nam and Sherraden, (2013), is an individual's comprehension of financial concepts. Financial knowledge is undeniably crucial; however, it should be noted that it differs from financial literacy. Financial literacy requires both competence and self-assurance to apply one's financial expertise while making financial decisions.

According to Liu et al. (2022), financial knowledge comprises not only an understanding of economic and financial principles but also the ability to apply that information. Hung et al. (2009) discovered a substantial correlation between different techniques for assessing financial knowledge, despite the use of different indicators and measurement methodologies, including subjective indicators and objective indicators. This aspect of financial knowledge resembles cognitive ability, calculation skills, and level of education. According to this viewpoint, financial knowledge encompasses a wide range of information that includes not only specific details but also the ability to comprehend and utilise economic and financial data. This includes the consumer's awareness of common sense and financial fundamentals. Additionally, it encompasses the consumer's capacity to collect, evaluate, and implement financial data with the aim of making sound financial decisions and effectively managing resources (Chin et al., 2021).

Furthermore, previous research has demonstrated that possessing financial knowledge is a crucial element in improving financial behaviour, resulting in beneficial effects on one's financial well-being (Falahati, Sabri & Paim, 2012). This financial knowledge model demonstrates that an individual's level of financial knowledge directly influences one's financial risk attitude and overall financial well-being. Financial knowledge refers to an individual's understanding of financial concepts and elements, as stated in the study by Saurabh and Nandan (2018). In addition, according to Saurabh and Nandan (2018), prior studies have shown that a higher level of financial knowledge leads to an improvement in financial behaviour. Individuals' financial behaviour is significantly influenced by their level of financial literacy, as those with greater financial knowledge tend to exhibit more responsible financial behaviour (Perry & Morris, 2005). Chen and Volpe (1998) discovered that individuals with a higher level of financial knowledge are more inclined to possess accurate opinions and make sound decisions when it comes to investment, savings management, and loan management.

Hypothesis 1 (H1): There is a significant relationship between financial knowledge and financial literacy levels among undergraduate students.

Financial Behaviour

Financial behaviour refers to the acts taken by an individual in terms of their spending, saving, investing, and planning of finances (Gokhan & Mutlu, 2019). In addition, financial behaviour encompasses human acts pertaining to common financial management activities, such as bill payment and purchases (Bajaj & Kaur, 2022). Sudindra and Naidu (2018) classified financial behaviour into four distinct categories: saving, spending, borrowing, and investment. The habits of individuals differ and are influenced by various factors such as familial advice, financial expertise, peer groups, advertisements, economic standing, marital status, long-term aspirations, income levels, and more. Another study has investigated individual behaviour in relation to factors such as financial knowledge, locus of control, and income; according to the results, financial knowledge and locus of control significantly impact financial behaviour, although income does not (Arifin, 2017).

Financial literacy has a substantial influence on financial behaviour. According to Lown, et al., (2015), having knowledge about finances is a determining factor in shaping an individual's financial behaviour. Susanti, Palupi and Hamidah, (2022) found that financial literacy positively influences students' financial behaviour. Students who are financially

literate possess the necessary skills to make immediate or short-term personal finance decisions; however, their financial behaviour demonstrates that their confidence and actions regarding short-term financial decisions are inaccurate (Paskelian et al. 2019). According to Zulaihati, Susanti, and Widyastuti (2020), financial literacy exerts a positive impact on individuals' saving, spending, short-term planning, and long-term planning habits. Previous scholars formulated behavioural theories and discussed the concept of financial behaviour to enhance its wider comprehension. The theory of planned behaviour (Ajzen, 1991) is widely recognised for its ability to establish a link between consumer attitudes and behaviour. The perspective on personal finance significantly influences financial behaviour within this context (Goyal, Kumar & Xiao, 2021). Life cycle theory posits that individuals' financial activity will optimise or maximise their utility as they progress through different stages of life or age. Furthermore, this ensures the efficient utilisation of finances, both in the present and the future (Meneau & Moorthy, 2022). Figure 1 shows a conceptual framework for this study, whereby financial behaviour is a dependent variable while financial literacy or financial knowledge is an independent variable.
Hypothesis 2 (H2): There is a significant relationship between financial behaviour and financial literacy among undergraduate students.

Financial Literacy
Financial literacy refers to an individual's capacity to understand and apply financial concepts (Hussin & Rosli, 2019). The Organization for Economic Cooperation and Development (OECD, 2005) has offered a comprehensive explanation of financial literacy, referring to the ability of individuals to improve their understanding and knowledge of financial concepts and products available in the market. The purpose is to cultivate individuals' awareness of financial risks and their proficiency in making prudent decisions regarding personal finances. Murugiah (2016) defined financial literacy as the amalgamation of financial knowledge, awareness, skills, abilities, attitudes, and behaviours necessary for making wise financial decisions. In addition, Abd Rahman and Sarib (2020) provide a definition of financial literacy as the ability to effectively manage matters pertaining to monetary resources.

As cited in Aladdin and Ahmad (2017), Garman and Gappinger describe financial literacy as the acquisition of knowledge, principles, concepts, and basic technological tools that enable individuals to make informed decisions regarding their finances. Huriyatul and Yogi (2016) argue that financial literacy is characterised as the systematic and skilful management of money, which is essential for both individuals and organisations. Bajaj and Kaur (2022) found that financial literacy encompasses more than just financial knowledge. In this perspective, it is critical to emphasise that having only financial knowledge is insufficient to attain financial literacy. The essential factors for achieving overall well-being are readiness and proficiency to utilise practical knowledge in daily life. In other words, it is necessary to possess positive financial attitudes, habits, and knowledge to attain financial goals.

Various studies have been undertaken to examine financial literacy, both at a local and international level. According to conflicting findings from a study by Volpe, Chen, and Pavlicko (1996), the typical university student in the Midwest lacked sufficient financial literacy in terms of investment knowledge. Mwange's (2017) study reveals that a greater number of students at the University of Zambia possess a strong degree of financial literacy due to their understanding in the fields of a) general financial knowledge, b) knowledge about savings, debt, and investment, and c) exposure to financial issues and monetary matters. A study conducted at RTC North Zone in Malaysia reveals that the financial literacy of mini entrepreneurs is currently at a moderate level and requires further improvement (Noor Atiqah, Rusliza, & Mohd Abdullah, 2017). The study conducted by Kimiyaghalam and Yap (2017) revealed that approximately 50% of Malaysians in their sample possess rudimentary financial literacy, while demonstrating a deficiency in understanding more advanced financial concepts, such as the role of bonds and stocks. According to the study by Nor Syahidah and Norasmah (2017), students at higher education institutions in Bangi, Selangor, have a commendable level of financial literacy. However, a study conducted by Yasmin and Anuar (2017) revealed that student literacy levels were moderate, with students displaying a limited understanding of debt.

Hussin and Rosli (2019) conducted a study that revealed the influence of financial education on the financial literacy of students at KUIM. Furthermore, this demonstrates that financial education is the primary variable that significantly influences financial literacy. In addition, Zahari and Wahid (2020) conducted a study that revealed a moderate or satisfactory level of financial literacy among UKM students; specifically, while the level of financial knowledge is high, the levels of management experience and financial behaviour are moderate. The study conducted by Md. Sapir and Wan Ahmad (2020) revealed that introducing business and finance-related courses to students in Islamic-related programmes had a positive impact on improving their financial literacy. Any initiative aimed at promoting students' financial literacy surpasses the scope of formal education. Financial awareness among students is influenced by both their family upbringing and their current circumstances, such as their study environment, living situation, social connections, and family dynamics.

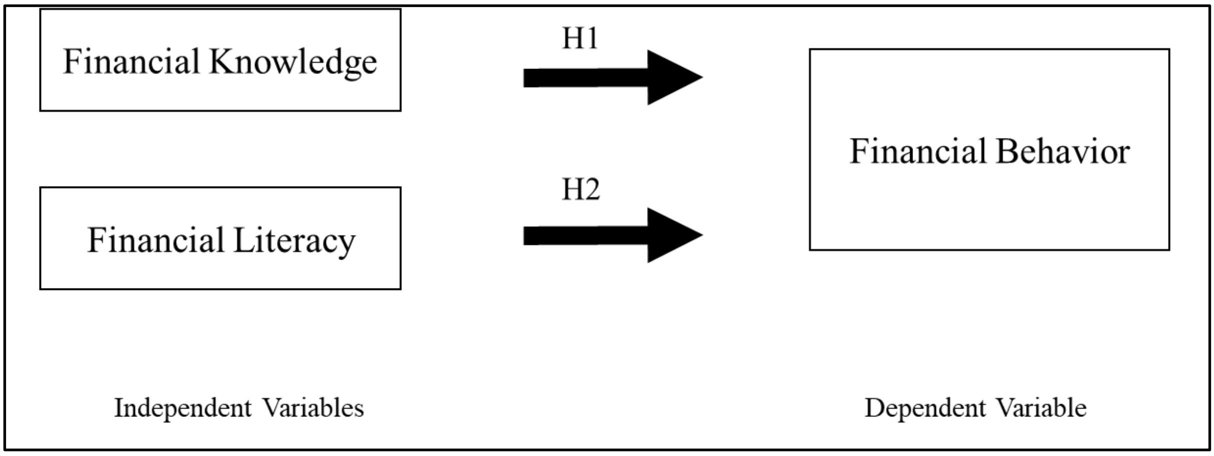

Figure 1: Conceptual Framework of Factors Influencing Financial Literacy

Methodology

The present study was conducted on undergraduate students enrolled in the Department of Economics and Financial Studies, Faculty of Business and Management, at a higher education institution in Selangor. The faculty offers many undergraduate programmes, including BBA (Hons) in Business Economics, BBA (Hons) in Finance, BBA (Hons) in Islamic Banking, and BBA (Hons) in Insurance. The undergraduate students in this department follow a curriculum that centres around the study of finance, which serves as the foundation for their learning in the listed degrees. In addition, undergraduate students in the Department of Economics and Financial Studies receive a greater level of exposure to finance and acquire a distinct set of business-related knowledge that distinguishes them from others. Therefore, this chosen field of study aligns with the research's objective of determining the extent to which financial knowledge and financial behaviour influence the level of financial literacy among undergraduate students in the Department of Economics and Financial Studies. Thus, this particular cohort was selected in order to analyse the extent to which students with specialised knowledge in financial matters exert a significant influence on financial literacy.

This study employs primary data collected by a questionnaire survey. The data was collected using an online survey methodology employing a questionnaire administered via Google Form. The questionnaire consists of structured questions divided into four sections to collect information from the respondents. The acquired data and all information will be assessed using the latest version of the Statistical Package for the Social Sciences (SPSS) software (version 29). The study will be analysed using descriptive analysis, correlation analysis, and multiple regression analysis with the SPSS programme in order to accomplish the study's objectives. The sample size was established based on the total number of students enrolled in a faculty (N), which was 1300. Based on Krejcie and Morgan's (1970) methodology for determining sample size, the sample size (S) is determined to be 297.

Data collection entails the implementation of an online questionnaire using Google Form targeting undergraduate students enrolled in the Department of Economics and Financial Studies. The questionnaire consists of four sections: Sections A, B, C, and D. Section A comprises demographic questions that necessitate the provision of personal information from each respondent, including their gender, age, programme of study, current semester, education financing, and family's household income. Next, Section B elicits the respondents' financial knowledge through the use of a Likert scale and objective questions. Subsequently, Section C compiled questions regarding the respondents' financial behaviour using Likert-scale responses. Section D encompasses questions regarding financial literacy, which additionally incorporate Likert-scale responses. The researcher employed a questionnaire as the primary instrument to accomplish this investigation. The questionnaire employed both Malay and English languages to facilitate the respondents' bilingual understanding of the questions.

The present study will employ a descriptive analysis, specifically focusing on the frequency of each item in Section A pertaining to the demographic profile, including gender, age, programme, semester, education financing, and family household income of the respondents. Correlation is employed to evaluate the correlations between quantitative and categorical variables. In other words, it quantifies the degree of correlation between different factors. Correlation analysis is an examination of the relationship between variables. Multiple regression is an extension of simple linear regression. When predicting the value of a variable using the values of two or more other variables, this method is used. Hence, this method will be employed to examine the main factors influencing financial literacy among undergraduate students.

Nunnally and Bernstein (1994) stated that a Cronbach's alpha value of 0.7 was deemed satisfactory for ensuring the internal consistency of the questionnaire's reliability. According to Flynn, Schroeder & Sakakibara, (1995), a Cronbach's alpha of 0.60 or above was deemed to be a reliable measure for evaluating a scale's effectiveness. The researchers proposed that variables with reliability coefficients below 0.60 were deemed unsatisfactory, while those beyond 0.70 were regarded as acceptable. An ideal measure of reliability would be approaching the value one. Therefore, this study adopted the viewpoints of Flynn et al. (1995) as a measure for calculating the Cronbach's alpha coefficient in order to assess the reliability of the questionnaire used in this investigation. Table 3.5 displays the Cronbach's alpha value for the three variables used in the questionnaire for this study.

Table 1:
Cronbach's alpha value for constructs in the questionnaire

Variables	Cronbach's alpha
Financial Knowledge	0.704
Financial Behavior	0.750
Financial Literacy	0.705

Normality Analysis

The collected questionnaire data is examined to determine the level of normality of the data. This can determine whether the data follows a normal distribution or otherwise. The normality test is crucial for determining the proper inference analysis for data, regardless of whether it is parametric or non-parametric. The Kolmogorov-Smirnov and Shapiro-Wilk tests in SPSS can be applied to determine normality (Ghasemi & Zahediasl, 2012). The Kolmogorov-Smirnov test is employed for sample sizes exceeding 50, whereas the Shapiro-Wilk test is used for sample sizes below 50. Based on these two tests, it is inferred that if the p-value is above 0.05, the distribution is considered to be normal. Given that this study's sample size exceeded 50, the Kolmogorov-Smirnov test was employed to assess the degree of normality in the data. The normality of the data in this study was assessed using SPSS. The obtained results indicate that both the sig. value and p-value are below 0.05, suggesting that the data does not follow a normal distribution. The table below displays the result of the Kolmogorov-Smirnov test.

Table 2:
Value of the Kolmogorov-Smirnov Test

Variables	Kolmogorov-Smirnov
	Sig.
Financial Knowledge	0.001
Financial Behavior	0.001
Financial Literacy	0.001

Data Analysis And Findings

Demography

When characterising the respondents in this study, various parameters were considered, including gender, age, programme of study, current semester, education financing, and family household income. The analysis of the acquired data is shown below, organised by subtopics for each analysis.

Table 3 :
Demographic of the Respondents (n = 302)

Details	No.	%
Gender		
Male	119	39.4
Female	183	60.6
Age		
18 – 21	133	44.0
22 – 25	162	53.6
26 – 30	7	2.3
Programmes		
Bachelor of Business Administration (Hons) Insurance	63	20.9
Bachelor of Business Administration (Hons) Finance	79	26.2
Bachelor of Business Administration (Hons) Islamic Banking	68	22.5
Bachelor of Business Administration (Hons) Business Economics	70	23.2
Bachelor of Business Administration (Hons) Double Degree	22	7.3
Semester		
1-3	121	40.1
4-6	159	52.6
7-9	22	7.3
Source of Financing		
Loan	106	2.9
Parents/Family	77	
Scholarship	58	48.9
Own Income	34	8.7
No Financing	13	36.6
Others	14	1.4
Family Income (RM)		
Below 3,000	81	26.8
3,001-6,000	135	44.7
6,001-9,999	60	19.9
10,000 and above	26	18.6

The demographic analysis in Table 3 indicates that the most prevalent gender is female, with 183 female respondents accounting for 60.6% of the total. On the other hand, there are a total of 119 male respondents, accounting for 39.4% of the total. Overall, this suggests that female students are more likely than male students to participate in the study. The reason for this is that the majority of undergraduate students in the Department of Economics and Financial Studies are female. Out of the 302 respondents, 133 (44%) are between the ages of 18 and 21, 162 (53.6%) are between the ages of 22 and 25, and 7 (2.3%) are between the ages of 26 and 30. These findings demonstrate that the age group with the most respondents is within the range of 22 to 25 years. On the contrary, this study did not include any respondents aged 31 to 40. This is due to the fact that undergraduate students are predominantly younger, typically falling within the age range of 18 to 30 years.

Regarding the programme's basis, the Department of Economics and Financial Studies, Faculty of Business and Management, offers a total of five programmes for undergraduate students. The Bachelor of Business Administration (Hons) Insurance programme had a response rate of 20.9%, with 63 students. The Bachelor of Business Administration (Hons) Finance programme had a response rate of 26.2%, with 79 students. The Bachelor of Business Administration (Hons) Islamic Banking programme had a response rate of 22.5%, with 68 students. The Bachelor of Business Administration (Hons) Business Economics programme had a response rate of 23.2%, with 70 students. Finally, the Bachelor of Business Administration (Hons) Double Degree programme had a response rate of 7.3%, with only 22 students. Hence, the largest proportion of respondents in the survey is comprised of those enrolled in the Bachelor of Business Administration (Hons) Finance programme, accounting for 26.2%, or 79 respondents.

Out of the 302 respondents, 121 of them are in semesters 1–3, accounting for 40.1%. Furthermore, there are a total of 159 participants in semesters 4–6, accounting for 52.6% of the student population in this specific range of semesters. Finally, in semesters 7-9, there are just 22 participants, which accounts for a mere 7.3%. Therefore, based on the figure and table, it can be inferred that the majority of respondents are enrolled in semesters 4, 5, and 6. Figures 4.5 and 4.5 above provide a description of the education financing of the respondents. The respondents' educational financing can be categorised into six sources. The data reveals that 35.1% of respondents utilise loans, 25.5% rely on parents or family, 19.2% receive scholarships, 11.3% depend on their own income, 4.3% have no financing, and 4.6% obtain funding from other sources. Based on this discovery, it can be inferred that the majority of respondents (106 out of a total of 302) use loans to finance their education. The data reveals that the majority of respondents (44.7%) have a family household income between RM 3,001 and RM 6,000. This category includes 135 respondents. The next greatest income range is below RM 3,000 (26.8%), followed by RM 6,001 and RM 9,999 (19.9%), and RM 10,000 and above (8.6%). Based on this observation, the majority of respondents have a family household income that falls within the medium income range, which is between RM 3,001 and RM 6,000.

Correlation between Variables

Correlation analysis is employed to ascertain the relationship between two variables. In order to achieve the study's objectives, a correlation analysis was employed to ascertain the relationship between financial knowledge and financial literacy, as well as the relationship between financial behaviour and financial literacy. Due to the non-normal distribution of the data in this study, the correlation will be analysed using Spearmen's rho correlation coefficients, which are non-parametric measures that quantify the rank correlation between the rankings of two variables (Perinetti, 2019).

The Relationship Between Financial Knowledge and Financial Literacy

An analysis of the data to determine the relationship between the level of financial knowledge and the level of financial literacy was conducted. The utilised data sample fulfils the assumption of carrying out correlation analysis, in which the sample data is taken randomly. The following hypothesis is formed:

H0: There is no significant relationship between the level of financial knowledge and the level of financial literacy among undergraduate students.
H1: There is a significant relationship between the level of financial knowledge and the level of financial literacy among undergraduate students.

Table 4:
Correlation Value of the Kolmogorov-Smirnov Test 1

			Compute_B (Financial Knowledge)	Compute_D (Financial Literacy)
Spearman's rho	Compute_B (Financial Knowledge)	Correlation Coefficient	1.000	.216**
		Sig. (2-tailed)	.	<.001
		N	302	302
	Compute_D (Financial Literacy)	Correlation Coefficient	.216**	1.000
		Sig. (2-tailed)	<.001	.
		N	302	302

**. Correlation is significant at the 0.01 level (2-tailed).

The results of the analysis based on the sample taken from the population that has been determined found a value of $p < 0.05$ ($p = 0.001$), as shown in the table above. Therefore, there is a significant relationship between the level of financial knowledge and the level of financial literacy among undergraduate students. Therefore, the hypothesis of H1 is accepted, while H0 is rejected.

The Relationship Between Financial Behaviour and Financial Literacy
An analysis of the data to determine the relationship between the level of financial behaviour and the level of financial literacy was conducted. The utilised data sample fulfils the assumption of carrying out correlation analysis, in which the sample data is taken randomly.

The hypothesis is stated as follows:
H0: There is no significant relationship between the level of financial behaviour and the level of financial literacy among undergraduate students.
H1: There is a significant relationship between the level of financial behaviour and the level of financial literacy among undergraduate students.

Table 5:
Correlation Value of the Kolmogorov-Smirnov Test 2

			Compute_C (Financial Behavior	Compute_D (Financial Literacy)
Spearman's rho	Compute_C (Financial Behavior)	Correlation Coefficient	1.000	.187**
		Sig. (2-tailed)	.	.001
		N	302	302
	Compute_D (Financial Literacy)	Correlation Coefficient	.187**	1.000
		Sig. (2-tailed)	.001	.
		N	302	302

**. Correlation is significant at the 0.01 level (2-tailed).

The analysis of the sample taken from the predetermined population yielded a value of less than $p < 0.05$ ($p = 0.001$), as indicated in the table above. Hence, the data demonstrates a substantial correlation between the degree of financial conduct and the amount of financial literacy among undergraduate students. Thus, the hypothesis H1 is deemed valid, while H0 is deemed invalid. The study analyses two independent variables: financial knowledge and financial behaviour. The link between these characteristics and financial literacy is studied, with financial literacy being the dependent variable. The correlation is assessed by the Kolmogorov-Smirnov test. Therefore, this study concludes that two objectives have been accomplished. The hypotheses derived from the two objectives are summarised as follows:

Hypothesis 1 (H1): There is a significant relationship between financial knowledge and financial literacy levels among undergraduate students.
Hypothesis 2 (H2): There is a significant relationship between financial behaviour and financial literacy levels among undergraduate students.

Multiple Regression Analysis
Multiple regression is a statistical technique that can be used to analyse the relationship between a single dependent variable and several independent variables. The objective of multiple regression analysis is to use an independent variable whose value is known to predict the value of a single dependent variable (Ponomareva, Martyushev & Govindarajan, 2022). The regression model has several input levels, the first of which contains the parameters with the greatest influence on the outcome, followed by the parameters with less influence. When these variables are analysed, this can show which parameters are more effective and important for the dependent variable. Financial knowledge and financial behaviour are two independent variables used as influence factors. The influence here refers to the regression between the variables of financial knowledge and financial behaviour as predictor variables for the financial literacy level among undergraduate students. As a result, the purpose of this data analysis is to determine the most influential factor on financial literacy level among undergraduate students.

Table 6:
Model Summary of Financial Literacy

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.243[a]	.059	.053	.426

a. Predictors: (Constant), Compute_C, Compute_B

Table 6 presents a concise overview of the financial literacy model. The term “Compute_B” represents the level of financial knowledge, whereas “Compute_C” represents the level of financial behaviour. The R-square value always falls between the range of 0% and 100%. A 0% value signifies that the model does not account for any variation in the response data around its average, whereas a 100% value shows that the model accounts for all variation in the response data around the average. A higher R-square indicates a better fit between the model

and the data. A model is regarded as good and significant when its R-square value exceeds 30%. Referring to Table 4.13, the regression coefficient value (R-square) is 0.059, indicating that it accounts for 5.9% of the overall variance in financial literacy, which is the dependent variable. Furthermore, the modified R-square value is 0.053, which corresponds to 53%. The adjusted R-square serves as a measure of how effectively the hypothesised model can be applied to new data, and ideally, it should closely align with or be equal to the R-square.
The present study found that the R-square value is 0.059, indicating that financial literacy (the dependent variable) is influenced by 5.9% of the combined impact of financial knowledge and financial behaviour (the independent variables). Hence, the remaining 94.1% of the variation can be attributed to additional variables that were not considered in this study. A small R-square value indicates the low quality of the model utilised. Nevertheless, because of the inherent unpredictability of human financial activity, it is frequently observed that the model of financial literacy involving human behaviour yields a percentage lower than 50%.

Table 7:
Coefficient of Financial Literacy

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.633	.401		6.575	<.001
	Compute_B (Financial Knowledge)	.260	.079	.189	3.280	.001
	Compute_C (Financial Behavior)	.119	.060	.113	1.963	.051

a. Dependent Variable: Compute_D (Financial Literacy)

Table 7 shows the sig. (p-value) for financial knowledge is 0.001, less than 0.05 ($p < 0.05$). This indicates a significant relationship between financial knowledge and financial literacy. Meanwhile, the sig. (p-value) for financial behaviour is 0.051, which is greater than 0.05 ($p < 0.05$); therefore, this variable does not contribute significantly to financial literacy as much as financial knowledge. Besides, the beta value or coefficients prove the relative influence between variables. The highest data value between 0 and 1 shows the most influential variable. From Table 4.14, it indicates that financial knowledge has a higher beta value of $\beta = 0.189$ compared to financial behaviour, $\beta = 0.113$. As a result, the most influential independent variable towards the dependent variable (financial literacy) is financial knowledge.

Findings And Discussion

Hence, the present study aims to achieve the aforementioned objectives through the use of two analysis methods, specifically correlation analysis and multiple regression analysis. The correlation analysis conducted in this study revealed that both financial knowledge and financial behaviour significantly influence the financial literacy level of undergraduate students. The data support the acceptance of both hypotheses, indicating a significant relationship between financial knowledge and financial literacy level among undergraduate students. Furthermore, there is a noteworthy correlation between financial behaviour and the level of financial literacy among undergraduate students. Therefore, based on this analysis, the researcher can infer that the parameters introduced in this study hold substantial importance for undergraduate students.

Next, this study examines the most influential factors between financial knowledge and financial behaviour towards financial literacy using multiple regression analysis. The data indicates that financial knowledge is the most influential factor in financial literacy levels among undergraduate students. Moreover, it may be asserted that financial behaviour has a lesser impact on financial literacy compared to financial knowledge. In summary, financial behaviour is less correlated with financial literacy due to the inherent unpredictability of human financial behaviour. This finding aligns with the study of Hung et al. (2009), which revealed that despite the use of different indicators and measurement methods, both subjective and objective, previous studies consistently found a strong correlation between multiple approaches to financial knowledge. Based on the findings of Huston (2010), financial knowledge is considered the primary dimension of financial literacy. Therefore, drawing from the researcher’s observations and findings of this study, it can be concluded that financial knowledge is the paramount factor in financial literacy. The study focuses on undergraduate students in the Department of Economics and Financial Studies, indicating that those with financial knowledge are more likely to possess financial literacy.

Conclusion And Implications Of Study

The present study establishes a notable correlation between the financial knowledge and financial behaviour of undergraduate students and their level of literacy. Simultaneously, the robust correlation underscores the significance of financial knowledge and financial behaviour as indicators of financial literacy. The study considers financial literacy as a crucial factor for predicting the financial survival and overall well-being of undergraduate students. In their study, Dewi et al. (2020) have elucidated that financial literacy has a significant impact on an individual’s money management, handling of financial problems, and decision-making abilities in areas such as investments, financial risk tolerance, saving, borrowing, and lifestyle choices.

Thus, it is crucial to highlight the significance of financial literacy and its ramifications for the financial well-being of undergraduate students. Given the findings of this study, it is evident that there is a notable correlation between financial knowledge, financial behaviour, and financial literacy. Therefore, enhancing financial knowledge and improving financial behaviour are crucial factors in assessing the level of literacy among undergraduate students. The significance of financial literacy is amplified for university students due to their heavy reliance on finance and their crucial stage of knowledge and skill growth. Enhancing financial literacy will enhance students’ ability to make the best financial decisions. Individuals can define their essential requirements, goals, and desires, thereby enhancing their awareness of current financial circumstances and ultimately navigating them towards a more prosperous economic path. Acquiring the necessary financial information, skills, attitudes, and behaviours is crucial for ensuring a stable and secure financial future.

Furthermore, this study revealed that financial knowledge is the most influential factor in financial literacy, surpassing financial behaviour. Nevertheless, it is important to note that the extent of financial knowledge directly influences the degree of financial literacy among undergraduate students. As previously stated, the focus of this study is to examine undergraduate students who are pursuing a curriculum that encompasses financial studies, specifically in terms of financial planning and management. As a result, this study indicates that those with a higher level of financial knowledge are more inclined to possess financial literacy. Their understanding and knowledge of financial matters have extensive consequences for their lives. This is attributed to their capacity to make decisions based on the amount of information they possess. They also have the ability to assess the advantages and disadvantages of their financial decisions. Financial decision-making can be enhanced by the acquisition of financial knowledge. Consequently, possessing financial knowledge is considered the most essential indicator of attaining a higher level of financial literacy. It is crucial for all individuals to possess a substantial level of financial literacy. This phase of their lives is more likely to influence the development of a robust financial mindset and a prosperous financial future.

Individuals with a strong grasp of financial literacy may effectively navigate and overcome financial challenges. The National Strategy for Financial Literacy 2019–2023 in Malaysia is a policy that contributes to the government's aim of achieving shared prosperity. It aims to provide all Malaysians with the necessary knowledge and skills to make informed and optimal financial decisions throughout their lives. Financial literacy is not solely a matter of personal concern; it also holds significance at the national level. Inadequate comprehension and expertise in savings can significantly impact an individual's personal relationships. Financial difficulties might also contribute to the inability to cover daily living expenses. It is imperative that all individuals in society, irrespective of their gender, status, or socioeconomic background, engage in the practice of financial literacy.

This study employs a questionnaire to investigate the financial knowledge, financial behaviour, and financial literacy of undergraduate students. The questionnaire covers various key matters involving saving, budgeting, financial planning, investing, credit management, management of expenses, knowledge of inflation, and the time value of money. Therefore, this study has the potential to clarify the extent of financial literacy in the financial aspects of the respondents' lives. This study also seeks to enhance the level of financial literacy among undergraduate students, enabling them to gain a deeper understanding of the current situation and effectively respond to it through financial literacy. This, in turn, would surely yield economic and financial benefits, as well as contribute to their future growth. Therefore, this study aims to enlighten and increase knowledge regarding the imperative nature of financial literacy in all individuals, particularly among undergraduate students.

Limitations Of Study

The present study only addresses two distinct variables, both financial knowledge and financial behaviour. Prior research has employed three or more variables to examine the impact of financial literacy. These variables encompass elements such as awareness, skills, abilities, and attitudes, which are integral components of financial literacy. Therefore, this study solely concentrated on these two variables to ascertain their substantial impact on financial literacy.

Another constraint is the selection of the study's scope, specifically focusing on undergraduate students enrolled in the Department of Economics and Financial Studies within the Faculty of Business and Management at a university located in Selangor, Malaysia. To ensure the findings can be applied to the entire population, it may be necessary to use a substantial sample size.

Recommendations For Future Research

Due to the study's constraint of fewer variables, the researcher recommends future researchers or studies include more variables that can generate a stronger influence on financial literacy. Furthermore, with more variables, it can measure more variables that contribute to financial literacy level. Furthermore, if there is a greater explanation of financial variables, particularly regarding financial literacy, the research produced will be more valuable to future researchers and the general public in this field of study. In addition, future researchers can also include demographic characteristics as study variables. With that, the assessment of the level of financial literacy will focus more on the study sample. In addition, it will provide more information in the study when the study sample is focused on as a variable. It will be more related to the current findings of a community or any scope of study to be conducted.

Finally, future research endeavours may employ surveys that incorporate open-ended questions. Respondents can enhance future studies by providing a more comprehensive viewpoint and innovative ideas through their responses to open-ended questions. The researcher can additionally analyse the responses using more disaggregated information and perspectives. This can enhance the study's findings regarding the respondents' opinions, perceptions, or perspectives on the issue of interest.

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