Prudent Financial Management Practices Among Youth Consumers

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Abstract

The study aimed to investigate the roles of financial attitude (FA), parental financial socialisation (PFS), financial literacy (FL), and financial education (FE) to ensure successful implementation of prudent financial management practices (PFMP) among Malaysian youth. Designed to use a quantitative approach, the study data were collected using self-administered questionnaires adopted from previous studies and distributed among university students. They were next analysed using *Partial Least Squares Structural Equation Modelling* (PLS-SEM) to address the hypotheses of the study. The results showed that only FA, PFS, and FL had a significant and positive relationship with PFMP, whereas FE yielded no significant influence. The results also highlighted severe concerns regarding the effectiveness of FE towards improving youth's capability to manage their financial affairs prudently. This proved that mandated FE prior to graduation posed less effect and would not lead to behavioural changes among Malaysian youth. Therefore, the country's stakeholders need to strengthen the FE and enhance its effectiveness encompassing the right FE elements to ensure the current youth population would be able to apply the skills and knowledge they learned in the classroom into practice in the real life. Nevertheless, the findings may help one to understand how and why the Malaysian youths need to improve their current financial practices.

Keywords: attitude, socialisation, education, literacy, prudent

1.0 Introduction

Nowadays, the business world is witnessing a rapid change due to the proliferation of technology aimed to provide easy financial access to the consumers (Mou, Zhu, & Benyoucef, 2019; Wang, Chow, Yang, & Lai, 2014). This fast and easy access has allowed them to increase their expenditure in comfort. Subsequently, consumers can gauge their spending habits without giving much thought of the consequences, primarily in terms of their financial health. Here, Kriese, Abor, and Agbloyor (2019) have reported that in today's era of consumerism, the financial environment is more complex and requires the individuals to have a higher level of financial knowledge and sufficient financial skills instead of having just the basic understanding of finance. Their financial health is paramount as it determines the likelihood to survive in the challenging economic environment that one lives in. Without sufficient awareness and knowledge on matters related to financial practices, individuals can easily fall victim in today's financial systems and their complexity. According to Fraczek and Klimontowicz (2015), insufficient financial knowledge and poor financial skills have caused many individuals across all age groups and levels of income to be trapped in severe financial problems as they are unable to make optimal financial decisions. The current economic situation has rendered financial complexity and the abundance of financial choices to become a great challenge for individuals and households alike in managing their financial resources prudently compared to those experienced by previous generations. In Malaysia, Bank Negara Malaysia (BNM) reported that household debts were recorded at 82.2% in 2019 compared to 86.9 % in 2015. This placed the country among the top nations having the highest household debts in the Asian region and among those of higher-income countries, such as United States (75.0%) and Japan (58.2%) (Dhesi, 2019).

Within the context of the younger age groups, poor financial literacy has been identified as the main contributor causing the youths to fall into massive debts and bankruptcies (Carvalho, 2019). According to a report from the Malaysia Economic Monitor, significant cases of bankruptcy are seen among Malaysian youths aged between 26 and 35 years old; a majority of such cases comes from these age groups (World Bank Group, 2019). Besides, studies have shown that youths are prone to spend recklessly and have very little regard for productive monetary expenditure. Furthermore, Loke (2016) has also cautioned that the youth age group ranging between 18 and 24 years constitute the largest population living beyond their means and in indebtedness. Further statistics from Agensi Kaunseling dan Pengurusan Kredit (AKPK) revealed that between January 2017 and August 2017, the number of cases for youths seeking assistance from the agency surpassed 3400 cases, which was the total number of cases recorded for the entire year of 2016 (Anand & Kumar, 2017). These astounding facts and figures have raised concerns as they reflect poor financial knowledge, insufficient financial skills, lack of financial awareness, and the prevalence of financial mismanagement among young Malaysians.

In Malaysia, the youths make up more than 40% of the total population (Department of Statistics, 2019). Thus, any issues related to this demography must not be neglected by the stakeholders, especially those concerning their financial health and status. The report from Malaysia Economic Monitor has revealed that easy access to credit, instant gratification, and online shopping behaviour cause Malaysian youths (also known as the millennial generation) to spend compulsively and live beyond their means (World Bank Group, 2019). Similarly, Nielsen (2019) has revealed that technology advancement and borderless transactions have influenced these youths to overspend. Furthermore, this demographic group has very little or zero knowledge on the various aspects of sound financial management. In particular, the study by Limerick and Peltier (2014) has revealed that the young generation is synonymous with the lack of knowledge, inexperience in money management, and low-skilled in managing their personal finance effectively. This issue calls for widespread attention from policymakers, educators, financial institutions, and the government alike. Henceforth, Brown, Grigsby, van der Klaauw, Wen, and Zafar (2015) have recommended that the best way for the youth to avoid bankruptcy is to apply prudent financial management practices (PFMP). This is based on the justification that this particular group is in their transition from youth to adulthood and experiencing money management practices actively. Evidence has shown that FA, PFS, FL, and FE have a strong association with PFMP (Falahati & Paim, 2012; Fernandes, Netemeyer, & Lynch, 2014; Xiao & Porto, 2017). These factors exert positive impacts on youth's financial behaviour, habit, and practices thus associated with PFMP, while also working closely together and are interrelated.

This study aims to examine the relationship between financial attitude (FA), parental financial socialisation (PFS), financial literacy (FL), financial education (FE), and prudent financial management practices (PFMP) among Malaysian youth consumers. It is organised into five sections as follows: section one provides an overview of the research; section two discusses literature from past studies; section three explains the methodology and measurements used; section four presents the findings obtained; and section five underlines the conclusion of the research and suggests recommendations for future research.

2.0 **Literature Review**

2.1 Prudent Financial Management Practices (PFMP)

PFMP refers to a process concerning the creation of value or wealth that requires effective financial decisions (Titman, Keown, & Martin, 2017). It is considered as the formulation and implementation of money management that requires self-discipline. Furthermore, PFMP has been conceptualised as a form of self-reflection that requires individuals to be cautious with their ability, consider the risks and consequences of their actions, and avoid aggregation of sure losses (Wang & Li, 2015). It can be considered as a degree of the acceptance in vigilance or carefulness when practising decisions upon them making estimates under the conditions of uncertainty. It is a critical personal financial practice that requires individuals to make well-judged decisions in ensuring that their expenditure does not exceed the total income. To further explain PFMP, a person is required to monitor their financial affairs closely and consider the available options before making any financial decisions. Besides, they must consider the consequences if the action is taken regardless (Mette, de Matos, Rohden, & Ponchio, 2018). Here, PFMP can be the determining factors in the various aspects of one's financial life, which include children's education, participation in the market, wealth management, investment in insurance, retirement planning, and future financial well-being (Messacar & Frenette, 2019). It helps to ensure that they manage the available financial resources effectively and achieve their financial goals in life, concurrently enjoying quality in life while using it as a stepping stone to financial independence.

Prudence in financial management is associated with healthy financial attitude and positive financial behaviour as it facilitates a person's tendency to spend cautiously, understand financial choices, and have self-control over their financial situation. This is particularly seen in their decisions over savings, credit management or any day-to-day financial transactions (Aydin & Akben, 2019). Consequently, PFMP plays critical roles and is of utmost importance for any individuals in performing various financial activities as it is associated with the financial functioning of their life and affects many associated aspects. Understanding the factors influencing one's intention towards PFMP is thus critical in determining their financial behaviour, whether it is for the present or their future behaviour (Ajzen, 1991). All these factors are considered as critical success elements and will help them towards financial freedom and guaranteed financial well-being. Literature reviews have previously indicated that financial attitude (FA), parental financial socialisation (PFS), financial literacy (FL), and financial education (FE) have a strong influence and are strong predictors of PFMP (Guzman, Paswan, & Tripathy, 2019; Potrich, Viera, & Mendes-Da-Silva, 2016; Ramalho & Forte, 2018). Undoubtedly, these predictors will influence the behavioural intentions among youths to practice and apply such practices in the day-to-day routine of their financial life.

2.2 Financial Attitude (FA)

FA refers to a disposition towards financial affairs (Ibrahim & Alqaydi, 2013). Chowa and Despard (2014) have defined it as one's state of mind, belief, and assessment related to personal financial matters. It is related to their beliefs and feeling about money; in particular, the tendency as expressed by the evaluation of a particular entity with a certain degree of favour or disfavour that emerges and is expressed in the form of behavioural responses (Eagly & Chaiken, 2007). Furthermore, Paluri and Mehra (2016) have conceptualised FA as a personal disposition towards financial affairs, wherein it can be considered as a combination of concepts, emotion, and information related to learning that significantly influence one to react favourably. It is essential due to its effects on their behavioural intention across many aspects of financial affairs, which include saving, borrowing, investment, financial planning, risk-taking, and adverse financial events (Skagerlund, Lind, Strömbäck, Tinghög, & Västfjälla, 2018).

Similarly, Shim, Barber, Card, Xiao, and Serido (2009) have also stressed the importance of FA in determining one's financial well-being, while Falahati and Paim (2012) have stated that it is concurrently a strong predictor of financial problems and a preventive measure from being trapped in such issues. In this sense, understanding the factors that influence how youth manage their expenses in any financial activities remain vital as it affects their financial decisions and money management practices. Since the youth are in the process of establishing their own financial foundation and most likely to be practising money management independently, FA can become a significant predictor in determining their behaviour intention. The way they think and their perception will thus affect their financial decisions and financial behaviour, which are then translated into real action. Thus, the first hypothesis postulates a positive relationship between FA and PFMP as follows:

(H_1): There is a positive and significant relationship between perceived financial attitude (FA) and prudent financial management practices (PFMP) among Malaysian youth.

2.3 Parental Financial Socialisation (PFS)

PFS can be defined as a developmental process in which children establish their financial values, attitudes, and behaviours that facilitate their financial independence from the parents (Kagotho, Nabunya, Ssewamala, Mwangi, & Njenga, 2017). Here, Webley and Nyhus (2013) have referred to it as the process in which children are exposed to money management and establish their own financial behaviour, either incidentally or intentionally. It is a development stage wherein individuals acquire and develop their own skills, perceptions, and beliefs that influence the field of personal finance. These characteristics are acquired from the parental figures and will be used for the rest of their lives (Grohmann, Kouwenberg, & Menkhoff, 2015). According to Gudmunson and Danes (2011), PFS is associated with the development of FA and financial capability in relation to knowledge transfer. It is the process of establishing attitudes, standards, norms, knowledge, and behaviours that enhance the financial well-being of an individual. The roles played by parents have significant impacts throughout the lives of youths, allowing them to engage in and practice money management skills independently. Evidence has shown that the roles played by the parental figures are not restricted merely to the field of personal finance behaviour. They are also applicable to other fields such as consumer socialisation, electricity consumption, technology and psychology, among others (Aguirre-Bielschowsky, Lawson, Stephenson, & Todd, 2018; Neeley, 2005; Sanders, Parent, Forehand, Sullivan, & Jones, 2016; Zhang, Davey, Larson, & Reicks, 2019). Accordingly, PFS is considered as a lifelong process throughout one’s life wherein they are regularly exposed to new financial patterns, experiences, social roles, and situations through their parents. Various studies have revealed that children and youth learn and gain financial knowledge thus shaping their financial behaviour mainly from various socialisation agents, such as parents, peers, media, formal education, religion, work experiences, and the internet. However, a majority of them have clearly emphasised that parents are the most influential primary socialisation agent (Mikeska, Harrison, & Carlson, 2017). Thus, the second hypothesis postulates a positive relationship between PFS and PFMP as follows:

(H_2): There is a positive and significant relationship between perceived parental financial socialisation (PFS) and prudent financial management practices (PFMP) among Malaysian youth.

2.4 Financial Literacy (FL)

FL refers to the capability possessed by a person to manage their own financial decisions according to the skills and knowledge gained (Brown, Henchoz, & Spycher, 2018). Here, Luksander, Béres, Huzdik, and Németh (2014) have defined FL as a person's knowledge in the field of finance, the ability to process financial information and make the correct financial decisions, and the capability to deal efficiently with their own financial resources. Therefore, Lusardi and Mitchel (2014) have conceptualised this construct as one's ability to process financial or economic information and make informed decisions regarding their financial planning, wealth accumulation, pension, and debt. It is considered as the application of basic financial knowledge for compound interests within the context of financial decisions. FL as a term goes far beyond financial knowledge; it represents the act of understanding and applying knowledge rather than merely comprehending the concept of financial knowledge, which represents the dimension of knowledge only. In other words, FE focuses on the process involved for one in making financial decisions, while FL refers to the ability of making use of knowledge skills that they acquire or possess. Thus, FL can be referred to the knowledge and understanding of money management and the ability to apply knowledge and skills that a person has. This relates to them making responsible economic decisions across a range of financial contexts so as to manage their financial resources effectively and improving their financial well-being. Reduced FL level, in turn, has affected many people across different demographics and socio-economic backgrounds: they may fall into financial difficulties due to wrong financial decisions (Demirgüç-Kunt, Klapper, Singer, Ansar, & Hess, 2018). Furthermore, people with poor FL may face adverse consequences due to the financial decisions that they make; in the end, they become trapped in heavy debts and lose a lot of money. FL further influences their financial decisions and has a significant impact in determining the financial behaviour (Grohmann et al., 2015). Similarly, low FL renders people prone to financial mistakes and imprudent financial decisions, whereas a higher level of FL is associated with effective financial decisions. Thus, to be considered as financial literates, a person must have the know-how that encompasses knowledge skills in personal finance and have the capability to understand, choose, and make financial decisions. Here, the third hypothesis postulates a positive relationship between FL and PFMP as follows:

(H_3): There is a positive and significant relationship between perceived financial literacy (FL) and prudent financial management practices (PFMP) among Malaysian youth.

2.5 Financial Education (FE)

FE is defined as any of its modes that are delivered through whichever platform, such as in high schools, colleges, universities, or workplaces (Xiao & Porto, 2017). Potrich et al. (2016) have thus defined it as a developmental process that helps a person to make the correct decisions and manage their personal financial affairs effectively. The standard definition used by the Organisation for Economic Co-operation and Development [OECD] (2016) denotes it as the process by which financial consumers or investors improve their understanding of financial products, concepts, and risks through information. It also develops their skills to make informed choices and take other practical actions for improving their financial well-being. Thus, Lusardi and Mitchell (2014) have conceptualised FE as an improvement process for individuals to have better understanding for financial concepts through information, education, and advice. In summary, it is defined as any mode of FE programmes including courses, training, seminar, workshop, or education activities that are delivered via various formal or informal platforms. They are positioned with the objectives to equip, enhance, and educate individuals with sufficient financial knowledge, skills, and tools to manage their own financial resources effectively. The ultimate goal of FE is behavioural changes associated with improvement in individual knowledge skills and financial management, which are geared to enhance their capability for managing risks and developing a long-term financial plan (OECD, 2016). Henceforth, FE is about the delivery of knowledge.

In contrast, FL is more complicated as it is about the acquisition and application of knowledge (Potrich et al., 2016), wherein FE is a predictor of individual FL (Atkinson & Messy, 2013). Yoshino, Morgan, and Wignaraja (2015) have thus considered FE as a substantial building process, which consequently results in an improved individual FL. However, confusion arises when some scholars have used the term FE interchangeably with FL and financial capabilities (Fernandes, Lynch, & Netemeyer, 2014). FE is expected to build up the foundation of financial knowledge regarding saving, credit, budgeting, investment, debt management, and wealth accumulation that are synonymous with daily financial life (OECD, 2016). Knowledge and information acquisition gained from FE can further assist individuals in understanding financial concepts better, make them more skilful in managing money, and enhance their literacy level in relation to the right financial decisions. Thus, the fourth hypothesis postulates a positive relationship between FE and PFMP as follows:

(H_4): There is a positive and significant relationship between perceived financial education (FE) and prudent financial management practices (PFMP) among Malaysian youth.

This study aims to examine the relationship between FA, PFS, FL, and FE with PFMP among the youth population in Malaysia. Therefore, the theory of planned behaviour (TPB) by Ajzen (1991) is utilised to develop a conceptual framework and the hypotheses of the study. Based on the discussion included in the literature reviews, Figure 1 shows the graphical representation of the proposed conceptual framework of this study and how it is developed.

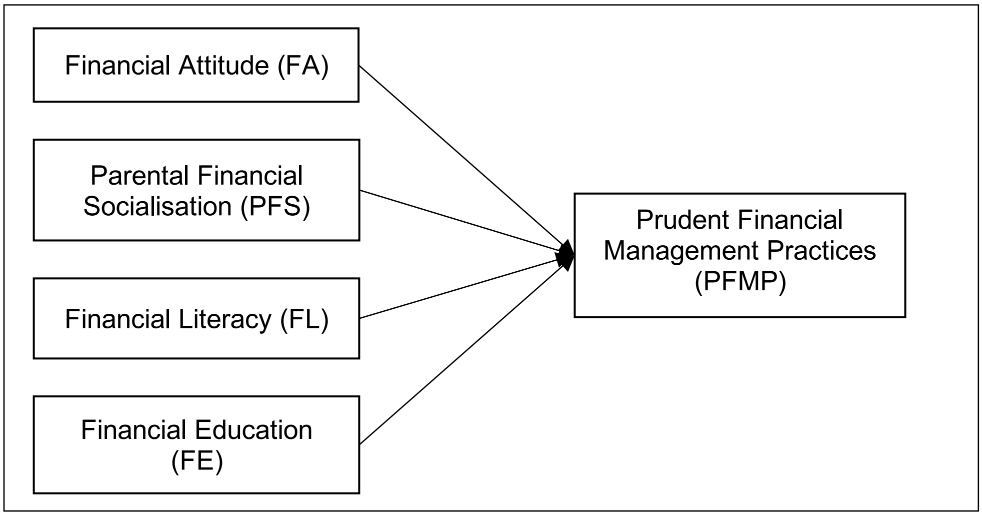

Figure 1: Theoretical framework

3.0 Methodology

This study used the quantitative method, whereby a questionnaire was employed to collect data. Here, the targeted respondents consisted of Malaysian youths within the age range of 18 to 30 years old who were currently studying at selected institutions of higher learning (IHLs) in the country. In the context of this study, youth are defined as those aged between 18 and 30 years old (Law of Malaysia, 2019). Therefore, students who fell under this demographics were selected as evidence showed that they would be in the stage of experimenting with money management skills. Furthermore, those in this age group would have to make many financial decisions independently while experiencing financial problems concurrently (Bamforth, Jebarajakirthy, & Geursen, 2018; Sachitra, Wijesinghe, & Gunasena, 2019). In addition, they would soon be graduating, earning, and becoming the most influential segment of the consumer market for the national businesses and economic landscape.

The questionnaire in this study was adopted from previous works and considered as having acceptable reliability and related to relevant studies as explained in the conceptual framework. It consisted of varying items on demographics (8 items), FA (8 items), PFS (4 items), FL (4 items), FE (5 items), and PFMP (10 items). The questionnaire was divided into six sections from Section A to Section F. Accordingly, FA was measured by eight statements taken from the study by Potrich, Viera, Coronel, and Filho (2015), which examined the

FA in Southern Brazil. Then, PFS was measured through four statements in the questionnaire and adopted from the study by Shim et al. (2009), whereby it focused on financial socialisation, the role of family, work, and education. Next, FL was adopted from the study by Hira and Loibl (2005), which looked at understanding its impact and represented by four statements. Meanwhile, FE was represented by five statements and adopted from the study by Perry and Morris (2005), which investigated the role of self-perception, knowledge, and income in explaining financial behaviour. Finally, ten statements to represent PFMP were adopted from Joo and Grable (2004), who conducted a study on an exploratory framework of financial management determinants. All of these variables were measured using a 5-point Likert scale in which 1 = *Strongly disagree,* to 5 = *Strongly agree*.

In this study, data were analysed using Partial Least Squares Structural Equation Model (PLS-SEM); the analysis was divided into two sub-models, namely the measurement model (outer model) and structural model (inner model). The measurement model was assessed in terms of the validity and reliability for each indicator of every construct using the PLS algorithm method. Here, three types of analyses were required to be fulfilled to evaluate the measurement model. First, composite reliability (CR) indices were used to assess the internal consistency, then the indicator loading to measure the reliability of the indicators, and finally, the average variance extracted (AVE) to assess the convergent validity. Internal consistency reliability, in particular, is data analysis that ensures the reliability of the construct based on indicator loadings (Hair, Hult, Ringle, & Sarsted, 2017). In this study, the result showed that the CR values for all constructs were between 0.833 and 0.931, whereby they had a high level of internal consistency and high reliability. The lowest CR value was 0.832, which was recorded by the PFMP constructs, while the highest CR value was 0.931 as recorded by the FL. These values were acceptable as they fell within the range specified and did not exceed 0.95 (Hair et al., 2017). Next, the two criteria required for evaluating convergent validity were the indicator reliability and AVE. Reliability indicator value loading must be larger than the threshold value of 0.708 (Hair et al., 2017). In this study, the AVE values for the constructs were 0.487 (FA), 0.631 (PFS), 0.772 (FL), 0.670 (FE), and 0.267 (PFMP), respectively. Two constructs, namely FA and PFMP, had lower values than the ideal threshold value of 0.5 at (0.487) and (0.267), respectively. Furthermore, out of the 31 indicators, 12 indicators yielded indicator reliability values lower than 0.708: FA5 (0.695), FA6 (0.702), FA7 (0.638), FA8 (0.400), PFS1 (0.690), PFMP4 (0.536), PFMP5 (0.546), PFMPV6A (0.157), PFMPV7A (0.235), PFMPV8A (-0.044), PFMPV9A (0.374) and PFMPV10A (0.308). The analysis also found that six indicators had loading values less than 0.708 and were subsequently deleted by performing the PLS algorithm six times. The six indicators were: FA8 (0.400), PFMPV8A (-0.042), PFMPV6A (0.190), PFMPV7A (0.248), PFMPV10A (0.302), and PFMPV9A (0.308). After their deletion, the results showed that the AVE values for all constructs became higher than the minimum required value of 0.50, specifically: FA (0.536), PFS (0.629), FL (0.773), FE (0.672), and PFMP (0.504). However, the six indicators of FA5 (0.689), FA6 (0.706), FA7 (0.634), PFMP4 (0.565) and PFMP5 (0.550) with values lower than 0.708 were kept. Here, the fit remained high as all the constructs achieved the AVE threshold value of 0.5.

Three methods were next used to measure the discriminant validity, namely cross loading, Fornell and Larcker's Criteria, and Heterotrait-Monotrait Ratio of Correlations (HTMT). In this study, the results from the analyses showed that the indicator loading for all constructs was higher compared with the loadings of other constructs. The higher loading value for each construct indicated that all the indicators of each construct were different, and no cross-loading was found between one construct and the others. From the results, it can be summarised that discriminant validity has been fulfilled. Consequently, the results also clearly showed that the indicators of each construct truly measured the right construct and all were placed at the right constructs. Here, the Fornell-Larcker's value refers to whether the latent variable explains the high variance of its own indicators rather than the variance of the indicators of other latent variables (Hair et al., 2017). Accordingly, the AVE power values for FA (0.732), PFS (0.820), FL (0.879), FE (0.710), and PFMP (0.793) were higher than their correlation values with other constructs. From the results, it could be concluded that discriminant validity was achieved through the loading value for a construct that was different and higher than the values for other constructs. Next, this study showed that all HTMT values were within the threshold values between 0.292 and 0.448 (Gold, Malhotra, & Segars, 2001). Therefore, the discriminant validity was achieved and the value loading of each identified construct was different and higher than those of other constructs. The result of the discriminant analysis also showed that all measurement criteria for cross-loading, Fornell-Larcker's, and HTMT criteria were successfully achieved. The outcomes obtained from this assessment are summarised in Table 1.

Table 1 : Results for Measurement Model Analysis

Indicators	**Indicator reliability**	**Internal consistency reliability**	**Convergent validity**	**Discriminant validity**		
	Loadings	**AVE**	**CR**	**Cross Loading**	**Fornell Lacker's**	**HTMT**
FA1	0.752	0.536	0.889	0.752	0.732	<0.90
FA2	0.816			0.816		
FA3	0.750			0.750		
FA4	0.763			0.763		
FA5	0.689			0.689		
FA6	0.706			0.706		
FA7	0.634			0.634		
PFS1	0.717	0.629	0.871	0.717	0.820	<0.90
PFS2	0.857			0.857		
PFS3	0.796			0.796		
PFS4	0.797			0.797		
FL1	0.833	0.773	0.931	0.833	0.879	<0.90
FL2	0.883			0.883		
FL3	0.897			0.897		
FL4	0.901			0.901		
FE1	0.796	0.672	0.911	0.796	0.710	<0.90
FE2	0.784			0.784		
FE3	0.868			0.868		
FE4	0.819			0.819		
FE5	0.830			0.830		
PFMP1	0.825	0.504	0.832	0.825	0.793	<0.90
PFMP2	0.795			0.795		
PFMP3	0.764			0.764		
PFMP4	0.565			0.565		
PFMP5	0.550			0.550		

Once validity and reliability were achieved, the next step involved an assessment of the structural models. The evaluation would explain whether the model was significant and could solve the questions as hypothesised in the study. Here, the structural model analysed the path relationships between the constructs and indicators, whereby the process of analysis involved the criteria to determine the model's capability and the relationships between the constructs. In this study, the structural model was used to assess the ability of the exogenous construct for predicting the endogenous constructs (PFMP). Assessments on the significance and relevance of structural model relationships were required to answer the research questions and prove the study hypotheses. Besides, they would evaluate and deliberate on the significance of the relationships shown by the variables, whereby evaluation of the significant relationship between the hypothesised constructs could be done through path coefficient (β). To get the (β)-value, the bootstrapping technique was applied. This method is a non-parametric procedure that allows for significant tests to be performed for analysing and proving the formulated hypotheses (Hair et al., 2017). The *t* and *p* values are thus the values that are referred to when determining the reliability of the hypotheses, namely whether they should be accepted or rejected. To assess the significance of the β value, the standard error calculated from the bootstrapping procedure would provide a *t* value. For this study, a confidence level of 95% was used and the value of $t = 1.645$ became the relevant *t* value of reference (Hair et al., 2017). Here, *t* values higher than 1.645 would indicate that the relationship between the constructs was significant at the 95% confidence level, whereby the hypothesis for the relationship is thus supported. A summary of the structural model based on the hypothesis testing is established as shown in Table 2.

Table 2 : Summary of Structural Results

	Relationship	**Std. ß**	***SE***	***t* value**	***p* value**	**Result**
H1	FA -> PFMP	0.205	0.051	3.922	0.000	Supported
H2	PFS -> PFMP	0.248	0.058	4.732	0.002	Supported
H3	FL -> PFMP	0.172	0.054	2.902	0.002	Supported
H4	FE -> PFMP	0.093	0.055	1.476	0.007	Not supported

4.0 Findings

The first objective of this study was to examine the relationship between FA and PFMP among Malaysian youth. Results from bootstrapping analysis of the structural model diagram proved that FA had a significant relationship with PFMP at a 95% confidence level, with β = 0.205 and *t* = 3.922. This means that when youth have a higher perceived FA, the behaviour intention towards practising PFMP becomes stronger. Those with a higher level of FA are more likely to behave prudently: they are likely to engage in good personal behaviours that align with PFMP. Thus, the stated hypothesis is supported.

Then, the second objective of this study was to examine the relationship between PFS and PFMP among youth in Malaysia. Results from the bootstrapping analysis of the structural model diagram showed that PFS had a significant relationship with PFMP when β = 0.248 and *t* = 4.732. Therefore, the hypothesis is supported. This indicates that perceived PFS has a strong influence and is a consistent predictor that determines the financial behavioural intentions of youth towards practising PFMP. Parents as a prime socialisation agent is a predictor to financial learning, attitude, and behaviour among Malaysian youth.

Next, the third objective of this study was to examine the relationship between FL and PFMP among youth in Malaysia. Results from the bootstrapping algorithm for the structural model showed that FL had a significant relationship with PFMP when the β value was 0.172 and *t* value was 2.902. Based on the results, the stated hypothesis is supported.

Meanwhile, the fourth objective of this study was to examine the relationship between FE and PFMP among youth in Malaysia. Results from the bootstrapping algorithm structural model showed that FE was not significantly related with PFMP when the β value was 0.093 and *t* value was 1.476. Thus, the stated hypothesis is not supported. This indicates that perceived FE is not significantly related and nor become the predictor of youth's financial behaviours towards practising PFMP.

5.0 **Conclusion and Recommendations**

PFMP is a lifetime objective of everyone and the foundation for the future financial well-being of Malaysian youth. The process begins at an early age of each individual and is further developed, continued, and carried throughout their lives. In the present uncertain economic situation on top of the complex financial environment and an abundance of financial products and services being offered, this requires one to acquire and possess sufficient financial skills along with strong financial knowledge and sound financial management as the tools to manage their own and familial financial affairs effectively. This is due to the day-to-day financial activities that require the youth to handle lots of financial transactions and economic decisions depending upon their FL level, skills, financial experience, and sufficient degree of financial knowledge. It is not surprising that many individuals, especially of the younger age groups, are trapped in massive cumulative debts and deep financial problems at an early age in life. As a result, PFMP is gradually seen as a crucial competency and recognised as the best financial tool that youth must acquire as a guide and platform to achieve their financial goals. These skills are necessary for them to achieve their present and future financial well-being.

The study aimed to determine factors that contributed to PFMP among Malaysian youth, especially those who were studying at any Malaysian higher learning institutions. Therefore, the study provides evidence about the influence of mandated FE at colleges and universities as a way to improve their financial knowledge and financial behaviours. Results of the study showed that FA, PFS, and FL had positive and significant effects on the financial behaviour and financial practices, namely PFMP of Malaysian youth. However, the effort to introduce FE as an intervention tool to combat financial illiteracy showed that it posed little impact and was ineffective. Besides, FE did not have any significant relationship with PFMP among Malaysian youth. Here, ignorance on prudent financial practices can be tied cumulatively to the loss over time that can affect one’s future well-being and has spillover effects. The research contributions are thus vital as the youth’s behaviour affects their financial practices. All in all, the analysis conducted here provides exciting insights into the effectiveness of financial education for youth. These are very promising findings, moreover, that further underscore the benefits of fostering FE education among Malaysian youth. Besides, evaluating the distributional effects of financial education interventions is the key to providing information on the design and tailoring the interventions to suit their level of understanding. These estimates will enable one to ensure whether the average impact estimated is driven towards a segment of the beneficiaries, identify the trajectory of the initial inequalities and monitor the gap across groups, and infer whether the intervention will work at different segmentations or target groups.

This study offers valuable information and evidence to the respective country’s stakeholders regarding the financial practices among Malaysian youth. It proved that FA, PFS, and FL could significantly predict youth's financial behaviours. Concurrently, the strong relationship shows the importance of these constructs in determining youth's financial behaviour. It is crucial for them to possess a positive FA; what they feel, perceive, and believe may further influence the likelihood for them to transform these concepts into actual behaviours. As the closest role model and primary socialisation agent, parents should be aware of the roles they can play and their involvement in transferring financial knowledge and skills that could shape the financial behaviour of youth. Regarding the variables, this study reveals that FL is the most significant predictor of PFMP. Possessing a higher level of FL thus evidently can cause the youths to make prompt financial decisions associated with prudent financial behaviour.

Meanwhile, many factors may contribute to the inefficiency of FE, thus requiring FE programmes to be adequately assessed (Bongini, Iannello, Rinaldi, Zenga, & Antonietti, 2018). A possible explanation for this inefficiency is that its intervention programmes cannot be related and linked to youth's cognitive ability with their emotional behaviour (Husnain, Rehman, Syed, & Akhtar, 2018). Another possible and sensible explanation for FE's less effectiveness is due to the course contents and elements of the programmes that are no longer relevant to the situational financial landscape and real scenarios experienced by the youth of today. In other words, youth fail to recognise and apply key financial concepts in understanding, evaluating, and suggesting the solutions to the rising issues pertaining to their personal financial management. With no examination to test the understanding of the syllabus while the evaluation is solely based on the assignments, there are no indicators to assess the costs and benefits to students' financial knowledge on what they have studied and understood during the entire programmes. It does not imply that knowledge gained is necessarily put into application, while excellent performance in the examination does not necessarily mean that they will practise PFMP. Additionally, knowledge is only applicable when they can apply it in facing real-world financial problems (McDermott, 2014). For such justification, the result of this study supports that FE is not effective; the mandated courses were unable to change or influence youth's attitude, the foundation for financial behaviour.

The outcome of the study also suggests specific implications to particular bodies, especially to the government, non-government sectors, and individuals. They can assist respective stakeholders such as policymakers, educators, and financial institutions in using the findings to re-evaluate the programme effectiveness and look into their shortcomings. Even though many have expected that FE is the best intervention tool to improve financial illiteracy, the result shows contradictory evidence compared to that of previous studies. All FE contents must cover the elements and concepts applicable and related to the real financial life of youth. Therefore, future studies should consider into studying and examining the contents of FE syllabus and the components, policies, strategies, and types of professional development strategies for teacher's implementation. Furthermore, future studies should investigate the different effects of financial education courses, name of financial education: whether they depend on and are taught during primary or secondary education. They should also consider the potential changes brought about by FE to the context of the Malaysian scenario in enhancing financial inclusion and improving financial well-being, especially among the young age groups. Such studies could enrich available knowledge and assist the respective countries' stakeholders in generating more effective initiatives and efforts towards making the future generations practise prudent financial practices.

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