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INCULCATING FINANCIAL LITERACY AMONG YOUNG ADULTS THROUGH TRUST AND EXPERIENCE

Afaf Abdul Hayei
Haniza Khalid[1]

[1]Kulliyyah of Economics and Management Sciences, International Islamic University Malaysia

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Abstract: *The current and future financial choices of the young generation are likely to be more challenging than those of their parents, given the greater complexity in financial products, use of new digital technology, new financial systems and regulations. Thus, this study attempts to measure the financial literacy (FL) amongst a specific group of students i.e. upper-secondary students of a private religious school. It is expected that parents' educational achievement, occupational and income levels of this group to be almost invariable, therefore allowing us to focus on other factors that influence financial literacy. FL is measured using two latent constructs namely, financial knowledge and financial behaviour, covering aspects such as general money management, investment management, credit management, charity giving and entrepreneurship. The findings of this study show that while their level of financial knowledge is generally good, the majority of respondents are not entrusted nor guided to manage their own finances, make budgets and record their expenditures; particularly since most schooling expenses including food and transport are paid in advance by their parents. Around 85.2 percent reported zero or very little experience in business or helping out in business activities at school or for their family members. Parents and the school authorities must realize that financial literacy is worth investing time and resources into if the future generation is to lead financially sustainable lives. Policymakers need to design effective interventions targeted at this age group, aiming towards empowering individuals to manage their financial matters effectively and towards promoting responsible consumer behaviour.*

Keywords: *Financial Literacy, Financial Attitude, Consumer Education, Young Adults*

Introduction

Current and future financial choices of the young generation are likely to be more challenging than those of their parents, given the greater complexity in financial transactions, use of new digital technology, new systems and regulations. In many emerging economies, youths of today may be the first generation to have access to the kind of financial products and global reach of their financial power. Therefore, parental guidance on financial matters may not be forthcoming or in this case, may not be sufficient. Furthermore, this generation is likely to bear greater financial burden going forward due to increased life expectancy, reduction in welfare and occupational benefits and global economic uncertainties. Financial mismanagement early in life can be costly. Young people of today are most likely to find themselves carrying large amounts of student loans or credit card debt, unable to purchase houses or invest in financial assets for their future. This in turn can contribute to lower standard of living, decreased psychological and physical well-being and greater dependence on government support in the long term.

Islam's view of spending priorities and choices are expected to influence the financial behaviour in youths brought up or educated with religious values. Islam encourages a moderate and balanced pattern of spending; whilst strongly discouraging both niggardliness and extravagance. The charitable spending concepts of *infaq*, *waqf* and *zakah* are also assumed to be well-embedded in youths with Islamic-educational background, even if in theory. With that, it is also expected that borrowing with interest payment conditions is something that the youths know should be avoided at all costs. In fact, the responsibility of the borrower to repay his loans extends beyond his death, where the estate administrator is obliged to clear his debts using assets left behind.

Hence within this contextual setting, a model is designed to measure financial literacy that takes into account the young age of the individual and his or her school set-up. The sample comprise students from 15 to 17 years old who attend a private religious school. Their background and parents' income statuses are fairly homogeneous as one might expect of a paid institution, however the sample responses still allowed us to unveil the relationships that we want to investigate. Results from this study can then be compared to other studies done before or subsequent to it, with different types of sample groups i.e., other age-groups, different ethnicities or culture and so on. Understanding the factors that contribute to or detract from the sound financial behaviour can help policymakers design effective interventions targeted at this age group.

Financial Literacy: Why is it a Cause for Concern?
A number of surveys have suggested that many Malaysians are unable to make responsible financial decisions for their own financial well-being. Their main findings are presented in brief below based on different interest groups.

Overall: As at end-2016, the total household debt in Malaysia as a proportion of gross domestic product (GDP) is at 88.4%. The growth in household debt has increased faster than nominal GDP since 2010, only showing signs of slowing down in 2016, (Bank Negara Malaysia, 2017). The total outstanding household debt stood at RM1,086.2 billion. The bulk of the debt is for housing loans (62.6 percent), as house prices accelerate steadily over the last two decades. Most borrowers from urban centres are of the age between 30 and 40 years old. Bank Negara Malaysia's Financial Capability and Inclusion Survey (BNM, 2015), found more than 75% of Malaysians said they may not be able to raise even RM1,000 of immediate cash money in the event of an emergency. Only 6% of the respondents were confident about meeting their financial obligations for at least six months if they lost their income. The same survey revealed that 32% of Malaysians have enough money to cover a week's expenses, at most, should they lose their current source of income. In the event of an emergency, respondents said they usually resort to cutting down expenses or borrowing from friends, family members or other external sources (including illegal money lenders). Instead of savings, credit purchases are often used to finance major spending items such as education and spending which are more 'instant gratification' in nature e.g. gadgets, overseas trips, luxury accessories. Another alarming observation is that many Malaysians easily fall victim to financial fraud or financial scams. Statistics from the police revealed that 1,883 cases were recorded between 2015 and the first quarter of 2017, amounting to total losses close to RM380 million. Furthermore, poor financial literacy prevents the individuals involved from selecting only genuine investment opportunities and understanding the risks and returns relationship from each investment option.

Millennials: Statistics also show there is an unprecedented level of debt among Malaysians in particular the younger age group or millennials/Gen Y. In a survey by the Asian Institute of Finance (AIF, 2015), they found that 38 percent of the youths who responded rely on personal loans, and 47 percent on credit cards to support their expenditure. The study in fact found that 75 percent of Gen Y have at least one source of long-term debt (anything longer than a year) and 37 percent have two or more one long-term debt obligations. Hire-purchase is the most common loan type (56 percent), followed by credit card (47 percent) and education (40 percent). This implies that the lifestyle is clearly unsustainable especially when the high costs of interests are factored in; leading to significant financial stress early in their life. The younger generation invests less compared to the older generation and in a manner that is not optimal. Less than a quarter of the AIF respondents invest more than 20 percent of their monthly income, in fact two-fifths say they invest less than 10 percent. Of those who invested, only 41 percent say they diversify their investments. Investment is seldom a priority for the Gen Y given their huge spending appetite and burden of credit. It may also be contributed by the lack of sound financial knowledge. The result of living beyond means and/or their weak earning capabilities have forced many of them to seek financial advisory from the Credit Counselling and Debt Management Agency (AKPK), an agency set up under Bank Negara Malaysia. More than 3,400 youths between the ages of 20 to 30 years old have sought for AKPK's assistance in the first eight months of 2017, compared to 3,450 youths for the entire year of 2016, the same survey showed.

Low-Income Bracket: Households in lower income brackets have higher debt-to-income ratio compared to those in higher income brackets. More than 50 percent of the enrolments in the Malaysia Debt Management Programme set up by the AKPK consist of borrowers earning less than RM3,000 per month. BNM also reports higher rates of non-repayment for compact car hire purchase and personal financing loans, which suggest that low-income borrowers face greater financial difficulties to meet their scheduled payments. Although borrowers from the bottom 40 income group accounted for only 11.4% of the total household debt of the country, they are more likely to face difficulties in servicing their debt in the event of an income shock because of their low levels of savings (BNM, 2015).

The dismal statistics above means that the ability to make thoughtful and informed decisions about one’s finances is more important than ever. Several trends are converging to demonstrate the importance of financial literacy to be instilled as early as possible. The financial environment and skills needed to navigate it are becoming more and more complex. The previous generation may rely on a single financial path e.g. accumulate savings when working and utilize pension or retirement funds for their golden years. Today, following the same path may no longer be feasible nor sufficient, especially given that both life expectancy rates and costs of living are steadily increasing. Nevertheless, almost everyone feels the need to diversify their source of income and investment portfolio, but are overwhelmed by the massive and sophisticated information available.

Literature Review

Financial literacy concerns an individual's ability to understand how money works in the world; this includes how money is earned, how it should be managed, how it can be invested as well as how it can be used to help others. Bianco and Bosco (2011) define financial literacy as having the working knowledge of four areas: general money management, investment management, retirement planning and credit management. Associated with investment management would be knowledge about portfolio diversification, asset allocation, risks and importance of time horizons. Hogarth (2002) describes financial literacy as the knowledge about managing money in terms of insuring, investing, saving and budgeting. In the literature as a whole, the most often cited domains of financial literacy are basic budgeting, insuring (protection), saving, borrowing and investing. Ibrahim and Alqaydi (2013) argue that it is not enough to know or be educated about the concepts mentioned above, financial literacy should be reflected in the individual's ability in communicating financial concepts, aptitude in managing personal finances, skills in making appropriate financial decisions and confidence in planning for future financial needs. A basic knowledge of financial concepts, and the ability to apply numeracy skills in a financial context, ensures that consumers can manage their financial affairs independently and respond appropriately to news and events that may have implications for their financial well-being (Morgan and Trinh, 2017).

Having described the important expected outcomes of financial literacy, attention is now turned to the factors that determine financial literacy. Males are found to perform better than females in most studies (see for example Chen and Volpe, 2002; Lusardi and Curto, 2010; Falahati and Paim, 2011; Taft et al., 2013, Bushan and Medury, 2103; Cameron et al., 2013 and Meimouneh et al., 2104). However, Mandell and Klein (2007) are among the few that find no evidence of gender influence on financial literacy. The role of age is equally ambiguous as there are studies that show financial literacy to be better with age (Cameron et al., 2013; Luksander et al., 2014) whilst other studies revealed the opposite to be true (for instance Shaari et al., 2013). On the other hand, Bushan and Medury (2013) and Gupta and Negi (2014) find that age is irrelevant.

A much clearer consensus is found with respect to parental influence on a person's financial literacy (Bowen, 2003; Jorgenson, 2007; Williams, 2010; Rodrigues et al., 2013; Oppong-Boakye and Kasamba, 2013). Habits regarding money is inculcated early at home, through examples set by parents as well through family conversations about everyday financial decisions. Using data from the second OECD PISA financial literacy assessment in 2015, Moreno-Herrero et al. (2018) found that students' financial literacy was associated mainly with understanding the value of saving and discussing money matters with parents. In some countries, exposure to (and the use of) financial products – in particular, holding a bank account – improved students' financial knowledge as well.

They also argued that a significant predictor of financial literacy was a well-functioning educational system which was proxied in their study by the quality of its mathematical and scientific education. Formal education in schools regarding personal financial management is consistently found to be important in improving financial literacy (Hogarth, 2002; Huston, 2013). Having the right information or habits from young will assist adult individuals in planning, implementing and evaluating financial decisions. Fraczek & Klimontowicz (2015) argue while having such a syllabus might be helpful, individuals still need to constantly keep themselves abreast with new financial products and options available to them. Hathaway and Khatiwada (2008) from the Federal Reserve Bank of Cleveland find that the more effective approach would be to design programmes according to audience needs and for it to be focussed on the specific of finance (such as credit or retirement planning). Studies like Jorgensen (2007), Ibrahim and Alqaydi (2013), Shih and Ke (2014) and Ali et al. (2014) have found that having a good attitude about financial management often translates into higher financial literacy. A multi-country survey done to estimate financial literacy levels among university students in Estonia, Germany, Italy, Netherlands, Poland, Romania, Russian Federation and Turkey found that male students, business major students, PhD students, those who live in a rental house, those whose parents have high level income, those who get advice on financial matters from their friends, those who took financial course before, those who get financial information about financial issues from university education, and students from Poland are more knowledgeable on personal finance (Ergun, 2018).

Although difficulties exist for both parental teaching and formal financial education, the need to build financial responsibility in young adults makes it important to discover which mechanism is most strongly associated with positive financial behaviours and which aspects of financial literacy are most challenging and therefore necessary to pursue.

Modelling Financial Literacy

In this study, financial literacy is measured through two indicators; financial knowledge and financial behaviour and their respective sub-constructs spread over 19 different items in the survey (Figure 1).

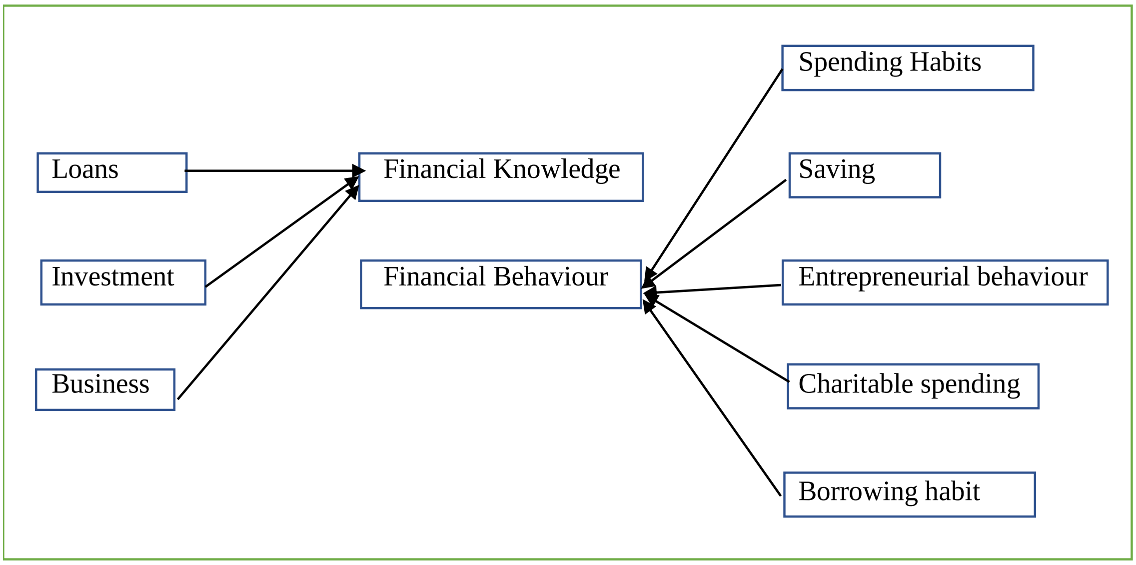

Figure 1. Relationship Between Constructs Used to Measure Financial Literacy

Financial knowledge items cover domains relating to concepts of entrepreneurial returns, borrowing and interest rates as well as the usage of credit cards. For example, respondents were tested if they knew that credit card usage is a type of credit from banks and has interest rate charges. They were also asked if they were aware of the various investment options and investment returns including purchase of real estate and savings in thrift funds.

Financial behaviour items cover domains such as the individual's own spending planning patterns, saving, entrepreneurial tendencies, borrowing frequency and charitable spending patterns. Respondents were asked if they kept a journal or list of their purchases, if they were inclined towards branded goods and the frequency in which they found themselves with surplus pocket money at the end of each period, if they donated from their own income or they had to borrow to cover their expenses. The financial literacy overall score is then tabulated for each respondent and then classified according to specific cut-off points and later as percentages (Table 1).

Table 1: Interpretation of Financial Literacy Scores

Score	Intepretation/Level of Financial Literacy
More than 80 percent	High
61 – 79 percent	Fair
41 – 60 percent	Poor
Less than 40 percent	No financial literacy

Factors that influence respondents' level of financial literacy are organized into the following categories:

Gender and age

Two dummies were created to capture the demographic differences. Students are asked to identify themselves according to their gender, male = 1 and female = 0 as well as age, 15 = 0, 16 = 1 and 17 = 2. Empirical evidences regarding gender influence on a young adult's financial behaviour is mixed. Whilst females and males have different consumption bundles, the total value of their spending may not vary substantially. This is because while females tend to shop relatively more frequently and across more platforms (social shopping when with friends, shopping with parents, online shopping), items that males purchase tend to be more expensive. Furthermore, cigarettes and food and drinks with friends while watching football matches or just 'hanging out' are costs which may be subtle but very relevant among males compared to female young adults.

Parental influence

The role of parents in instilling sound financial principles and awareness in their children is measured via items about whether there are conversations between parent and child about financial planning and control e.g. if parents talk about what pocket money should and should not be used for, if the family invest or donate (money or goods) as a unit, and also if the child has been exposed to the basic concept of doing businesses, whether or not the parents are involved in businesses.

Financial attitude

A positive attitude towards financial awareness and behaviour is expected to motivate sound financial literacy and subsequently a healthy financial behaviour pattern. The respondents' attitudes are measured using situational judgement (perception or action-based) questions that can reveal the person's attitude towards spending, saving, investment, borrowing and charity domains (Figure 2). For instance, respondents were tested on their ability to distinguish between needs and wants and how they have been saving or plan to save once they earn incomes. Financial attitude can be gleaned from scenario questions. In this survey, respondents were asked if they have/would borrow(ed) money from friends or non-family members to buy items that are considered luxury goods. Perception-questions were equally useful; respondents were asked about how they view a person who has a borrowing habit and also how they react to people who request for charity (including beggars and organisations that organise voluntary donation programs). A total of 15 items, at least 3 for each domain were used to measure this construct.

Parental background

It is expected that parents' highest educational achievement, type of occupation and income levels to affect the child's level of financial literacy. All the information is extracted using dummy variables. However, the initial estimation yields this factor to be insignificant, most likely because of the 'homogeneous' background of the students. Given that all the students attend the same private school, parents generally are professionals or businessmen, earning a relatively high income compared to the general masses which allow them to enrol one or more of their children in a private school. This variable is then dropped from our initial model.

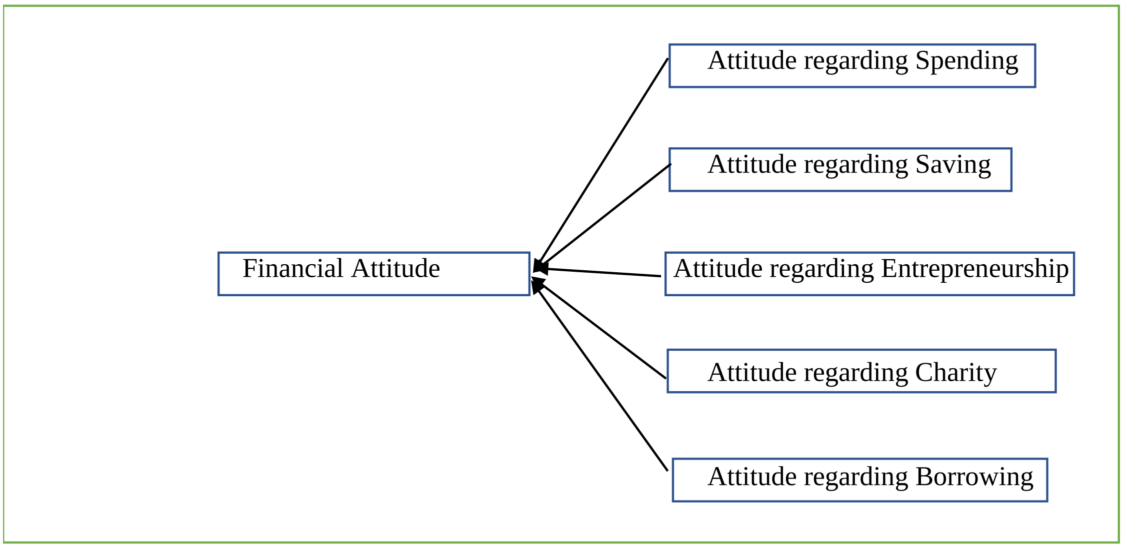

Figure 2. Breakdown Showing Sub-Constructs Measuring Financial Attitude

The regression model is specified as follows:

$$FinLit = \beta_0 + \beta_1 Age + \beta_2 Gender + \beta_3 PInfluence + \beta_4 FinAttitude + \varepsilon \qquad [1]$$

The sample selection for this study is restricted to all students in Forms 3 to 5, or 388 persons, in a private religious school in Kuala Lumpur, Malaysia. The age range is 15 to 17 years old. The self-administered questionnaires were designed using a close-ended structure. This approach allows anonymity of respondents and reduces biased or dishonest responses. A pilot study was carried out prior to the actual survey to ensure the questions are clear, understandable and cannot be misinterpreted, for the specific given age group. The questionnaire is prepared in Bahasa Melayu, the mother tongue of the sampled students. The questionnaire includes 48 questions, divided into 6 parts namely demographical characteristics, financial knowledge, financial behaviour, parental background, parental influence and financial attitude. The following section describes aggregated responses from the survey.

Results

Out of the 212 questionnaires returned, only 67% or 142 were completed satisfactorily. Respondents were randomly selected, meaning all students in the above-defined population have equal and independent chance of being selected as a member of the sample group. The sample is made up of 48.6 percent male (69 students) and 51.4 percent female (73 students) respondents. The sample is also relatively balanced with respect to age; 35.2 percent (50 students) aged 15; 33.1 percent (47 students) aged 16 and 31.7 percent (45 students) aged 17. Since this school is a private fee-charging institution, it is assumed that the students come from a fairly homogeneous background with respect to household income and neighbourhood (have access to the same number of malls, shops, internet facilities for e-commerce and so on). The mean, median, mode and standard deviation of each variable in the model is shown in Table 2.

Table 2: Descriptive Statistics of the Sample

Variable	Mean	Median	Mode	Standard Deviation
Age	15.9	16	15	.082
Gender	1.51	2.0	2	.502
Financial Literacy Score	69.7	71.7	73.3	12.087
Parental Influence	64.1	62.5	75.	19.91
Financial Attitude	69.2	66.7	19.9	15.45

Measures of central tendency were computed to summarize the data for financial literacy, parental influence and financial attitude scores. In addition, measures of dispersion were computed to understand the variability of scores. Although the majority of the students sampled (69.7 percent) can be considered financially literate based on our scoring method, the variability in their scores is rather large (SD = 12.087). This observation also applies to both parental influence and financial attitude scores. Such a pattern may indicate that while overall results are good, there are significant differences between the individuals in the sample.

Table 3 shows the breakdown of responses based on the items in the questionnaire. Students were asked how often they receive pocket money and how much on average received per month. About 63 percent reported that they receive their pocket money on a daily basis compared to only 12 percent on a monthly basis. This result in itself is rather interesting because the sample's age range is 15 to 17, meaning as young adults, it would have been expected that their parents would have switched to monthly allowance method by now. Even more surprising is that almost a quarter of the sample (24.6 percent) said that they get their pocket money on a needs basis i.e. only when they ask from their parents. With regards to the amount, the majority (52.8 percent) reported that they receive less than RM 150 per month, or on average RM3 per day. This figure is low by normal standards, but could be understandable for the sample students because lunch package is included in their school fees and most of them commute to school via private vehicles. Hence, there is little use of money for lunch and transportation.

Financial literacy composite scores in general are high among the sample observed. Only 1.4 percent can be considered financially illiterate and 20.4 percent poorly literate. The score is based on two sections namely financial knowledge and financial attitude. Financial knowledge test is administered as True/False questions. More than three-quarters of the students knew that profit is the return to business (and not revenue etc.) and that credit card expenses constitute a loan to the bank although fewer students (62.7 percent) knew the interests must be paid on the credit card loans. While 71.1 percent were aware that investment in financial assets can yield returns in the form of dividend, only 54.9 percent agreed that property purchase can also yield returns in the form of rents.

Students were asked about their inclination to purchase branded items, to which only one-third of the sample admitted to. Brand-consciousness is an important issue amongst young adults and have been studied extensively. For instance, a study on Korean and American college students found that normative influence and emotional value are important factors that promote branded goods purchase (Yang et al., 2017). Both factors are in turn influenced by the use of social media and peer influences, which are very strong amongst youths. Therefore, our sample's responses suggest that the group is relatively indifferent to pressures to use branded goods when there are less-known alternatives available.

Another interesting, but expected behaviour observed is the students do not record their expenses save for only 7 percent of the sample. This implies that the students do not feel they need to track or manage their expenses, nor do they need to form any budgeting methods. Nonetheless, given the reasons mentioned above, almost all students said they have surplus pocket money after the end of school days. This leads to the question what do they do with the money? More than 33 percent said they keep the extra money in money boxes at home, 18 percent in both money box and Tabung Haji accounts and 16.9 percent in money box and bank savings account. Here, the active role of parents in registering their child's account and maintaining the account is critical. Only 2.8% of the students reported of not having a saving method at all.

Students' exposure to entrepreneurship either via school activities or from family's business is an important factor in shaping their financial competence. However, for this sample around 85.2 percent reported zero or very little experience in business or helping out in business activities. Borrowing culture among the students is also examined in this survey, to which only 4.2 percent reported that they often borrow from friends or siblings. This may be related to the above-mentioned aspects about pocket money and savings. Students who are not given regular or sufficient pocket money, may be prone to borrowing.

Another possible reason is their inability to budget and control expenses. The type of spending that is most common among the sample students is having meals or drinks with friends. More than 41 percent responded "always" to this type of expenditure, compared to books and stationery (13 percent), clothing (24 percent), cell phone expenses (11 percent) and other forms of entertainment (11 percent). This may mean the other types of expenses are still being taken care of by their parents but hanging out with friends require them to use their own funds.

Table 3: Summarized Measurements of Financial Literacy

Item	Percentage	Item	Percentage
Frequency of pocket		**Financial Behaviour:**	
money:	63.4	Spending on Branded goods	33.8
Daily	12.0	Record expenses	7.0
Monthly	24.6	Have extra money after	90.8
When necessary		school	
		Saving method:	5.6
Amount of pocket money	52.8	Saving account only	33.8
per month:	41.5	Money box only	2.8
Less than RM150	5.6	Tabung Haji only	17.6
Between RM150 and		Saving account &	2.1
RM300		Money box	18.3
More than RM300	78.2	Saving account &	16.9
	79.6	Tabung Haji	2.8
Financial Knowledge	62.7	Money box & Tabung	
(correctly answered):	54.9	Haji	14.8
Profit	71.1	All three	61.3
Credit card		Do not save at all	23.9
Interests		Exposed to	
Property investment		entrepreneurship	4.2
Dividends		Often	85.2
		Rarely	10.6
		Never	
		Borrow from friends or	98.6
		siblings	1.4
		Often	
		Rarely	
		Never	13.0
		Give charity	24.0
		Yes	41.0
		Never	11.0
		Spending Pattern: (answered	11.0
		“always”)	
		Books and Stationery	
		Clothing	
		Dining out with friends	
		Handphone	
		Entertainment	

The regression model is estimated using the Ordinary Least Squares method to determine significant drivers of financial literacy (Table 4). The results show that age and parental influence are statistically significant in determining levels of financial literacy among the sample units. The findings regarding age is in line with that of Cameron et al. (2013), Alexandra et al. (2014 and Bashir et al. (2013). In this sample, for every one year increase in age, the financial literacy score would increase by 7.494 percent. Gender is not significant in this result, contrary to the expectation that female and male students may show differing outcomes (Chen and Volpe, 2002; Lusardi, 2010; Bushan and Medury, 2013; Falahati and Paim, 2011).

The important role of parents in shaping their child's financial behaviour is affirmed in these results. Our questionnaire asked if the students' parents explain the importance of savings, controlling spending and the business and economic environment to them in their interactions. For every 1 percent of increase in parental influence's composite score, financial literacy seems to increase by 0.189 percent. This is supported by previous findings from Williams (2010) and Oppong-Boakye and Kasanba (2013) for instance. The household environment and parents own everyday spending behaviour and outlook.

Financial attitude is measured through the students' opinion or inclination given a variety of situational alternatives related to charity, saving, borrowing, investment, purchasing pattern and earning income. Good financial attitude or "money attitude" is an important predictor of financial literacy (Shih and Ke, 2013, Ibrahim and Alqaydi, 2013). The way a person thinks or feels about finances, ultimately affects his or her behaviour toward finances. The score reflects the students' confidence and principles when dealing with money now and in the future.

Table 4: Regression for Financial Literacy

Variables	Unstandardized coefficient		Standardized coefficient	t	p-values
N= 142	Beta	Standard error	Beta		
Constant	-71.148	13.710		-5.190	0.0000
Age	7.494	0.992	0.508	7.556	0.0000
Gender	0.386	1.262	0.016	0.306	0.7600
Parental Influence	0.189	0.036	0.311	5.265	0.0000
Financial Attitude	0.123	0.056	0.157	2.174	0.0310
R-squared	0.632				
Adjusted R-squared	0.621				
Standard error of Estimate	7.4372				

*Dependent variable: Financial literacy score.

Conclusion

This study attempts to measure the financial literacy amongst high school children in Malaysia using two latent constructs namely, financial knowledge and financial behaviour. About 63 percent of the students sampled reported that they receive their pocket money on a daily basis compared to only 12 percent on a monthly basis. This is worrying because it shows that young adults aged 15 to 17 years old are still not trained and entrusted by their guardians to manage their own finances. In fact, almost a quarter of the sample (24.6 percent) said that their parents gave them money if asked, or in other words on a needs basis.

The students' knowledge on financial costs and returns on investment are generally good, although less number of the respondents are familiar with the concept of investment in real estate compared to other assets. Financial behaviour is measured using a broad range of indicators, some of which revealed alarming, though not unexpected results. Almost 93 percent of those surveyed never record their expenses. The cause may be simply that they do not feel the need to track or budget their expenses, as money supply is more or less 'guaranteed' by their parents. Students' exposure to entrepreneurship is also rather poor. Around 85.2 percent reported zero or very little experience in business or helping out in business activities at school or for their family members.

The type of spending that is most common among the sample students is having meals or drinks with friends followed by expenses on books and stationery, clothing, cell phone and other forms of entertainment. The reason why having meals with friends is the most frequent type of expenditure for this age group may be because, when hanging out with friends, parents are less likely to be around to foot the bill. Other results show that borrowing is very rare among the sample surveyed while giving charity from their own pocket is a common trait. All in all, the survey exercise showed that the high school students sampled are fairly knowledgeable about financial principles, but are still relatively dependent on their parents in managing their expenses.

The study's regression analysis identified age, parental influence and financial attitude as the three main predictors of financial literacy. In the survey questionnaire, items measuring financial attitude revolve around the students' opinion on saving, entrepreneurship, borrowing, budgeting, giving charity and seeking financial information. Interestingly, the gender of the student has no effect on his or her financial literacy score.

It is very apparent that a comprehensive policy intervention should be introduced to the young generation regarding financial management and planning. Granted, everyone is aware that financial knowledge alone cannot guarantee good financial behaviour. There are countless examples of people well-trained in the finance field falling victims to investment scams and unsustainable businesses. Nonetheless, no one disagrees that sound understanding and ability to comprehend the basic financial principles can go a long way in ensuring one's long term welfare.

In the context of Malaysia, much has been said about the need for awareness modules and programs to be introduced as early as possible in the family, the school system and in the mainstream and social media spheres. In November 2016, Bank Negara established the Financial Education Network (FE Network) to address the growing concern on the low financial literacy level of Malaysians. The FE Network serves as an inter-agency whose initial members are BNM, AKPK, Securities Commission, Employee Provident Fund and Malaysian Deposit Insurance Corporation. The FE Network will work with relevant government ministries, industry associations, consumer groups and other key stakeholders to deliver, monitor and measure financial education initiatives under a coordinated national strategy. The purpose of any policy intervention is towards empowering individuals to manage their financial matters effectively and towards promoting responsible consumer behaviour.

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