A STUDY OF PERSONAL FINANCIAL PLANNING AMONG YOUNG ADULTS

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A STUDY OF PERSONAL FINANCIAL PLANNING AMONG YOUNG ADULTS

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ABSTRACT

The purpose of this study is to gauge the level of understanding on financial education and the importance of financial planning among young adults. For the purpose of this study five items under financial planning were being examined which are saving management, credit management, insurance planning, investment planning and retirement planning. Data were collected through questionnaires distributed among young adults. Results showed that the majority level of understanding on financial education is low. The highest knowledge level is only average. Further result showed that, majority of the young adults cannot differentiate the importance of financial planning under the 4 categories of financial planning except for retirement planning. This is proven via answers given in the retirement planning category. Last but not least, the results also showed that demographic profile such as gender, age, marital status, number of dependents, education level, working sector and monthly income is the secondary influence in determining the level of importance in financial planning.

ABSTRAK

Tujuan penyelidikan ini adalah untuk mengenalpasti tahap pemahaman serta kepentingan perancangan kewangan dikalangan dewasa muda. Bagi tujuan ini, lima perkara dibawah perancangan kewangan adalah dipertimbangkan iaitu, pengurusan simpanan, pengurusan hutang, perancangan insuran, perancangan pelaburan dan perancangan persaraan. Pengumpulan data dibuat melalui kajiselidik yang telah di edarkan kepada golongan dewasa muda. Keputusan penyelidikan menunjukkan kebanyakan golongan dewasa muda mempunyai tahap pendidikan kewangan yang rendah. Tahap tertingi yang diperolehi hanya pada tahap sederhana. Keputusan seterusnya menunjukkan golongan ini tidak dapat membezakan kepentingan didalam perancangan kewangan bagi 4 kategori didalam perancangan kewangan kecuali perancangan persaraan. Ini terbukti melalui jawapan yang diberikan untuk kategori perancangan persaraan. Seterusnya, keputusan juga menunjukkan bahawa profil demografi seperti jantina, usia, status perkahwinan, bilangan anak, tahap pendidikan, sektor pekerjaan dan pendapatan bulanan merupakan pengaruh sampingan didalam menentukan tahap kepentingan didalam perancangan kewangan.

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Mountains of thanks also go to my family, for the greatest support and understanding throughout my study. For my husband, Pisol Md Isa, who gave me immeasurable amount of love, sacrifices, understanding and encouragement. For my children Muhd Iqbal, Hani Nabilah, Muhd Syaamil, Husna Najiyya and Husniyya Nuha, who gave me all the joy, support and understanding.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Financial plan is a series of steps which are carried out, or goals that are accomplished, which relate to an individual's or a business's financial affairs. This often includes a budget which organizes an individual's finances and sometimes includes a series of steps or specific goals for spending and saving future income. This plan allocates future income to various types of expenses, such as rent or utilities, and also reserves some income for short-term and long-term savings. A financial plan sometimes refers to an investment plan, which allocates savings to various assets or projects expected to produce future income, such as a new business or product line, shares in an existing business, or real estate.

Individuals are responsible for their own financial security after retirement. Today, workers' debt is increasing faster than inflation. With the declining employment opportunities, income instability and eroded purchasing power of Malaysian households, workers have to decide not only how much to save for retirement but also how to allocate their pension wealth. Saving is extensively regarded as a key factor for promoting long-run economic growth (Aghion, Braun & Fedderke., 2006). As stated by Prawitz *et al*. (2006), millions people struggle financially, and many of those near retirement lack the funds needed for a comfortable life. Nowadays economically life is tougher, workers face higher food prices, energy costs, and health care expenses. Deficient emergency savings increased anxiety among moderate and low-income households (Cho, 2009). The personal saving rate has declined over time, and consumers expressed concerned about the adequacy of their savings. The Pew Research Center (2007) reported that 77% of Americans always try to save; however, 63% responded they do not save enough. In another study, Hurd and Zissimopoulos (2000) reported that 73% of respondents saved too little within the past 20 to 30 years. Sixty-eight percent of workers evaluated their saving rate as too low (Cho, 2009). Low saving leads to health problems, such as lack of sleep, especially among low-income households. Low financial literacy and lack of financial information affect the ability to save and to secure a comfortable retirement. Furthermore ignorance about basic financial concepts can be linked to lack of retirement planning and lack of wealth.

1.2 Research Background

The ability to manage financial resources is essential for everyday life activities. Well-informed and financially educated people are able to make better decisions for their families and, thus lead to higher financial security and well-being (Hilgert & Hogarth, 2003). However, Benn (2003) indicated that the understanding of consumption, as reasoned behaviour or action, is inadequate in today's modern society, where consumerism is characterized by globalization, cultural changes and the liberation of the individual (Benn, 2003). In other words, consumption is part of children's and youngsters' formation and socialization, and plays an important role in the development of identity and self-conception (Benn, 2003). Therefore, there is a need to understand the financial skills and abilities of students, since their financial behaviour will have an important impact on their future life and personal well-being. Educational programmes such as seminars, workshops and even printed pamphlets have been recognized as tools to improve financial knowledge and enhance financial skills (Bayer, Bernheim & Scholz., 2009; Borden, Lee , Serido & Collins, 2008; Fox, Bartholomae & Lee, 2005; Lusardi & Mitchelli, 2007; Peng, Bartholomae, Fox & Cravener, 2007).

Throughout the 1990s, issues related to financial education and knowledge were discussed among family and economic educators (Braunstein & Welch, 2002). Most of the recent studies focused on the financial planning of university students because many of them fail to plan their expenditure and unexpectedly experience financial problems. University students report having high debt, serious credit card usage, and high stress, as well as low financial satisfaction due to the lack of financial management skills (Holub, 2002; Nellie, 2002; Norvilitis, Merwin, Osberg, Roehling, Young & Kamas, 2006; Norvilitis, Szablicki & Wilson, 2003). Young adults may be unprepared to effectively manage the psychological costs associated with financial problems such as increased levels of stress and decreased levels of well-being (Norvilitis & Santa, 2002; Roberts & Jones, 2001).

However, it is generally accepted among researchers that, financial education is the key to decrease financial problems, especially among young adults. Concerning the importance of financial education, Brennan and Ritters (2004) indicated that, financial education plays a key role in financial empowerment, as education helps consumers acquire the skills, right attitudes and relevant knowledge needed in making choices for the best of their economic, health and safety wellness. The research findings among university students in the US reveal that, financial pressure is the most frequently cited reason for students discontinuing their education (Chiang, 2007). A study by Chen and Volpe (1998) reported that, university students generally lack financial knowledge. Those with higher levels of financial knowledge tend to have "right" opinions and make "correct" decisions related to savings, borrowing, and investing.

Many researchers have suggested that a lack of financial knowledge and skills results in students experiencing financial problems. Norvilitis et al.(2006), by reviewing several studies (Seaward & Kemp, 2000; Warwick & Mansfield, 2000) concluded that those seriously in debt might not understand the implications of their financial behaviour. Norvilities et al. (2006) and Hilgert and Hogart (2003) indicated that, financial knowledge is one of the strongest predictors of financial behaviour among university students. Perry and Morris (2005) found similar results. Of all the factors they considered being indicative of responsible financial behaviour, financial knowledge was found to have the greatest effect. Students' financial resources come from a number of sources. Parents, loans, credit cards and income from part time jobs are their basic financial sources (Leskinen & Raijas, 2006).

Financial management skills and knowledge are needed to help students match their needs with their resources. Financial knowledge includes understanding financial activities such as the function of money and the use of financial services. Kempson, Collard & Moore, (2006) defined financial skills and ability as the knowledge and understanding, which allows people to acquire the skills to deal with everyday financial matters and make the right choices. Although most studies consider financial knowledge as a basic element of financial decision making and planning, only a few focused on financial skills. There is a difference between providing information as knowledge and the ability to apply it. Financial knowledge refers to financial information and literacy; however, financial skill is the ability to apply such knowledge to make financial decisions and planning. Some researchers define financial skills as the ability to understand and manage across a range of financial contexts including both predictable and unpredictable situations (Kempson et al., 2006).

Researchers in the field of finance, such as Leskinen and Raijas (2006) indicated that, financial skills and competence are based on financial knowledge and understanding, and are influenced by the personal attitudes in spending and saving. Therefore, financial skill and ability are needed to plan, control, manage and resolve financial risks and opportunities in the future. Research has shown that several factors are associated with personal financial skills and knowledge, such as income, age, education, and socialization (Hira, 1997; Joo & Grable, 2004; Porter & Garman, 1993). Leskinen and Raijas (2006) indicated that financial skills are based on three factors – 1) demographic characteristics (age, sex, education, values and attitudes or habits), 2) the phase of life and immediate environment (family, socialization) and 3) the macro environment (society and its social, economic and cultural settings).

However, these three factors may have a direct or indirect effect on one's financial skills and abilities. Not many studies have been done on the financial behaviour of Malaysian young adults, except for those of Masud (2004), and Sabri (2008). Masud's (2004) study on Malaysian university students revealed that, the majority of them were experiencing financial problems because of the lack of knowledge and management skills.

1.3 Problem Statement

Youth population between the age group 15 to 34 in Malaysia is approximately 9.75 million and they are around 42.5% of the total population. Youths are also the largest labour force; about 60 to 55% for the past decade and these are the young workers of the nation. Percentage of young workers between 15-24 years old are lesser (23.3%, 2000) compared to young workers between 25-34 years old (31.6%, 2000). At least 54% of young workers are employed. Employed young women workers made up of 50% of the total employed male young workers. High proportion of young workers is in the manufacturing sector. Young workers also the largest number without employment as the statistics shows that about 83.6% were unemployed especially those between the age group 15-24, forms 65.6%. The total number of registered unemployed young workers with the Human Resource Ministry is declining over the decade. Unfortunately, the numbers of young workers aged between 15-24 registered with the Ministry have relatively increased and form an average of 37% compared to those age between 25-34 only about 13.5% over the past 10 years. Most of these young workers were also without working experience, about 45%. The population of youth between the age group 15 to 24 are lesser about 4.37 million (2000) and the number of young workers (labour force) among the same age group also lower, 23.3% but the number of them in the unemployed category are higher, 65.6% and the number of them registered with the Ministry also relatively higher, about 37%. At least 65% of total registered young workers have education level above MCE or O level. The labour market indicator shows that the job vacancies reported to the Ministry is increasing especially in the manufacturing sector, about 54.6%. But then, another problem facing the young workers in the current economy crisis is retrenchment. Though the government statistics shows the number of retrenchment is declining but it is shocking that the highest percentage (55.15%, 2000) of those retrenched are from the manufacturing sector, knowing well that most young workers are in that sector.

"Young adults need to be equipped with the essential financial knowledge to avoid them from falling into "financial trap" that usually snares them at a later stage in life". Statistics from Credit Counselling and Debt Management Agency (AKPK) showed that 44% of its debt management programme (DMP) customers were 30 to 40 years old, mainly males (67.9%) and earning below RM36,000 nett a year. Only 16% of the DMP customers were below 30 years old.

Many young adults aged 30 and above came to AKPK when they had lost control of their finances, which might have started at an earlier age.

From the discussion above, youth in Malaysia are still lacking in managing their financial resources even though they have already entered their working life. This study is anticipated to discover Malaysian youth literacy regarding financial planning and their perception towards its importance.

1.4 Research Objectives

In line with the above problem statement, the objective of this research has looked into the following :

i. Factors that influence financial planning among Malaysian young adults.

ii. To determine the level of importance of financial planning among young adults.

1.5 Research Questions

The key research questions to be addressed are as follows:

1. How importance is financial planning to young adults?
2. What is the level of knowledge among young adults in Malaysia regarding financial planning?
3. What are the Malaysian young adults' behaviours towards financial planning?

1.6 Limitation of Study

It is necessary to recognize the limitations of the current study. Firstly, since the study was conducted randomly among young Malaysian citizen, the result should be interpreted with caution particularly with respect to the generalization of research findings of Malaysian young adults as a whole. Next, the sample size of this study is limited to 200 respondents to identify their perceptions towards financial planning.

1.7 Organization of Thesis

This report is organized into five chapters. Chapters One, is the introduction to the research, and it discusses on the background of the research, problem statements, research questions and its objectives. It also covers limitation and brief overview of the organization of thesis. Chapter Two covers on literatures and theories related to the topic for this research. Literatures selected in this study are those related to financial planning, financial literacy and financial knowledge and education in other countries. Chapter three detailed out the methodology of the research. This chapter describes the review of similar study, research framework, research design, research strategy, data analysis technique and limitation of the research. Chapter Four discussed and presented the results and findings, where the key information is highlighted. Finally, the summary and conclusion of the study are discussed in Chapter Five.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Financial consumers can effectively participate in the economy if they are properly informed and have the requisite knowledge and skills. Enhancing the levels of financial literacy is being accorded high priority in many countries, including Malaysia due to the current environment of rapid change in technology, product innovation, deregulation and greater competition that have dramatically transformed the financial system. This new environment has created a greater need for consumers to be equipped with financial knowledge and skills especially to the youngsters. Thus, this can make sound financial decisions and to promote consumer activism to drive competition, improve efficiency and performance of financial institutions as well as enhance the potential for the economy to prosper.

2.2 History of Financial Management among Malaysian

Throughout the 1990s, issues related to financial education and knowledge were discussed among family and economic educators (Braunstein & Welch, 2002). Most of the recent studies focused on the financial planning of university students because many of them fail to plan their expenditure and unexpectedly experience financial problems. University students report having high debt, serious credit card usage, and high stress, as well as low financial satisfaction due to the lack of financial management skills (Holub, 2002; Nellie, 2002; Norvilitis et al., 2006; Norvilitis et al., 2003). Young adults may be unprepared to effectively manage the psychological costs associated with financial problems such as increased levels of stress and decreased levels of well-being (Norvilitis & Santa, 2002; Roberts & Jones, 2001). However, it is generally accepted among researchers that, financial education is the key to decrease financial problems, especially among young adults. Concerning the importance of financial education, Brennan and Ritters (2004) indicated that, financial education plays a key role in financial empowerment, as education helps consumers acquire the skills, right attitudes and relevant knowledge needed in making choices for the best of their economic, health and safety wellness. The research findings among university students in the US reveal that, financial pressure is the most frequently cited reason for students discontinuing their education (Chiang, 2007).

A study by Chen and Volpe (1998) reported that, university students generally lack financial knowledge. Those with higher levels of financial knowledge tend to have “right” opinions and make “correct” decisions related to savings, borrowing, and investing. Many researchers have suggested that a lack of financial knowledge and skills results in students experiencing financial problems. Norvilitis et al. (2006), by reviewing several studies (Seaward & Kemp, 2000; Warwick & Mansfield, 2000) concluded that those seriously in debt might not understand the implications of their financial behaviour. Norvilities et al. (2006) and Hilgert and Hogart (2003) indicated that, financial knowledge is one of the strongest predictors of financial behaviour among university students. Perry and Morris (2005) found similar results. Of all the factors they considered being indicative of responsible financial behaviour, financial knowledge was found to have the greatest effect. Students’ financial resources come from a number of sources. Parents, loans, credit cards and income from part time jobs are their basic financial sources (Leskinen & Raijas, 2006). Financial management skills and knowledge are needed to help students match their needs with their resources. Financial knowledge includes understanding financial activities such as the function of money and the use of financial services.

Kempson et al. (2006) define financial skills and ability as the knowledge and understanding, which allows people to acquire the skills to deal with everyday financial matters and make the right choices. Although most studies consider financial knowledge as a basic element of financial decision making and planning, only a few focused on financial skills. There is a difference between providing information as knowledge and the ability to apply it.

Financial knowledge refers to financial information and literacy; however, financial skill is the ability to apply such knowledge to make financial decisions and planning. Some researchers define financial skills as the ability to understand and manage across a range of financial contexts including both predictable and unpredictable situations (Kempson et al., 2006). Researchers in the field of finance, such as Leskinen and Raijas (2006) indicate that, financial skills and competence are based on financial knowledge and understanding, and are influenced by the personal attitudes in spending and saving. Therefore, financial skill and ability are needed to plan, control, manage and resolve financial risks and opportunities in the future. Research has shown that several factors are associated with personal financial skills and knowledge, such as income, age, education, and socialization (Hira, 1997; Joo & Grable, 2004; Porter & Garman, 1993). Leskinen and Raijas (2006) indicated that financial skills are based on three factors – 1) demographic characteristics (age, sex, education, values and attitudes or habits), 2) the phase of life and immediate environment (family, socialization) and 3) the macro environment (society and its social, economic and cultural settings).

However, these three factors may have a direct or indirect effect on one's financial skills and abilities. Not many studies have been done on the financial behaviour of Malaysian university students, except for those of Masud (2004) and Sabri (2008). Masud's (2004) study on Malaysian university students revealed that, the majority of them were experiencing financial problems because of the lack of knowledge and management skills. The study concluded that, the purchasing power for the overall Malaysian population has increased, with no exception for students. Thus, although students are an important market segment, the majority of Malaysian students borrow money for their education and easily fall into debt because of the lack of financial planning for the future. Sabri (2008) conducted a study among Malaysian college students and found that, most of them were uncertain about where money is spent and that they bought unnecessary things and lent money to friends. According to Sabri (2008), the findings indicate that financial knowledge is a strong predictor of financial behaviour and a preventive factor for financial problems.

2.3 Financial Planning

Financial planning is basically a process of organizing one's income, expenditure, investment, insurance, savings and other money related issues in order to achieve one's life goals. These goals can be short, medium and long term. It focuses planning in four major aspects namely, wealth creation, wealth accumulation, wealth protection and wealth distribution. It is the process of achieving financial independence through reviewing one's financial needs.

Basically the financial planning process is a structured approach to planning one's financial needs. It is like a journey. Before one starts the journey, one must know where one is now and where one wants to go. Then one will plan the route and start the journey. The 6 steps trip of personal financial planning process consists of i) Establish Financial goals, ii) Gather relevant data, iii) Analyze the data, iv) Develop a plan for achieving the goals, v) Implement the plan, and vi) Monitor or review the plan(Cooper & Worsham, 2005).

2.3.1 Establish Financial Goals

Goal setting is crucial to ensure a successful financial plan, hence setting a clear defined goals are needed. An individual needs to establish specific, measurable, attainable, realistic and has a time frame goals. For example, an individual may plan to retire at age of 58 with cash of RM500,000 in his savings account. Goals can be short, medium or long term. Short term goals are goals one wants to achieve within 12 months . Medium term goals are what one sets out to achieve within 5years. Long term goals such as building a retirement fund are for longer term of up to 10 years. Goals have to be prioritized.

Financial goals set by individuals should fit into various stages of their life cycles. When one just comes out of school or university, one needs a job. The cost of a car, a house and wedding will follow. Thereafter, the costs of bringing up children and saving for their education are one's immediate plan. Not long after that one's parent who start to age may incur huge medical expenses. Then as one's age is catching up medical bills have be taken care of. This process would usually result in gaps between the incoming and outgoing funds. Today in our society the gap created can be filled with easy financing from financial institutions. To a lot of people, financial freedom is a myth. Millionaires are from another planet and living the good life exist only in the movies (Azizi, 2001). The statement seems to suggests that achieving one's financial freedom is like building castle in the air. However it is not impossible as financial planning can assist one to free from the predicament of debts.

2.3.2 Gather relevant data

After expressing goals, objectives and concerns, the individual must gather information that is relevanty to the problem to be solved and or the type of plan to be prepared. The two types of information needed will be objective and subjective. Objective information for example is information on security holding, inventory of assets and liability, list of annual income and expenditure. On the other hand subjective matter will be on hopes, fear, attitudes values, preferences and non financial goals. In other words it is to see your networth position. Applegarth (1999), in her 25 years as a financial planner has came across very few people who know exactly their net worth. *'Very often, people do not know how much they are worth. If you don't, you are not alone.'*

2.3.3 Analyze the Data

Once information has been gathered, it needs to be analyzed to determine the relationship towards the goals that was established earlier. The analysis may reveal the strength in the individual's present position towards the goals. Furthermore it can disclose a number of weaknesses that are hindering the achievement of the goals.

2.3.4 Developing the Plan

Systematic plans need to be drawn up in order to achieve one's financial goals set earlier. Different plans are needed for different goals. For example, if one wants to better manage one's debts and cost of borrowing, one should have a liability plan. Step 4 consists of action plans which take into account debt planning, retirement planning, insurance planning and estate planning.

Debt planning or Management

A growing national economy and an increase in real family income is being experienced by Malaysia, however, available evidence suggests that more families are suffering from problems in managing their finances. Among other, increases in non-performing loan, credit card debt, and bankruptcy among individuals in Malaysia reflected these problems. Non-performing loan for the consumer product category for finance companies increased from RM14.5 million in 2002 to RM 16.7 million in March 2003 (Bank Negara Malaysia, 2003). Consumers are living on a life style of postponing their payments of purchases of goods and services, hence leading them towards financial difficulties or serious financial problems later. According to the statistic of Bank Negara

Malaysia(2009), 13,852 individuals in Malaysia were declared bankrupt in the year 2008. This was an increase of more than two times in a period of one decade. The total of unpaid balance for credit cards also increased from RM1,924 million to RM12,329 million from 1994 to April 2005 (Bank Negara Malaysia, 2005). The scenario indicated that there might be a mismanagement of their financial resources. With limited financial resources, it is important for families to manage their financial resources effectively.

Insurance Planning

Approximately 34% of Malaysians are insured….existing coverage might not be adequate to fund a comfortable retirement or support beloved family members in the event of a breadwinner's demise. You might need more than one policy throughout your life as your needs and goals change. Among the most popular policise are ter or whole life policy shich caters for lower income earners (Chia, 2003).

Using time series analysis in their study on the people in China,(Hwang & Gao, 2003) reported that the main factors which influenced people to purchase life insurance products were to eb directly associated with the successful economic reform leading people to progress to higher layers of economic security, increase in the level of education and the change in social structure.

A study in Malaysia found that 47.5 percent of women owned medical insurance compared to 36.5 percent of men(Ulu, 2009). Lai and Tan (2009) found that Malaysians demonstarted a positive attitude towards money, a symbol of success and achievement as well as insurance that serves as a protective mechanism. Insurance is seen as a common way way to diminish personal exposure to loss by assuring a specific amount of money (Chua & Lim, 2000).

Retirement Planning

Statistics have shown that an average Malaysian is expected to live to their mid 70s. This means that individual will cntinue to live some what 20 years without an income and have to live off their savings. When do we have to start our retirement planning? The sooner the better, to take advantage of what Einstein termed as the eighth wonder of the world – compound interest. A survey done in 1995 by EPF found that about 70% who withdraw their contributions upon recahing 55 years of age spent all their saving within three years of withdrawal. With the declining dividend rate from EPF the trend is worrisome as most of the contributors treat EPF as their biggest financial asset. Azizi (2001) contended that non savings for golden age will tur out to be the worst years of your life. You are too old to do anything to improve your situationand too frail to start afresh. It is like being thrown in aprison cell with no doors or windows, In fact, being poor in old age is the ultimate prison – there is no hope of escape.

Estate Planning

One should ensure that the hard earned and saved money is passed on to one's loved ones when one passes on. Leaving behind a will is one of the best ways to safeguard the security and interest of the people one loves. In 1977 when Elvis Presley died, he left an estate worth more than US10millon. Unfortunately, 73% of his estate was lost in the settlement process. At present less than 10% of Malaysia's total population have wills and less than 1% have set up some form of trusts. Brenner (1997) sated that three out of four Americans do not have one. People are reluctant, sometimes terrified to contemplate a loved one's death – but not their own. I think people do not have wills because they're afraid of making difficult choices.

2.3.5 Implementing Financial Plan

Here, an individual puts the plans into action. One should focus on the goals and stick to the plans. As the financial market is developing, one is faced with a lot of alternatives and options. Thus, one is faced with the problem of identifying the best choice. In order to do so, firstly one has to consider one's ability of resources. One can have a fantastic plan, but at the end of the day, it is not achievable as one may lack monetary resources. Secondly wose advice should one seek if one needs help? Would financial planner be the choice of reference? The public will eventually see financial planning as a service when they do not know who else to turn to with their financial woes.

2.3.6 Monitor or Review the Plan

Reviewing one's financial progress from time to time is a useful way to check whether one is on the right track in achieving one's goals. How often should it be? According to Azizi (2001), a good period would be every three to six months. If a constant review is done, corrective actions can be taken to bring one back on the track. In the journey, there are boundary that will be the obstacles that stop one from achieving one;s goals. A lot of discipline is required.

2.4 Importance of Financial Planning

Personal Financial Planning is becoming important especially in challenging times and this importance is further boosted by the September 11, 2001 incident. "The best way to get throgh challenging times is by having a well crafted financial plan"(Gotschall, 2001). She also implied that the September 11th 2001 incident had spurred the sales of insurance policise in USA which provide protected for the loved ones in the case of the death or disability of family wage earners in USA. Malaysia is also on its move. Founded in 1999 Financial Planning Association of Malaysia(FPAM) is a non profit organisation with a mission to educate the public on the benefits of financial planning. Upper most in the mind of FPAM is educating the public the benefits of financial planning.

According to Cheah, (2000) a lot of people who retire do not know what to do. As a result, financial planning is more than managing finances to life planning and defining life issues. Cheah, (2003) also stated that financial planning will evolved in Malaysia, with independent financial advisers selling unit trusts and insurance. Choong (2001) claims that over the years, financial institutions have started to introduce the concept of finacial planning but it only catered to what you need in terms of insurance coverage. As the years went by, banks also began actively pursuing mutual fund investing and financial planning became part of the entire process of helping consumers understand why they are buying mutual funds.

Azidin (2002) stated that many of us would presume that with EPF one does not have to plan and worry about one's financial position during old age. In his view, the cost of private education in instiitution has reached a burdensome even unafforadable level to households. As a result, some kind of serious financial planning is badly needed. The governor of Bank Negara Malaysia Tan Sri Dr Zeti, A.A.(2002) reiterated, nine out of ten Malaysians with monthly income above RM2000 believe financial planning is important but less than half o that figures understand what it is all about. With the increased uncertainty prevailing in the global economic outlook and in the financial markets, effective finnacial planning will assume greater prominence at both the retail and corporate levels. Households in particular will benefit from financial planning in order to be more self reliant and resilient against the increased volatility in the financial markets.

Research conducted for the OECD's study on financial education indicates that the level of financial literacy is low in most countries, including in developed countries. In Japan, for instance, 71% of adults surveyed knew nothing about investment in equities and bonds, while surveys in the US and Korea found that high school students failed a test designed to measure students' ability to choose and manage a credit card or save for retirement. More worryingly, consumers often overestimate how much they know. In an Australian survey, 67% of those taking part claimed to understand the concept of compound interest but only 28% could find the correct answer to a problem using the concept.

2.5 Parental Influence

Parents have been found to influence the financial socialization of their children (Alhabeeb, 1999; Clarke, Heaton, Israelsen & Eggett, 2005; John, 1999). Socialization is the process through which people learn how to act and interact within their society. According to Danes (1994), financial socialization is ‘‘the process of acquiring and developing values, attitudes, standards, norms, knowledge, and behaviors that contribute to the financial viability and wellbeing of the individual’’. Some studies suggest that children learn about finances from parents through deliberate instruction, participation, and practice (i.e., explicitly) as well as through observations (i.e., implicitly; Clarke et al.; John; Moschis, 1985). According to social learning theory, children have financial learning experiences through observations, positive or negative reinforcement, practice and participation, and deliberate instruction by parents (Alhabeeb, 1999; Bowen, 1996; Danes, 1994; Lachance & Choquette-Bernier, 2004). Danes argued that parents need to realize when children are ready to become involved in various financial decisions so that they can take advantage of these windows of opportunity by creating purposive learning experiences. Strong parenting practices such as explicitly teaching and demonstrating financial concepts can influence financial literacy from a young age through the teen years (Clarke et al., 2005). Direct influences such as family discussions and keeping track of allowance or gift income could lead to an increase in knowledge and the formation of attitudes, values, and behaviors toward money (Allen et al., 2007; Moore & Stephens, 1975; Moschis, 1985).

Parents teach children how to act by relying on their values, beliefs, and knowledge (Bandura, 1986; Clarke et al., 2005), thus shaping their children's attitudes toward finances as well as their behavior. Pritchard and Myers (1992) found that the financial values of teens and their parents were very similar. Implicit (i.e., nonspecific interaction) financial socialization tends to be more prevalent than explicit (i.e., purposive efforts) financial socialization (John, 1999). For example, Clarke et al.,(2005) found a relationship between how prepared adolescents felt to perform financial tasks and how frequently the financial tasks were modeled in the home. Allen, Edwards, Hayhoe, & Leach, (2007) found that young adults saw money asmore problematic when coming from a home where parents argued about money. Often, students whose parents had financial problems followed the financial patterns of their parents, repeating their financial difficulties (Clarke et al.). In summary, although the mechanisms are unclear, because parents tend to be the key influence in their children's lives, the positive or negative financial knowledge, attitudes, and behaviors young adults have about money are influenced by their parents. Many students acquire basic financial knowledge through trial and error, yet this knowledge may not be sufficient for them to become informed consumers (Lachance & Choquette- Berneir, 2004; Norvilitis et al., 2003). Teaching children to be financially literate has been mostly left to parents, yet studies have found that many parents do not have these skills themselves (Moschis, 1985). Lyons and Hunt (2003) found that young adults wanted to gain financial knowledge and become responsible consumers but that financial issues were not discussed much in their home. TIAA-CREF Institute's (2001) Youth and Money Survey found that 94% of young adults turned to their parents for financial education, yet parents were not the best financial educators for their children nor did parents think it was their responsibility to teach finances to their children. Thus, whether parents believe teaching financial skills to their children is their responsibility or not, children look to their parents for guidance.

Children are likely to observe and absorb attitudes and behaviors from the prosaic or commonplace financial processes embedded in home and family life such as: spending or saving, making payments late or timely, and wise use or misuse of credit. It is therefore hypothesized that financial practices and behaviors modeled in the family of origin would affect financial outcomes such as the degree of financial strain experienced by children as they reach adulthood.

2.6 Financial Literacy

Financial literacy is a narrower concept that "emphasize(s) objective knowledge on specific topics related to money, economics, or financial matters, and subjective measures of selfreported confidence" (PRI, 2005: 4). The term has been defined as follows (PRI, 2004: 5):

"The ability to read, analyze, manage and communicate about the personal financial conditions that affect material well-being. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions, including events in the general economy".

Financial literacy is defined as the 'ability of an individual to make informed judgments and to take effective decisions regarding the use and management of money' (ASIC: 2003, Noctor, Stoney & Stradling: 1992). A more comprehensive definition appeared in the Journal of Financial Service Professionals which stated that 'personal financial literacy is the ability to read, analyse, manage and communicate about the personal financial conditions that affect material well being' (Anthes: 2004). From the many definitions of financial literacy, a few important paradigms have been considered in this study, namely the individual, level of financial knowledge and informed judgments. In terms of the individual, one has to consider that not everybody requires or need the same level of financial knowledge. With respect to the level of knowledge and informed judgments, it is important to be aware that developed societies such as Australia, the UK and the USA tend to have financial products that are complex in their make up with diverse scenarios applicable to different financial needs. This environment facilitates a plethora of financial products that can create uninformed decision making among consumers due to simply the complexity of technical jargon and competition among financial institutions.

The financial literacy construct is very broad in that it does not specify the areas to which it is to be quantified. For example, it may be inappropriate to conclude that an individual is financial illiterate if they lack the knowledge of credit card interest rates or minimum balance payment; for that person may simply not believe in being in a debt situation or lifestyle. There are some sections of the society that do not concur to a debt lifestyle and may not be aware of credit card issues or loan interest rates such as compound interest or effective interest rates (EIR). Therefore, the definition of financial literacy does not identify the level or depth of an individual's literacy; therefore, it can be construed as being the least delineated construct. As stated by Mason and Wilson (2000), that there is an inadequate conceptualizing of financial awareness, this is due to the synonymous use of the term to mean financial awareness. Studies have shown that financial literacy does not mean that a person would be able to make the right financial decision, as that person may not be familiar with the financial awareness of the financial construct or particular instrument (Marriott & Mellett: 1996). Similar to the tests of

Marriott and Mellett, there are a number of such tests and learning programs administered or established by financial institutions, governments and citizens websites. One such test revealed significant differences in the statistical analysis when structured modeling were applied to the data as compared to treating the evaluations as independent and disregarding the inherent correlation structures can result in erroneous conclusions (Fry, Tim, Mihajilo, Russell, & Brooks, 2006). In this study, the authors are applying similar modeling structure i.e. neural networks.

It has been shown that stress is a resultant feature of financial illiteracy. Research studies suggest that financial stress is common among low-income families (Worthington: 2006), however there is no evidence to suggest that these low-income families are financially illiterate. Financial stress could be related to many social issues such as unemployment, large families and poor economic conditions. However, the authors would argue against the classification of financial literacy purely based on a questionnaire, test or in depth surveys conducted on individuals. The study conducted by Chen and Volpe (1998) can be criticized on the grounds that it was an accounting test with complex financial terminology. Stereotyping non-business major students as having a lower level financial illiteracy can be seen as being harsh especially when these students may not be financially knowledgeable in all aspects of financial matters.

The complex nature of a variety of accounts that are offered as differentiated products by financial institutions can be ‘mind boggling’. In the current financial world there is a web of financial terminologies such as Annualized Interest Rate (APR), compound rates of interests and hybrid rates. There is also a plethora of products that involve fine prints and legal clauses that even a professional would struggle to comprehend. The youth of today is faced with financial intricacies such as interest rates, complex nature of repayments options and investment options when they apply for loans or credit and even when they want to save for the future.

In Australian society as is the case in most western democracies, from the age of 15, a typical teenager learns to drive, starts part time work and receives superannuation (pension) from the employer of the minimum statutory requirement of 9%. At 18, the youth buys a car, gets a credit card (normally offered through promotion by banks with special rates to university students) and works longer hours and or studies full time or part time. This scenario is typical as the youth is involved in complex and highly responsible and possibly demanding situations and has to make financial decisions on income and expenses, budgets and future investments.

In a major review of the Banking Code in Britain by Atkinson and Kempson (2004), it was disclosed that there were 6 million youth; most of them are single and living at home. Approximately, half of them are in full time employment and the rest are in full time education. The following is a summary from the review of the literature pertaining to youth between the ages of 16-24:

- Banking relationships normally start when they move into work
- Common financial products are current account, an overdraft facility, a `credit card and a savings account
- Half of youth surveyed had an overdraft facility
- 83% had a current account, 50% had overdraft facilities and 34% had credit cards.

As is the case in the UK, Australian youth debts levels are also a major concern, in a major study by the ANZ in 2003 found that low levels of financial literacy was associated with low levels of employment, single and ages between 18-24 (ANZ:2005). In the USA, undergraduate students carried an average of three credit cards and had an average credit card debt of $2,327 in 2002. This was a 15% increase since 2000 (Nellie Mae: 2002 cited by Tucker, (2003).

Financial literacy can be considered to be low among youth as most of the research had shown that it was due to the level of complexities and variety in the financial world. On the other studies in the UK have shown that numeric skills are also low among youth (Atkinson & Kempson: 2004). Numerical skills are important in assisting the understanding of financial skills. There is support in many countries such as Australia and the UK to have financial skills taught at middle school levels across the curriculum (ASIC: 2003, Atkinson & Kempson: 2004). This could be achieved in the mathematics syllabus when students are taught financial terminologies such various types of interest rates. Such studies should be compulsory for all students regardless of their streams of studies or careers.

2.7 Financial Knowledge and Education in Developing Countries

Financial education introduces concepts of money and ways to manage it well. It promotes wise spending, regular savings and ways to make the most of one's resources. These skills serve as a foundation for young people as they are in transition from dependent to independent roles in financial management. Young people need knowledge and skills to manage not only day-to-day expenses, but life-cycle needs as well - education, marriage, and children (Choi, James, David, Brigitte & Madrian, 2005). They need knowledge and skills to use financial services - savings, credit, and insurance - that can help them reduce vulnerability and build wealth. Financial education can play a role to help young people to:

• Make a plan to achieve short and long term financial goals

• Improve saving capacity by using a budget

• Use financial products and services with confidence

• Develop risk management strategies

These are skills that young people need now and every day of their adult lives. An investment in financial literacy for young people sets the stage for the many changes that are coming. It will increase their ability to manage money, their confidence and their readiness for the challenges and opportunities in their life. Financial knowledge can open up new opportunities to work, build assets, and save. Access to and control over savings can help to protect against, mitigate, and cope with many risks associated with adolescence - by providing resources to draw upon in times of need (McKenn et al, 1997).

The current financial crisis has focused renewed attention on the importance of people being both well informed about their financial options and discerning financial consumers—in short, being financially literate. The origin of the current crisis, which began in developed country markets, is rooted in housing price bubbles that were fed by providing overextended consumers with access to credit (Choi et al, 2005; McKenn et al, 1997). Financially literate consumers, it is argued, would have been more cautious in taking on credit they couldn't afford.1 These skills, which are important for consumers in developed-country financial markets, are just as valuable for the poor. For example, over-indebtedness is an issue affecting microfinance clients as well as commercial bank clients. Many developing countries have also experienced asset price bubbles or pyramid schemes, which can lure consumers to make unwise investments (Choi et al, 2005; McKenn et al, 1997; Godfrey, 2008). Greater financial knowledge, together with behavioral change to apply the lessons of financial education, reduces the likelihood that consumers at any income level will fall prey to unscrupulous salespeople and purchase products or services that aren't in their best interest (Schreiner & Sherradan, 2007). Financially savvy consumers are more likely to save their money, compare financial products and services, and discuss money matters with their children.

The current crisis has also highlighted vulnerabilities created by financial innovation and the increasing complexity of financial markets (Bernheim & Garrett, 2003). Loan products became too complex for consumers to easily understand, and disclosure was inadequate to clarify the risks. Derivative financial products in turn became so complex that institutions trading them were also unaware of the extent of risks they were assuming. While this situation occurred in developed-country markets, these same issues are relevant for developing-country markets and for a range of financial products and providers. Developing countries are experiencing rapid growth in the financial sector, the entry of new providers and ever-more complex financial products and services, and the inclusion of new consumers to financial markets. These factors, together with a likely contraction of international capital flows, increase the importance of financial literacy for consumers in poor countries (Godfrey, 2008; Elliehausen et al, 2007; Choi et al, 2005).

Financial literacy is a popular topic in both developed and developing economies. As recent difficulties in advanced credit markets have shown, customers everywhere would benefit from having greater financial knowledge (Hartarska & González-Vega, 2006). But what is financial literacy? Does it relate to knowing certain concepts, such as the difference between simple and compound interest or between real and nominal inflation rates? Or is it measured by behavior, such as establishing and following a family budget or paying bills and loans on time? For people at the bottom of the economic pyramid in developing countries, is financial literacy a relevant concern? The answer to all of these questions is yes. Financial literacy is a broad concept that includes both information and behavior; it is relevant for all consumers regardless of their wealth or income (Elliehausen et al, 2007).

Financial education, like all types of education, is about empowering individuals so that they are better equipped to analyze diverse (in this case, financial) options and to take actions that further their goals (Consumer and Financial Literacy Taskforce, 2004). Financial education programs cover topics such as budgeting, saving, managing credit, and learning to negotiate (Lusardi & Mitchell, 2007). They are delivered in a variety of ways, from broad media campaigns to one-on-one discussions in bank (or debt counselor's) offices. Other common delivery channels include classroom settings, training workshops offered by nongovernmental organizations (NGOs), programs offered in the workplace, and, increasingly, innovative approaches and solutions using technology such as Web sites, multimedia, and "edutainment." Each of these is effective in communicating information, but the most effective financial literacy programs go further: they empower individuals so that they are able to evaluate their options in the financial marketplace and then take appropriate actions in their own self-interest (Chen & Volpe, 1998).

Financial literacy is especially important today for several reasons. Consumer and Financial Literacy Taskforce (2004) stated that financial crisis will reduce access to credit and increase its cost in many developing-country markets, just as it already has in the United States and Europe. Financial literacy can help to prepare consumers for tough financial times, by promoting strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance (Mason & Wilson, 2000; Joo & Garman, 1998; Chen & Volpe, 1998). Financial literacy also reinforces behaviors such as timely payment of bills and avoidance of over-indebtedness that help consumers to maintain their access to loans in tight credit markets (Marriott & Mellett, 1996; Worthington, 2006; Tucker, 2003). This joint note by the Organisation for Economic Co-operation and Development (OECD), the U.K. Department for International Development (DFID), and the World Bank Group introduces the topic of financial literacy and discusses its relevance for developing countries. The OECD, DFID, and the World Bank are promoting financial literacy in developing and emerging markets because of the positive direct impact this can have on access to finance and savings, which in turn support livelihoods, economic growth, sound financial systems, and poverty reduction (Consumer and Financial Literacy Taskforce, 2004).

2.8 The Economic Case for Financial Literacy

Financial literacy is first and foremost about empowering and educating consumers so that they are knowledgeable about finance in a way that is relevant to their lives and enables them to use this knowledge to evaluate products and make informed decisions (Consumer and Financial Literacy Taskforce, 2004). Mounting evidence shows that those who are less financially literate are more likely to have problems with debt, are less likely to save, are more likely to engage in high-cost credit, and are less likely to plan for the future (Lusardi & Mitchell, 2007). Financial literacy enables people to make better financial decisions, to appreciate their rights and responsibilities as consumers of financial products, and to understand and manage risk. For poor and rich alike, financial literacy provides greater control of one’s financial future, more effective use of financial products and services, and reduced vulnerability to overzealous retailers or fraudulent schemes (Mason & Wilson, 2000; Joo & Garman, 1998; Chen & Volpe, 1998). Consumer protection regimes, including transparency and disclosure norms and market conduct rules, complement financial literacy efforts. For regulators of financial services, helping people to make informed financial decisions is central to protecting consumers, promoting public awareness, and maintaining market confidence (Consumer and Financial Literacy Taskforce, 2004).

Financial literacy helps to improve the efficiency and quality of financial services. Consumers more than ever need a certain level of financial understanding in order to evaluate and compare financial products, such as bank accounts, saving products, credit and loan options, payment instruments, investments, insurance coverage, and so forth (Hartarska & González-Vega, 2006). If financial service providers have a significant information advantage over consumers with respect to the financial products and services offered, this can weaken financial markets. Information asymmetry to the advantage of financial institutions and advisers can be very detrimental to consumers in that they will not have the proper tools to fully appreciate their rights and responsibilities as financial consumers, the financial risks they may be exposed to, the terms and conditions of their financial products, and so forth (Lusardi & Mitchell, 2007). This can also result in suboptimal choices and decisions by consumers, choices that are most often more costly or not appropriate for their needs. Financially literate consumers help to reinforce competitive pressures on financial institutions to offer more appropriately priced and transparent services, by comparing options, asking the right questions, and negotiating more effectively. They also pressure government authorities to provide market standards and perform appropriate oversight of the financial system (Lusardi & Mitchell, 2007). Ultimately, financial institutions also stand to benefit, as informed clients pose less risk and constitute a market for sustainable financial services. More financially literate consumers increase the demand for, and responsible use of, financial services, help to underpin financial market stability, and contribute to wider economic growth and development. For example, consumers who are more financially literate are more likely to understand the importance of saving and to take action in that respect (Godfrey, 2008; Elliehausen et al, 2007; Choi et al, 2005).

Improved financial literacy could potentially play a positive role in boosting the low savings rates in the world's poorest countries, particularly in Sub-Saharan Africa. Other potential economic benefits include the use of financial products to facilitate business transactions (for example, through loans to finance capital expansion and letters of credit to expedite exports and imports), better investment decisions, and improved household consumption through the more responsible financing of durable goods, schooling, and investments for retirement (Godfrey, 2008; Elliehausen et al, 2007; Choi et al, 2005). There is widespread agreement that levels of financial literacy worldwide are unacceptably low, but relatively little objective and comparative data exist on this point. OECD country level survey data confirm this view, with consumers consistently performing poorly on tests of financial literacy (Choi et al, 2005). A common test question involves compound interest, which is critical to evaluating the return on savings and investments. In Australia, only 28 percent of respondents can calculate compound interest, and in the United States, the figure is even lower, at 18 percent among adults in the "baby boom" generation. Moreover, consumers rarely practice basic financial skills, such as budgeting, developing a regular savings plan, or planning for retirement (Godfrey, 2008; Elliehausen et al, 2007; Choi et al, 2005).

Consumers also tend to overestimate their financial skills and knowledge. At the same time as data show very low general levels of financial literacy, respondents often feel they know more about financial matters than is actually the case (Barlett, 1994). Studies and surveys conducted in Australia, Canada, the United Kingdom, and the United States have shown that, in many financial areas where consumers feel the most comfortable, they are unable to solve basic problems or answer simple questions correctly. Overconfidence is of particular concern and may lead vulnerable consumers to ignore important signals, information, or basic prudence measures before entering into a contractual agreement with a financial service provider (Godfrey, 2008; Elliehausen et al, 2007; Choi et al, 2005). Developing countries have especially low levels of financial literacy. In India, for example, more than half of laborers surveyed indicated that they store cash at home, while borrowing from moneylenders at high rates of interest. This pattern of behavior (high-interest loans and no-interest savings, with the attendant high risk of theft or "frittering away" of savings) worsens their financial situation (Atkinson & Kempson, 2004). Lack of financial literacy is often tied to lack of access to financial products or failure to use them even when they are available. In Zambia and six other African countries, only 29 percent of adults have a bank account and 50 percent use no financial products at all. In South Africa, a recent survey found that nearly 60 percent of the people surveyed do not understand the term "interest." In Zambia, more than two-thirds of people are unfamiliar with basic financial products and tools such as checking accounts, automated teller machines, and debit cards (Godfrey, 2008; Elliehausen et al, 2007; Choi et al, 2005; Atkinson & Kempson, 2004).

Financial literacy programs can make a difference. In the United States, an evaluation of the American Dream Demonstration's Financial Education Program found higher saving rates correlated with the number of hours of training received, up to 12 hours (Consumer and Financial Literacy Taskforce, 2004). Another study showed that workplace financial education was correlated with higher rates of saving, especially for consumers who were previously saving little or nothing. Many other programs and policies have been evaluated and shown to be effective at imparting financial knowledge and changing behavior. Not all programs, however, are successful over the long term (Choi et al, 2005; Atkinson & Kempson, 2004). More research needs to be done to understand what works so that high performers can be learned from and replicated or leveraged in new communities and that scarce resources can be directed to the most effective programs. Identifying optimal “teachable moments” is critical to absorbing the messages of financial education (ASIC: 2003, Noctor et al, 1992). There are times when consumers may be particularly attuned to receiving and acting on financial education messages. These “teachable moments” include positive situations, such as starting a new job, getting married, or having children, as well as negative situations, such as experiencing a financial crisis. Some research suggests that these are times when financial literacy efforts may be especially effective. For example, in a study of U.S. consumers with low initial credit scores, those who received credit counseling reduced their use of revolving debt by 12 percent more than borrowers who did not receive counseling (Gotschall, 2001). They also reduced the number of accounts held, the total amount of debt, and the use of credit cards. In another study, low-income households in the United States who received mortgage counseling faced less than half the default risk of households who did not receive counseling. The counseled households also increased their financial sophistication and were better able to evaluate optimal behavior with respect to defaulting on a loan or refinancing (Godfrey, 2008; Elliehausen et al, 2007; Choiand et al, 2005). Evidence on the impact of financial literacy programs in developing and emerging markets is more limited, but promising new evidence is emerging. Few financial literacy programs exist in developing or emerging markets. Where they do exist, rigorous impact evaluations have rarely been performed (Elliehausen et al, 2007). Still, there are some useful preliminary insights about the value of financial literacy in developing countries:

- Two massive savings campaigns in Uganda included radio, posters, token gifts, and community events, coupled with outreach by more than a dozen local savings institutions. In a three-year period, 300,000 new bank accounts were established.
- Research on outcomes associated with the Global Financial Education Program showed a marked increase in the financial knowledge of participants in Bolivia and the Philippines.
- The Guatemalan microfinance institution Fundación Génesis Empresarial found that clients who took part in a financial education program improved their repayment rate, borrowed more, and had fewer problems in their microfinance group.

2.9 Ongoing Challenges for Financial Management

Evaluating financial education is inherently difficult. As financial literacy is getting more policy attention in many countries and more funding from all sources is being provided to assist in the development of financial education programs and initiatives, the need to evaluate such programs is also increasing. But little evaluation is currently taking place, and the evaluations conducted so far have shown mixed and inconclusive results. These results can be explained, in part, by the inherent complexity and difficulty of measuring the effectiveness of financial education. Norvilities et al. (2006) and Hilgert and Hogart (2003) stated that in the absence of a solid methodology supported by a set of reliable and comparable financial literacy data at the international level, progress will be difficult to achieve on that front. Making the case for financial literacy and then monitoring the impact of programs are complicated by the lack of baseline survey data. Very few countries have undertaken nationally representative surveys of financial literacy or financial capability. Without baseline data, progress toward objectives cannot be measured. Baseline surveys also can be a catalyst for raising awareness on the topic and for a dialogue on what are the key aspects or skills people need to be financially capable (Elliehausen et al, 2007).

Financial education and financial literacy are only one part of an effective policy response to empowering consumers in the financial marketplace. It is important to recognize that financial literacy and education are a complement to, not a substitute for, financial regulation. Public policy has a role to play in setting standards for disclosure and establishing common formats for information (Elliehausen et al, 2007).. More efforts are needed to strengthen these consumer protections and to develop the institutional capacity to monitor and enforce them. Financial literacy should be developed hand in hand with improving access to financial markets and services. To date, policy makers and practitioners have traditionally tackled financial exclusion through supply-side measures such as developing “no frills” bank accounts for low-income consumers and encouraging the mainstreaming of microfinance to bring affordable banking services to the poor (Hilgert & Hogart, 2003). The challenge now is to ensure that better product design goes hand in hand with financial education to expand access to financial services, an issue just as relevant to a significant portion of consumers in OECD member countries, such as minorities or low-income groups, as it is in many developing countries. Improving the effectiveness of financial literacy programs will require the better integration of new insights from behavioral economics and social research. Why do so many consumers fail to save or budget their money when they intuitively know that doing so could improve their financial well-being? Why do some financial literacy programs achieve significant changes in participants’ behavior, while others have only minimal impact? The fields of behavioral economics and psychology are providing valuable insights on the financial behavior of consumers that can improve the effectiveness of financial literacy programs. The following are a few of the most important findings extracted from Consumer and Financial Literacy Taskforce, 2004:

- Some consumers may be particularly impatient or place a high premium on immediate satisfaction compared with future consumption, which could explain the failure to save or plan adequately for retirement. When financial literacy programs make taking action easy, such as signing up for a pension plan immediately after an informational seminar or within a set period of time (for example, within a month of joining the firm or attending the seminar), participation rates in the retirement plan are substantially higher.
- People may not act in accordance with theories of economic rationality when confronted with certain kinds of decisions (those involving potential loss or ambiguity or those taken in isolation), and this can lead to financially inferior decision making. As an example, when individuals are faced with investment decisions they do not understand, they tend to spread their investment across the options rather than to allocate funds on a more efficient or optimal basis.
- An individual's psychological makeup or type of personality may help to explain why some individuals are more willing and able to plan for their financial future, while others fail to do so or take excessive risks. Financial planners use personality tests, such as Myers-Briggs, to help them to identify the best way to approach and serve different clients. Other consultants work directly with consumers to try to help them to

understand how their attitudes and personality may be affecting their financial decision making.

More needs to be done to address the limitations of financial education programs and the behavioral factors, such as inertia or passivity, which reduce their effectiveness.

2.10 OECD, DFID, and the World Bank: Working to Make a Difference on Financial Literacy

To address the financial literacy deficit, further action is needed at both the international and national levels. Raising the level of financial literacy, particularly in low-income developing countries, will require addressing seven interrelated challenges. Consumer and Financial Literacy Taskforce (2004) includes the need for the following:

1. Enhanced international dialogue in the area of financial education,
2. Better integration of financial literacy into financial sector development and education sector programs,
3. Integrated national approaches to tackling financial literacy; that is, national financial education strategies defining the roles and responsibilities of various stakeholders,
4. More pilot programs to test and refine financial literacy approaches, tools, and materials,
5. Rigorous evaluation to inform the priorities of current programs, benchmark current levels of financial knowledge, and measure the impact over time of initiatives to improve financial capability,

6. New and improved research, including baseline surveys of financial capability, to raise awareness, provide more information, and disseminate the lessons learned, and
7. Identification of good practices and development of international guidelines. The OECD, DFID, and the World Bank Group are committed to working together and with others to respond to these challenges and to do more to support efforts in this important area.

Below are descriptions of what each of these organizations is doing to advance the field of financial education and financial literacy (Consumer and Financial Literacy Taskforce, 2004):

The OECD

Responding to the concerns of member governments, the OECD launched a comprehensive, high-level project on financial education in 2003. This project has produced a large number of concrete outcomes in three main areas: analysis, standard setting, and international cooperation. *Analysis.* A key milestone of the OECD project is the publication, in 2005, of the first major study on financial education at the international level, entitled *Improving Financial Literacy: Analysis of Issues and Policies*. The OECD has since then developed analytical papers and methodologies on a wide range of issues related to financial literacy. The current analytical work focuses on financial education in selected sectors (credit and pensions), locations (schools, workplaces), and institutions (financial intermediaries). It also address the more fundamental issues related to vulnerable consumers, risk transfer to households, behavioral factors affecting financial literacy, as well as new methodologies to assess financial education and literacy.

Standard setting. In 2005, the OECD Council formulated its first international *Recommendation on Principles and Good Practices for Financial Education and Awareness*. These principles address the role of government, financial institutions, and employers and the design of financial education programs. With the support of the G-8 Finance Ministers, who called on the OECD in 2006 to undertake "further development of financial literacy guidelines based on best practices" as well as the OECD Council's invitation to identify further good practices, the OECD confirmed its international leadership on the development of guidelines and standards in financial education. In 2008, this work included two new OECD recommendations on financial education in pensions and insurance, while current work, developed by various OECD committees and hundreds of government delegates, focuses on the development of international guidelines and good practices in a variety of fields, such as credit, schools, annuities, pension information, and methodologies to assess the effectiveness of financial education programs and to measure financial literacy. Such good practices are addressed not only to OECD countries but also to all other economies, taking into account their national context. Through wide public consultations that the OECD has organized regularly since 2007 and the new OECD International Network on Financial Education, which regroups representatives from more than 50 countries and international organizations, the OECD provides further opportunity for the whole international community to contribute directly to its work aimed at developing future international guidelines.

International cooperation. The OECD is providing an international forum in which to exchange information on recent national experiences in financial education using a three prong strategy. First, the OECD has held high-level international events and global forums on financial education in India, Indonesia, Mexico, Russia, Turkey, and the United States and is planning international conferences and events to be held in Brazil, France, Lebanon, and South Africa in the coming years. These events allow key financial education stakeholders to engage in a dialogue on financial education in the international arena, to share experiences, and to discuss best practices, including OECD's international principles and good practices. Second, the OECD has recently established the International Network on Financial Education (INFE), which brings together high-level public officials from more than 50 OECD and non- OECD countries to discuss issues, new developments, experiences, and programs related to financial education. The network allows government experts to exchange good practices and to discuss international OECD guidelines and principles in the area of financial education and awareness before they become publicly available. Through the recent creation of three expert subgroups, the INFE also is advancing analytical work aimed at developing standardized methodologies for measuring financial literacy and assessing financial education programs and is developing policy recommendations on the integration of financial education in schools. Finally, an important new component of the OECD strategy is the International Gateway for Financial Education, www.financial-education.org, which was launched in 2008. The gateway serves as an international clearinghouse for financial education programs and issues around the globe and as a platform for the exchange of information, including on emerging good practices.

DFID

The U.K. Department for International Development recently announced the creation of a new fund to improve financial know-how among the world's poorest people. The Financial Education Fund is designed to respond to the rising demand for financial education, enhance awareness of financial literacy, and catalyze the provision of financial education by both the public and the private sectors. The fund will seek to bring forward the best ideas on how to improve the financial literacy of poor consumers and businesses in Africa. Begun in fall 2008, it will fund proposals from government, the private sector, and the NGO sector for financial education projects that have the potential for rapid scaling up and for replication across other countries and regions. DFID welcomes interest from any organization that wants to join this global investment fund. DFID also welcomes interest from those wanting to contribute to the fund. If the fund is successful, DFID hopes that it will pave the way for a second, larger phase.

The World Bank

The World Bank Group is working to strengthen financial literacy and financial education on several fronts: by undertaking analyses, such as impact analysis of financial literacy programs, and developing data on financial literacy; by incorporating financial literacy in the agenda to expand access to finance, including new technological approaches to financial inclusion; by strengthening financial consumer protection frameworks; and by promoting a multisector approach to the topic encompassing finance, education, and social protection, through national economic strategy processes. In fall 2008, the Russian Federation established a Financial Literacy Program Trust Fund of US$15 million at the World Bank to support work on the topic.

Analytical approaches. The World Bank has begun to invest resources in efforts to evaluate the impact of financial literacy programs. This is an area where the World Bank Group has a comparative advantage, given the institution's deep base of analytical skills and experience with rigorous project monitoring and evaluation. The development of data on financial literacy is another area where the Bank will be increasingly involved so that baseline information is available for benchmarking progress over time. Local literacy surveys are now under way in Russia and elsewhere. The next step is to conduct a global survey of literacy levels. Some of this further survey and analytical work will be funded by the Financial Literacy Program Trust Fund.

Access to finance and technological solutions to financial inclusion. The World Bank is working on many fronts to strengthen access to all kinds of financial services (including savings, credit, insurance, retirement savings, working capital, and investment capital for small businesses) in developing countries. These efforts include strengthening financial infrastructure to reduce the cost of transactions and looking at new technological solutions such as mobile banking, smart cards, and the use of point-of-sale networks where the Consultative Group to Assist the Poorest (CGAP) is active through its Technology Program funded by the Bill and Melinda Gates Foundation. Financial literacy is a key component of all these strategies. For example, credit bureaus, which are a critical part of a country's financial infrastructure, have been shown to work more effectively when customers are knowledgeable about the information they collect and how it will be used. In the case of new technologies such as mobile banking, levels of penetration and use depend heavily on customers' familiarity and level of comfort with the device and product offerings.

Financial consumer protection frameworks. Starting in 2006, the World Bank Group developed a pilot program of country diagnostic reviews of consumer protection and financial literacy in six countries in Europe and Central Asia. These reviews focus on regulatory issues including disclosure for consumers, mechanisms for resolving disputes, as well as ways in which different financial market institutions, from commercial lenders and microfinance providers to credit bureaus, can benefit from providing financial education as part of their market outreach.

For the diagnostic reviews, the World Bank is developing a set of good practices for financial consumer protection. The good practices have been tested in five countries and are available at www.worldbank.org/eca/consumerprotection, which also includes the country reviews published to date. The review of financial consumer protection frameworks will be extended to other countries and regions in the future.

Country development strategies taking a multi-sector approach. Financial literacy requires a multi-sector approach to make the most of public policy interventions and private initiatives. The finance and education sectors are at the core of these efforts, but other sectors are also involved, such as social protection and agriculture and rural development. The World Bank, which works with developing countries across all of these sectors and which contributes to economy wide development strategies, is in a unique position to promote this kind of multi-sector approach in national strategies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this chapter is to provide an overview of the research design implemented by the researcher to test the theoretical framework of the public sector scorecard set out in the previous chapter. The chapter details the research process adopted and continues with an explanation of the data collection and data analysis methods employed by the researcher including a justification for the approach and methods. The sampling method used by the researcher is discussed in this chapter and continues with a commentary of the limitations of the study design. Finally, the issues of observer influence are covered as is the ethical approach to the research and a summary of the chapter is presented.

In Chapter Two the relevant literature was reviewed to identify an initial model that has the potential to relate the young adults' behavior towards financial planning. The relationship between the contributing factors is a more difficult problem to solve. Consequently the initial model is a conjecture that may (or may not) be confirmed by empirical investigation.

To identify the appropriate research methodology for the study, a review of methodologies used in similar studies is presented in Section 3.2. Based on the analysis of these studies, the preferred research design is elaborated in Section 3.3. The questions and analysis are then presented, followed by a specification of the data requirements Sections 3.6 and 3.7 discuss the limitations of the methodology and the conclusions of this chapter.

3.2 Review of Similar Studies

Three studies are now reviewed to report how other researchers have elaborated and explained their chosen methodologies. The first concerns identifying financial management skills and financial education needs. Samples were selected using multi stage stratified sampling techniques. The research used 11 management related items: daily expenses, debt, future needs, time, savings, use of education loan, social interaction, stress, decision making, problem solving and career planning. The second addresses the relationship of savings behavior and financial problems to financial literacy, financial stress and financial management practice. These findings highlight the need for financial education programs for workers to be directed at facilitating changes in financial management practices and reduce financial stress and improving financial knowledge. The third study is exploratory study focused on psychology of money by gender and private versus public sector workers in Malacca. The implication of the study showed that by exercising good habits in money-usage, positive values and attitudes towards money certainly brings well-being for their life-time. A model was proposed and survey data collected for model testing.

3.3 Research Framework

The research framework for this study is adapted from Ellis and Levy, 2008. This research attempts to incorporate a number of distinct but related elements including the research problem that drives the study, the goals, research questions, review of the literature, methodology, results, and conclusions together. The research problem serves as the starting point for this research and is a unifying thread that runs throughout all the elements of the research endeavor (Leedy & Ormrod, 2005; Ellis & Levy, 2008). Kerlinger and Lee (2000) noted that "without some sort of statement of problem, the scientist can rarely go further and expect the work to be fruitful" (p. 15).

The research problems of this study will also serves as the basis for the interrelatedness of the distinct elements entailed in research. This interrelatedness provides a conceptual map indicating the centrality of the research problem for the research endeavor while the next few sections examine the relationships between the problem driving the research and the other aspects of the endeavor (Ellis & Levy, 2008).

3.4 Overview of the Research Design

3.4.1 Research Approach

There are two most commonly used research approaches which are the inductive and the deductive method. The inductive research method attempts to set up a theory by using collected data. The deductive research approach attempts to find the theory first and then test it to observe the data collected. In this research, deductive research method was selected to be the research approach for this study as the data and research construction will start from general data to the specific. The data and findings will be presented in the theoretical findings on consumer behavior after which the questionnaire for this study is presented in chapter four where the collected primary data was tabulated and analyzed.

3.4.2 Research Philosophy

In conducting a research, there should be an understanding on how and which way the study will be approached. Research philosophy explains this approach when collecting and analyzing data. The research philosophy process is divided into three major parts; positivism, realism and interpretivism (Saunders, Lewis and Thornhill, 2007).

Positivism is the approach where the researcher does not want to be affected by nor affect the subject of the research and believes that the collected and analyzed data can be simplified to a law-like generalization using existing theories to develop hypotheses from these. In the realistic approach, there is a reality existing independent of the mind. Such that the positivistic approach it assumes a scientific approach to the development of knowledge. The interpretive way of approaching the subject of the research does not agree with the fact that law-like generalizations can be made. Instead it stress that the human mind and the social world are too complex in order to be generalized (Saunders et al, 2007; Hasslinger, 2007).

Predictions can be made on the basis of the previously observed and explained realities and their inter-relationships. "Positivism has a long and rich historical tradition. It is so embedded in our society that knowledge claims not grounded in positivist thought are simply dismissed as a scientific and therefore invalid" (Hirschheim, 1985, p.33). This view is indirectly supported by Alavi and Carlson (1992) who, in a review of 902 IS research articles found that all the empirical studies were positivist in approach. Positivism has also had a particularly successful association with the physical and natural sciences. This study will be conducted with a positivistic approach where the collected data will have treated with a minimum interference.

3.5 Research Strategy

There are two ways of collecting data in order to obtain the purpose of a research which are primary and secondary data collection. In order to acquire a general knowledge about the topic, secondary data is primarily used and is one of the way by which data can be collected. The second way to collect data is the primary data collection. Usually when a study is conducted, secondary data is not sufficient enough and needs to be completed with primary data which is collected by the researcher (Christensen, 2001).

3.5.1 Primary Data

Primary data for this research was collected through questionnaires. There are several methods in collecting primary data namely interviews, observations, experiments and questionnaire. Due to the purpose of this research, only the questionnaire method would be able to approach the topic and be able to collect the answers in a satisfactory manner.

In this research, the primary data is mainly concerned with analyzing the respondent in order to cater on classify the respondent. Further on, the primary data will be used to analyze the factors and how these are related to the consumers or respondents. For this study, the researcher chose to use the questionnaire method of data collection. The type of questionnaire chosen to be distributed to the respondents is the close-ended questions.

Usually, a questionnaire consists of a number of questions that the respondent has to answer in a set format. A distinction is made between open-ended and closed-ended questions. An open-ended question asks the respondent to formulate his own answer, whereas a closed-ended question has the respondent pick an answer from a given number of options. The response options for a closed-ended question should be exhaustive and mutually exclusive. Four types of response scales for closed-ended questions are distinguished:

- Dichotomous, where the respondent has two options
- Nominal-polytomous, where the respondent has more than two unordered options
- Ordinal-polytomous, where the respondent has more than two ordered options
- (Bounded)Continuous, where the respondent is presented with a continuous scale

This is a cross sectional study using quantitative methods of data collection. The survey questionnaires are distributed to 300 randomly selected people prior to this research. The questionnaire will be distributed and collected on the spot.

The questionnaires are set to be close-ended questionnaires where questions set require participants to choose from limited number of choices predetermined by the researcher. Close-ended questions are chosen as it provides primarily quantitative data and are usually used in confirmatory research. There are 3 sections in this questionnaire namely;

Section A: Demographic Profile

Section B: Respondents' Knowledge towards Financial Planning

Section C: Respondents' Attitudes towards Financial Planning

In Section A: Demographic Profile, data involving respondents' details such as gender, age, race, marital status etc are gathered in order to review respondents' background which may influence their understanding and knowledge regarding financial planning.

In Section B: Respondents' Knowledge towards Financial Planning, respondents' were questioned regarding their knowledge about the importance of financial planning and how they perceived financial planning towards improving their future life. In this section, the researcher would also like to discover the young adults' awareness towards a good financial planning.

In Section C: Respondents' Attitudes towards Financial Planning, the researcher would like to identify the young adults' attitudes towards financial planning in five major categories namely saving management, credit management, insurance planning, investment planning and retirement planning. Also, there are three (3) multiple choices questions in this section regarding respondents' financial experience.

The questionnaire will used the Likert scale in order to obtain the respondents' knowledge and attitudes towards financial planning. The Likert scale order will be 1= Strongly Disagree, 2=Disagree, 3=Neither agree or disagree, 4=Agree and 5=Strongly Agree.

3.5.2 Secondary Data

Secondary data can be classified into three different subgroups; documentary, multiple source and survey. Documentary second hand data comes both in written and non written form. It is the data that can be collected from sources such as journals, databases, transcripts etc. This form of data is dependent on the access the researcher has to it. Survey based secondary data is the data that is collected using this method and is available as data table forms. Multiple source secondary data is the data that has been compiled into documentary on survey form; the main characteristic of this type of data is that it has been changed into different form before the researcher is assessing the data (Saunders et al, 2007).

In this study, researcher has mainly used documentary secondary data combined with multiple source data. Documentary secondary data has been the data collected through different types of research conducted within the topic, articles and books that are written on people perception and knowledge towards financial planning. This type of data has been fundamental source for gaining knowledge within the topic in order to be able to approach the research problem. The secondary data that was used for this research is the data that has also lead to the conclusion of which that will be examined.

3.6 Data Analysis

The data is to be collected using a survey instrument, namely structured questionnaire (See Appendix A). In the first stage, information related to financial planning was collected from prior published literature. A questionnaire was developed by breaking the main question into sub questions relating to each of the concerned area. These sub questions were then further refined by developing sets of questions that would be suitable for asking people. The questions for the questionnaire were developed so that the internal reliability of each question could be tested against the Cronbach Alpha value of >70%. The sets of questions were stratified and then randomized within the questionnaire. In addition a text box was also provided for open feedback from respondents.

Researcher has used statistical analysis of descriptive, t-test and ANOVA test in order to find the significance. Then, the result will be tabulated in tables, graphs and charts for further understanding of the resulted outcome.

3.7 Limitation of Research

The research is limited by the scope and the expected resource requirements to do more than what is proposed. A restricted set of constructs were selected from a far greater set in the literature review. Other constructs are possible but the proposed research is limited to three. In addition, it was asserted that confirmation is the best way of testing the asserted initial model. Other approached and choices are possible. The proposed sample and sampling methodology also place limitations on the extent to which the findings may be generalized. Overall however the researcher believes that the project has been optimised to get the best performance in the trade-off of many competing values. These are some of the limitations of the chosen research methodology:

- **Inclusion criteria study subject**

  (i) Respondent must be aged between 18 to 30 years old

  (ii) Respondent must be a Malaysian citizen

- **Exclusion criteria study subject**

  (i) Respondents aged less than 18 and more than 30 years old

  (ii) Non-Malaysia, PR etc will be eliminated

3.8 Conclusion

The research model developed in this study is designed to answer an interesting question regarding the level of knowledge among young Malaysians towards financial planning and their behavior towards its importance. The following Chapter will report the findings from the proposed field work.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

In this chapter, all the data will be analyzed and tabulated into tables and graphs in order to give clear and better understanding towards the results interpretation. The data used in this research is primary data where questionnaire were constructed and distributed to 300 numbers of respondents randomly. The data were analyzed to get the descriptive value and test for mean and ANOVA test in order to get the demographic profile of financial management knowledge among young adults in Malaysia and to identify the significant relationship between their knowledge on financial literacy and their personal background. The data were categorized under three sections which are Section A: Respondents' Demographic Profile, Section B: Respondents' Knowledge on Financial Education and Section C: Respondents' Behaviour on Financial Planning.

4.2 Descriptive Analysis

4.2.1 Demographic Profile of the Respondents

Descriptive analyses for the data collected were focusing towards finding the frequencies of the variables indicated in this research. Firstly, variables in Section A: Respondents' Demographic Profile was analyzed to find the frequencies. Table 4.1 shows the value of frequencies and percentage for respondents' demographic profile.

Table 4.1: Frequency and Percentage for Respondents' Demographic Profile

Demographic Profile		Frequency (no.)	Percent (%)
Gender	female	153	51.0
	male	147	49.0
Age	20 to 25 years old	119	39.7
	26 to 30 years old	94	31.3
	31 to 35 years old	87	29.0
Race	malay	132	44.0
	chinese	98	32.7
	indian	70	23.3
Marital status	single	166	55.3
	widow/widower	2	0.7
	married	132	44.0
Number of dependent	1	166	55.3
	2	51	17.0
	3	64	21.3
	4	15	5.0
	5	4	1.3
	more than 5	0	0.0
Education level	SPM	20	6.7
	STPM	17	5.7
	Diploma/Higher Diploma	128	42.7
	Degree	132	44.0
	Master	3	1.0
Working sector	government	86	28.7
	self employed	34	11.3
	private	159	53.0
	unemployed	21	7.0
Monthly income	under RM1000	68	22.7
	RM1001 to RM2000	175	58.3
	RM2001 to RM4000	57	19.0
Working experience	less than 5 years	113	37.7
	5 to 10 years	84	28.0
	11 to 15 years	73	24.3
	16 years and above	30	10.0

From the above table, it can be seen that there are more female respondents compared to male respondents with a value and percentage of 153 (51%) and 147 (49%) respectively. Most of the respondents (119 nos. and 39.7%) aged are between 20 to 25 years old while others are in the range of 26 to 30 (94 nos. and 31.3%) and 31 to 35 years old (87 nos. and 29%). There are three main ethnic involved in this study which are the Malay, Chinese and Indian. Among the three ethnicities, 132 numbers of respondents are Malay, 98 respondents are Chinese and 70 respondents are Indian. This gives percentages of 44%, 32.7% and 23.3% each. Apart from that, 166 respondents (55.3%) are single, 2 respondents (0.7%) are widow/widower and 132 respondents (44%) are married.

Among all the respondents involved in this study, the highest number of dependent in one family is 5 persons. Most of the respondents have only 1 dependent. Respondents with 1 dependent accumulate to 166 respondents with a percentage of 55.3%. 51 respondents have 2 number of dependent (17%), 64 respondents have 3 dependents (21.3%), 15 respondents have 4 number of dependents (5%) and 4 respondents have 5 number of dependents (1.3%). Analyzing from the respondents' education level, most of them (132 number of respondents) are degree holder which gives the highest percentage of 44% follows by diploma holder (128 nos. and 42.7%), SPM holder (20 nos. and 6.7%), STPM holder (17 nos. and 5.7%) and Master holder (3 nos. and 1%).

Evaluating from the working background of respondents, it can be seen that more than half of the total respondents in this study which is 159 respondents are working in the private sector which gives a percentage of 53%. The second largest working sector is the government sector comprises of 86 respondents (28.7%), he third largest is self employed (34 respondents, 11.3%) and the smallest group is unemployed with a total of 21 unemployed respondents giving a percentage of 7%. They earned a mean of RM1500.00 per month. Majority of them (175 respondents) earn between RM1001 to RM2000 per month. His gives a significant percentage of 58.3%, 68 respondents earn below RM1000 per month while the rest earn between RM2001 and RM4000 per month. Percentages of both are 22.7% and 19% respectively. With liaison to their working sector and monthly income, most of the respondents (113 nos. and 37.7%) have working experience less than 5 years. 28% has been working between 5 to 10 years, 24% worked between 11 to 15 years. There is only a small number of respondents who have been working more than 16 years which is only 30 respondents. This gives a percentage of 10%.

4.2.2 Respondents' Knowledge on Financial Education

Secondly, variables in Section B: Respondents' Knowledge on Financial Education was analyzed to find the frequencies and percentage. Descriptive analyses for the data collected were focusing towards finding the frequencies of the variables indicated in this research. Table 4.2 (a) and (b) show the value of frequencies and percentage for respondents' knowledge on financial education.

Table 4.2 (a): Frequency and Percentage for Respondents' Knowledge on Financial education

Knowledge on Financial Education	Option	Frequency	Percent
If a person does not settle his or her debt (e.g : credit card) promptly, he or she may face difficulty taking up loans in the future	T	36	12.0
	F	161	53.7
	DK	103	34.3
If a person pays the minimum sum of his outstanding credit card balance, he will not have to pay any interest charge	T	11	3.7
	F	34	11.3
	DK	255	85.0

All credit card companies offer a no interest plan if you pay your bill in full in 30 days.	T	11	3.7
	F	46	15.3
	DK	243	81.0
All bonuses in insurance planning are guaranteed	T	4	1.3
	F	34	11.3
	DK	262	87.3
If a person does not disclose any existing medical condition when buying an insurance policy, he or she may not be able to claim on his or her policy	T	43	14.3
	F	34	11.3
	DK	223	74.3
Financial planning is all about buying enough insurance.	T	68	22.7
	F	175	58.3
	DK	57	19.0
A financial adviser must explain why the investment product he/she recommending is suitable for the client	T	99	33.0
	F	35	11.7
	DK	166	55.3
A well diversified portfolio is the one that spreads risk over different investments and/ or industry sector	T	78	26.0
	F	135	45.0
	DK	87	29.0
Any investment that promises high return usually carries lower risk.	T	10	3.3
	F	32	10.7
	DK	258	86.0
If you deposited RM1000 in an account and earned 8% annually over 30years, at the end of this period, you will earn more than RM5000.	T	43	14.3
	F	34	11.3
	DK	223	74.3

T –True
F – False
DK – I Don’t Know

Table 4.2 (b): Frequency and Percentage for Respondents' Knowledge on Financial Education

Knowledge on the Financial Education	Option	Frequency	Percent
The stock market	VP	113	37.7
	P	84	28.0
	AVG	73	24.3
	G	30	10.0
Mutual funds and how they work	VP	109	36.3
	P	79	26.3
	AVG	95	31.7
	G	17	5.7
Saving	VP	36	12.0
	P	29	9.7
	AVG	187	62.3
	G	45	15.0
	VG	3	1.0
Interest rates	VP	125	41.7
	P	78	26.0
	AVG	89	29.7
	G	8	2.7
Inflation	VP	95	31.7
	P	83	27.7
	AVG	117	39.0
	G	5	1.7
Managing household finances, such as income and expenses	VP	56	18.7
	P	34	11.3
	AVG	185	61.7
	G	25	8.3
How to prioritize financial goals, such as paying off debt, saving, for emergencies, investing for retirement, and so on	VP	11	3.7
	P	34	11.3
	AVG	255	85.0
Credit Cards	VP	90	30.0
	P	68	22.7
	AVG	139	46.3
	G	3	1.0
Debit Cards	VP	53	17.7
	P	49	16.3
	AVG	197	65.7
	G	1	0.3
Insurance	VP	78	26.0
	P	165	55.0
	AVG	57	19.0

VP – Very Poor
P – Poor
AVG – Average
G – Good
VG – Very Good

Table 4.2 (a) shows the value of frequencies and percentage for respondents' financial education with three options of true, false and I don't know. These options are to test the level of understanding of respondents regarding financial education. From the results, justification can be made regarding the respondents' knowledge and understanding towards financial management and planning. There are ten items questions in this sections which are stated in Table 4.2 (a).

Out of ten item questions asked in the survey, result indicate that majority of the respondents chose either false or I don't know as their chosen options. There are three items which the respondents selected false as the answer and give the highest percentage which are;

- If a person does not settle his or her debt (e.g : credit card) promptly, he or she may face difficulty taking up loans in the future;
- Financial planning is all about buying enough insurance; and
- A well diversified portfolio is the one that spreads risk over different investments and/ or industry sector.

Frequencies for each of the three items are 161, 175 and 135 while the percentages are 53.7%, 58.3% and 45% respectively. On the other hand, seven other items are coded to option I don't know. The seven item questions are indicated as below:

- If a person pays the minimum sum of his outstanding credit card balance, he will not have to pay any interest charge;
- All credit card companies offer a no interest plan if you pay your bill in full in 30 days;
- All bonuses in insurance planning are guaranteed;

- If a person does not disclose any existing medical condition when buying an insurance policy, he or she may not be able to claim on his or her policy;
- A financial adviser must explain why the investment product he/she recommending is suitable for the client;
- Any investment that promises high return usually carries lower risk; and
- If you deposited RM1000 in an account and earned 8% annually over 30years, at the end of this period, you will earn more than RM5000.

Frequencies for each of the seven items are 255, 243, 262, 23, 166, 258 and 223 while the percentages are 85%, 81%, 87.3%, 74.3%, 55.3%, 86% and 74.3% accordingly. None of the respondents choose yes as their option in any of the questions.

Table 4.2 (b) shows the value of frequencies and percentage for respondents' knowledge on financial education with a Likert scale from 1 to 5 giving 1 = very poor, 2 = poor, 3 = average, 4 = good and 5 = very good. There are ten categories of financial sections inquired in his section namely the stock market, mutual funds, saving, interest rates, inflation, managing household finances, how to prioritize financial goals, credit cards, debit cards and insurance. The sections set in this section are selected to identify the respondents' level of self acclamation onto their knowledge towards financial education.

Data analysis using descriptive analysis has showed that respondents have between average to very poor knowledge and understanding regarding all ten subjects. From the result in able 4.2 (b), it can be seen that six subjects scored average knowledge among respondents. The subjects are saving, inflation, managing household finances, how to prioritize financial goals, credit card and debit card giving frequencies of 187, 117, 185, 255, 139 and 197. The percentage for each of the six subjects are 62.3%, 39%, 61.7%, 85%, 46.3% and 65.7% respectively.

There is only one subject that most of the respondents claimed to have poor understanding which is insurance. A total of 165 respondents agreed that they have poor understanding towards this subject. This gives a percentage of 55%. Lastly, three subjects which are stock market, mutual funds and interest rates are subjects which most of the respondents have very poor knowledge in. Majority of them stock market (113 respondents), mutual funds (109 respondents) and interest rates (125 respondents) with percentages of 37.7%, 36.3% and 41.7% respectively have a very poor knowledge in these three areas.

4.2.3 Respondents' Behaviour on Financial Planning

Respondents' financial planning is further inquired in Section C: Respondents' Behaviour on Financial Planning of the questionnaire as attached in Appendix A. In this section, item questions are designed in order to gain full understanding regarding respondents' perception towards their financial planning and to seek their level of understanding about the importance of planning for their future. This section was categorized under five sub sections which are saving management, credit management, insurance planning, investment planning and retirement planning. In this section, a Likert scale from 1 to 5 giving 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree and 5 = strongly agree. Table 4.3(a) shows the frequency and percentage for respondents' financial planning for sub section saving management.

Table 4.3 (a): Frequency and Percentage for Respondents' Behaviour on Financial Planning – Saving Management

Financial Management and Planning	Frequency (nos.) and Percentage (%)				
	strongly disagree	**disagree**	**neither agree nor disagree**	**agree**	**strongly agree**
<u>Saving Management</u>					
I should save first before spending the balance	38	29	185	45	3
	12.7%	9.7%	61.7%	15.0%	1.0%
I spend my money very carefully	59	26	164	48	3
	19.7%	8.7%	54.7%	16.0%	1.0%
I budget my money very well	60	34	167	39	0
	20.0%	11.3%	55.7%	13.0%	0.0%

There are three item questions in this subsections which resolve to identify respondents' perception towards saving management. According to the above table, majority of the respondents neither agree nor disagree on saying that they should save first before spending the balance, neither agree nor disagree that they should spend their money very carefully and neither agree nor disagree that they should budget their money very well. Percentages for each of the items are 61.7%, 54.7% and 55.7%.

Table 4.3 (b): Frequency and Percentage for Respondents' Behaviour on Financial Planning – Credit Management

Financial Management and Planning	Frequency (nos.) and Percentage (%)				
	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
<u>Credit Management</u>					
I use credit card to pay my car down payment	39	61	162	38	0
	13.0%	20.3%	54.0%	12.7%	0.0%
I prefer buying things using credit card	34	22	138	103	3
	11.3%	7.3%	46.0%	34.3%	1.0%
Credit card interest rate is below 10%pa	7	37	256	0	0
	2.3%	12.3%	85.3%	0.0%	0.0%
I check my CCRIS every year	68	200	32	0	0
	22.7%	"66.7%	10.7%	0.0%	0.0%
I always pay off my credit card at the end of each month	30	59	135	76	0
	"10.0%	19.7%	45.0%	25.3%	0.0%
I never go over my credit limit	1	6	152	126	15
	0.3%	2.0%	50.7%	42.0%	5.0%
I spend more when I use credit card	0	4	105	102	89
	0.0%	1.3%	55.0%	34.0%	29.7%
I accept loan offers by bank	27	72	138	63	0
	9.0%	24.0%	46.0%	21.0%	0.0%
My statement has never late fee charge	50	194	21	35	0
	16.7%	64.7%	7.0%	11.7%	0.0%

Subsection credit management comprises of nine items question as stated in Table 4.3 (b) above. Among all nine item questions, there are seven items which respondents' are neither agree nor disagree which means that majority of the respondents sometimes follow according to the order and sometimes they are not. The items which received average agreements are (i) I use credit card to pay my car down payment; (ii) I prefer buying things using credit card; (iii) Credit card interest rate is below 10% pa; (iv) I always pay off my credit card at the end of each month;

(v) I never go over my credit limit; (vi) I spend more when I use credit card; and (vii) I accept loan offers by bank. The percentage for the abovementioned items are 54%, 46%, 85.3%, 45%, 50.7%, 55% and 46% respectively. There are two items respondents disagree which are (i) I check my CCRIS every year; and (ii) My statement has never late fee charge. The percentage for the abovementioned items are 66.7% and 64.7%.

Table 4.3 (c): Frequency and Percentage for Respondents' Behaviour on Financial Planning – Insurance Planning

Financial Management and Planning	Frequency (nos.) and Percentage (%)				
	strongly disagree	**disagree**	**neither agree nor disagree**	**agree**	**strongly agree**
Insurance Planning					
I take insurance after had an accident	85	164	28	19	4
	28.3%	54.7%	9.3%	6.3%	1.3%
Insurance only covers death	77	140	64	17	2
	25.7%	46.7%	21.3%	5.7%	0.7%
I am eligible for hospitalization for lifetime in government hospitals	30	55	169	46	0
	10.0%	18.3%	56.3%	15.3%	0.0%
I have an adequate insurance program	76	162	57	5	0
	25.3%	54.0%	19.0%	1.7%	0.0%
I often have difficulty in making decision about purchasing insurance	20	37	135	93	15
	6.7%	12.3%	45.0%	51.0%	5.0%
It is importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident.	71	83	124	18	4
	23.7%	27.7%	41.3%	6.0%	1.3%

Table 4.3 (c) above showed the frequency and percentage for sub section insurance planning in respondents' financial planning and management. There are six items questions designed in order to gain respondents' view regarding insurance planning. Majority of the

respondents had chosen either “disagree” or “neither agree or disagree” when choosing the options. Respondents disagree that they take insurance after having met with an accident. They also disagree that insurance only covers death. Majority of them also stated that they disagree of having an adequate insurance program. These results were concluded based on percentages of each of the item. The percentages are 54.7%, 46.7% and 54% respectively. On the other hand, others stated neither agree nor disagree to eligibility for hospitalization for lifetime in government hospitals, difficulty in making decision about purchasing insurance and the importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident giving each percentage of 56.3%, 45% and 41.3%.

Table 4.3 (d) shows the frequency and percentage for sub section investment planning in respondents’ financial planning and management. Similarly to previous sub section, majority of the respondents stated that they either disagree or neither agree nor disagree to the items questions asked. Based on the table, it can be seen that they disagree that high risks mean high return, investment means money market, I invest because a friend ask to do so, investing is becoming more important now days, investment is the commitment of funds to achieve long term goals, investing is all about luck and investment is only for the rich. The percentage for all the items are 66.7%, 61.3%, 41.7%, 47%, 57%,49% and 36.7% respectively. Only one item resulted in respondents cannot determine whether to agree or not to agree which is I know nothing about unit trust with an accompanying percentage of 35%.

Table 4.3 (d): Frequency and Percentage for Respondents' Behaviour on Financial Planning – Investment Planning

Financial Management and Planning	Frequency (nos.) and Percentage (%)				
	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Investment Planning					
I know nothing about unit trust	0	4	105	102	89
	0.0%	1.3%	35.0%	34.0%	29.7%
High risks mean high return	67	200	33	0	0
	22.3%	66.7%	11.0%	0.0%	0.0%
Investment means money market	84	184	16	16	0
	28.0%	61.3%	5.3%	5.3%	0.0%
I invest because a friend ask to do so	68	125	91	16	0
	22.7%	41.7%	30.3%	5.3%	0.0%
Investing is becoming more important now days	68	141	91	0	0
	22.7%	47.0%	30.3%	0.0%	0.0%
Investment is the commitment of funds to achieve Long Term goals	79	171	50	0	0
	26.3%	57.0%	16.7%	0.0%	0.0%
Investing is all about luck	90	147	24	26	13
	30.0%	49.0%	8.0%	8.7%	4.3%
Investment is only for the rich	73	110	87	23	7
	24.3%	36.7%	29.0%	7.7%	2.3%

The last sub section in Section B is retirement planning. Table 4.3 (e) shows the frequency and percentage for respondents' financial planning for subsection retirement planning. There are ten item questions in this subsection. In this subsection, all of the respondents disagree of all the items or statement mentioned. The item questions and their percentage are; (i) plan to work part time after my retirement – 48.7%; (ii) Spending most of the time with spouse after retirement – 66.7%; (iii) My pension is sufficient for my golden years – 61.3%; (iv) I set aside some money every month for my retirement – 41.7%; (v) Retirement will give me new opportunities to do things that I was not able to do while was working – 47%; (vi) Retirement planning should be started at early working stage – 57%; (vii) I hope for my children's contribution – 49%; (viii) I am expecting inheritance – 40%; (ix) Without proper retirement planning, I am afraid I will become a useless person during my retirement period – 46.7%; and (x) I am afraid I will feel lonely after I retire – 57%.

Table 4.3 (e): Frequency and Percentage for Respondents' Behaviour on Financial Planning – Retirement Planning

Financial Management and Planning	Frequency (nos.) and Percentage (%)				
	strongly disagree	**disagree**	**neither agree nor disagree**	**agree**	**strongly agree**
Retirement Planning					
I plan to work part time after my retirement	73	146	81	0	0
	24.3%	48.7%	27.0%	0.0%	0.0%
Spending most of the time with spouse after retirement	67	200	33	0	0
	22.3%	66.7%	11.0%	0.0%	0.0%
My pension is sufficient for my golden years	84	184	16	16	0
	28.0%	61.3%	5.3%	5.3%	0.0%
I set aside some money every month for my retirement	68	125	91	16	0
	22.7%	41.7%	30.3%	5.3%	0.0%
Retirement will give me new opportunities to do things that I was not able to do while was working	68	141	91	0	0
	22.7%	47.0%	30.3%	0.0%	0.0%
Retirement planning should be started at early working stage	79	171	50	0	0
	26.3%	57.0%	16.7%	0.0%	0.0%
I hope for my children's contribution	90	147	24	26	13
	30.0%	49.0%	8.0%	8.7%	4.3%
I am expecting inheritance	79	120	72	23	6
	26.3%	40.0%	24.0%	7.7%	2.0%
Without proper retirement planning, I am afraid I will become a useless person during my retirement period.	76	140	82	2	0
	25.3%	46.7%	27.3%	0.7%	0.0%
I am afraid I will feel lonely after I retire	79	171	50	0	0
	26.3%	57.0%	16.7%	0.0%	0.0%

Respondents were asked regarding their parents education background, allowance received while growing up and where did they learn how to manage their money. Table 4.4 (a), (b) and (c) illustrate the value of frequency and percentage for each of the related statements.

Table 4.4 (a): Frequency and Percentage for Respondents' Parents Education Background

	Primary School	Secondary (High) School	Certificate	Diploma/ Degree	Master	DBA/Phd
Father's highest level of education	7	123	114	56	0	0
	2.3%	41.0%	38.0%	18.7%	0.0%	0.0%
Mother's highest level of education	3	115	118	64	0	0
	1.0%	38.3%	39.3%	21.3%	0.0%	0.0%

Table 4.4 (b): Frequency and Percentage for Respondents' Allowance Background

How would you describe the allowance (pocket money) you received while growing up? Choose one response.	Frequency (nos.)	Percent (%)
I did not receive a regular (weekly or monthly) allowance	59	19.7
I received a regular allowance that depended on the completion of some household chores	62	20.7
I received regular allowance and did not have to perform chores for it	179	59.7

Table 4.4 (c): Frequency and Percentage for Respondents' Money Management History

Where did you learn most about managing your money? Select one response.	Frequency (nos.)	Percent (%)
At home from my family	10	3.3
At school in class	3	1.0
From talking with my friends	113	37.7
From magazines, books, TV, and the radio	98	32.7
From experience in managing my own funds	49	16.3
From courses and studies since grade 12 (matric)	27	9.0

From Table 4.4 (a), it can be seen that the highest number of respondents' father are secondary (high) school leavers which mean that most probably they are an SPM holders. On the other hand, majority of respondents' mother hold a certificate. This analysis was due to the highest value of 123 numbers of respondents (41%) for father's highest qualification and 118 numbers of respondents (39.3%) for mother's highest qualification.

According to Table 4.4 (b), 59 respondents (19.7%) did not receive a regular (weekly or monthly) allowance, 62 numbers of respondents (20.7%) received a regular allowance that depended on the completion of some household chores and 179 numbers of respondents (59.7%) received regular allowance and did not have to perform chores for it.

Lastly, based on Table 4.4 (c), majority of the respondents (113 nos and 37.7%) learned about money management from their talks and discussion with friends. School is the least place where they learn about managing their money. The numbers of respondents are 3 and the percentage is 1%. The rest of the respondents learned about money management from either one of this places or sources namely at home from family (3.3%), from magazines, books, TV, and the radio (32.7%), from experience in managing my own funds (16.3%) and from courses and studies since grade 12 (matric) (9%).

4.3 Analysis of Mean using Independent t test

The independent t-test compares the means between two unrelated groups on the same continuous, dependent variable. The SPSS t-test procedure allows the testing of equality of variances (Levene's test) and the *t*-value for both equal and unequal variance. It also provides the relevant descriptive statistics. Assumptions regarding independent t test are listed as below:

- Independent variable consists of **two independent groups.**
- Dependent variable is either **interval or ratio**
- Dependent variable is **approximately normally distributed**
- Similar variances between the two groups **(homogeneity of variances)**

The t-test is used to compare the values of the means from two samples and test whether it is likely that the samples are from populations having different mean values. When two samples are taken from the same population it is very unlikely that the means of the two samples will be identical. When two samples are taken from two populations with very different means values, it is likely that the means of the two samples will differ.

For analysis of t test, the significant relationship between gender and respondents' financial planning were analyzed to find the significant relationship. Table 4.5 (a) shows the p-value for respondents' financial planning subsection saving management according to gender. For t test, the assumption made is when p-value is less than 0.05, then there is significant difference in mean whereas if the p-value is greater than 0.05, there is no significant difference in mean. According to the table, the p-value (Sig.) for items saving before spending the balance and spending money carefully signify p-values of 0.029 and 0.020 respectively which are less than 0.05. This means that there are significant differences between gender of respondents and both two items. On the contrary, for item budgeting money well, the p-value is 0.241 which is greater than 0.05. This indicates that there is no significant difference between gender and the item concerned.

Table 4.5 (a): Value of t test for Respondents' Behaviour on Financial Planning – Saving Management vs Gender

Financial Management and Planning	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	t	Sig. (2-tailed)
Saving Management				
I should save first before spending the balance	6.573	0.011	-2.189	0.029
I spend my money very carefully	4.063	0.045	2.331	0.020
I budget my money very well	1.293	0.256	1.176	0.241

Table 4.5 (b) shows the p-value of respondents' financial planning subsection credit management according to gender. It can be seen that only two items have p-value less than 0.05 which are customers prefer buying things using credit card and they check their CCRIS every year. The p-value for both items is 0.032 and 0.034. This indicates that there is significant difference between the two items and gender. Other items in this subsections resulted in p-value of greater than 0.05 which indicates that there is no significant.

Table 4.5 (b): Value of t test for Respondents' Behaviour on Financial Planning – Credit Management vs Gender

Financial Management and Planning	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	t	Sig. (2-tailed)
Credit Management				
I use credit card to pay my car down payment	4.189	0.042	1.279	0.202
I prefer buying things using credit card	1.054	0.305	-2.156	0.032
Credit card interest rate is below 10%pa	1.954	0.163	-0.795	0.427
I check my CCRIS every year	0.000	0.999	2.128	0.034
I always pay off my credit card at the end of each month	1.426	0.233	-1.149	0.252
I never go over my credit limit	3.263	0.072	0.273	0.785
I spend more when I use credit card	0.473	0.492	-0.658	0.511
I accept loan offers by Bank	0.386	0.535	-1.037	0.301
My statement has never late fee charge	0.870	0.352	1.128	0.260

From the above table, it can be seen that there are only two significance values of t test which are respondents prefer buying things using credit cards and they check their CCRIS every year. The p-values are 0.032 and 0.034 respectively. Other items indicate no significant difference with the gender.

Table 4.5 (c): Value of t test for Respondents' Behaviour on Financial Planning –Insurance Planning vs Gender

Financial Management and Planning	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	t	Sig. (2-tailed)
Insurance Planning				
I take insurance after had an accident	1.313	0.253	0.875	0.382
Insurance only covers death	7.271	0.007	1.231	0.219
I am eligible for hospitalization for lifetime in government hospitals	1.715	0.191	-1.511	0.132
I have an adequate insurance program	0.388	0.534	0.741	0.459
I often have difficulty in making decision about purchasing insurance	0.052	0.820	-1.538	0.125
Insurance is a form of retirement saving plan	1.141	0.286	-1.882	0.061
It is importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident.	0.987	0.321	0.181	0.856

Table 4.5 (d): Value of t test for Respondents' Behaviour on Financial Planning – Investment Planning vs Gender

Financial Management and Planning	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	t	Sig. (2-tailed)
Investment Planning				
I know nothing about unit trust	0.473	0.492	-0.658	0.511
High risks mean high return	0.007	0.933	0.272	0.785
Investment means money market	0.570	0.451	-0.575	0.566
I invest because a friend ask to do so	0.526	0.469	-0.280	0.780
Investing is becoming more important now days	0.728	0.394	-0.275	0.783
Investment is the commitment of funds to achieve Long Term goals	0.453	0.501	1.746	0.082
Investing is all about luck	1.669	0.197	1.896	0.059
Investment is only for the rich	0.102	0.750	1.601	0.110

Table 4.5 (e): Value of t test for Respondents' Behaviour on Financial Planning – Retirement Planning vs Gender

Financial Management and Planning	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	t	Sig. (2-tailed)
Retirement Planning				
I plan to work part time after my retirement	2.573	0.110	0.953	0.341
Spending most of the time with spouse after retirement	0.007	0.933	0.272	0.785
My pension is sufficient for my golden years	0.570	0.451	-0.575	0.566
I set aside some money every month for my retirement	0.526	0.469	-0.280	0.780
Retirement will give me new opportunities to do things that I was not able to do while was working	0.728	0.394	-0.275	0.783
Retirement planning should be started at early working stage	0.453	0.501	1.746	0.082
I hope for my children's contribution	1.669	0.197	1.896	0.059
I am expecting inheritance	0.959	0.328	2.009	0.055
Without proper retirement planning, I am afraid I will become a useless person during my retirement period.	2.216	0.138	0.760	0.448
I am afraid I will feel lonely after I retire	0.060	0.807	-0.748	0.455

From the above tables, there is significantly no relationship between gender and respondents' financial planning, investment planning and retirement planning. This is showed by the result of p-value greater than 0.05 for Table 4.5c, 4.5d and 4.5e.

4.4 Analysis of Mean using ANOVA test

The one-way analysis of variance (ANOVA) is used to determine whether there are any significant differences between the means of three or more independent (unrelated) groups. The one-way ANOVA compares the means between the groups you are interested in and determines whether any of those means are significantly different from each other. Specifically, it tests the null hypothesis:

$$H_O: \mu_1 = \mu_2 = \mu_3 = \cdots = \mu_k$$

where μ = group mean and k = number of groups. If, however, the one-way ANOVA returns a significant result then we accept the alternative hypothesis (H_A), which is that there are at least 2 group means that are significantly different from each other.

Assumptions

- Independent variable consists of two or more categorical independent groups.
- Dependent variable is either interval or ratio.
- Dependent variable is approximately normally distributed for each category of the independent variable.
- Equality of variances between the independent groups.
- Independence of cases.

The variables used in ANOVA test are age, marital status, number of dependents, education level, working sector, monthly income and working experience. Table 4.6 below shows the ANOVA test result for respondents' financial management and planning according to their age.

Table 4.6: Value of ANOVA test for Respondents' Behaviour on Financial Planning vs Age

Financial Management and Planning	ANOVA test	
	F	Sig.
Saving Management		
I should save first before spending the balance	0.411	0.663
I spend my money very carefully	0.505	0.604
I budget my money very well	0.725	0.485
Credit Management		
I use credit card to pay my car down payment	0.089	0.915
I prefer buying things using credit card	0.911	0.403
Credit card interest rate is below 10%pa	1.456	0.235
I check my CCRIS every year	6.754	0.001
I always pay off my credit card at the end of each month	1.025	0.360
I never go over my credit limit	0.163	0.849
I spend more when I use credit card	1.239	0.291
I accept loan offers by Bank	0.565	0.569
My statement has never late fee charge	1.842	0.160
Insurance Planning		
I take insurance after had an accident	1.699	0.185
Insurance only covers death	2.290	0.103
I am eligible for hospitalization for lifetime in government hospitals	0.215	0.806
I have an adequate insurance program	1.587	0.206
I often have difficulty in making decision about purchasing insurance	0.177	0.838
Insurance is a form of retirement saving plan	0.234	0.791
It is importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident.	1.174	0.311
Investment Planning		
I know nothing about unit trust	1.239	0.291
High risks mean high return	1.061	0.347
Investment means money market	0.885	0.414
I invest because a friend ask to do so	0.857	0.425
Investing is becoming more important now days	0.873	0.419
Investment is the commitment of funds to achieve Long Term goals	0.579	0.561
Investing is all about luck	2.451	0.088
Investment is only for the rich	0.947	0.389
Retirement Planning		
I plan to work part time after my retirement	0.272	0.762
Spending most of the time with spouse after retirement	1.061	0.347
My pension is sufficient for my golden years	0.885	0.414
I set aside some money every month for my retirement	0.857	0.425
Retirement will give me new opportunities to do things that I was not able to do while was working	0.873	0.419

Retirement planning should be started at early working stage	0.579	0.561
I hope for my children's contribution	2.451	0.088
I am expecting inheritance	1.399	0.248
Without proper retirement planning, I am afraid I will become a useless person during my retirement period.	0.599	0.550
I am afraid I will feel lonely after I retire	0.297	0.743

Sig. (p-value) < 0.05

From Table 4.6, it can be seen that from all the items questions included in the financial management and planning, only one item has a p-value less than 0.05 which is item they will check their CCRIS every year with a value of 0.001. This shows that respondents have very low financial planning management regardless of their age. On the other hand, Table 4.7 indicate that there are one item which has p-value less than 0.05 in subsection saving management where they have agreed that they should have save before spending. In subsection credit management, the respondents from different marital status tend to purchase product online. But for the rest of the items questions, there is no significant relationship between them and the respondents' marital status.

Table 4.7: Value of ANOVA test for Respondents' Behaviour on Financial Planning vs Marital Status

Financial Management and Planning	ANOVA test	
	F	Sig.
Saving Management		
I should save first before spending the balance	4.029	0.019
I spend my money very carefully	0.159	0.853
I budget my money very well	0.196	0.823
Credit Management		
I use credit card to pay my car downpayment	1.115	0.329
I prefer buying things using credit card	4.640	0.010
Credit card interest rate is below 10%pa	0.618	0.540
I check my CCRIS every year	0.586	0.557
I always pay off my credit card at the end of each month	0.599	0.550
I never go over my credit limit	0.137	0.872
I spend more when I use credit card	1.483	0.229

I accept loan offers by Bank	0.758	0.469
My statement has never late fee charge	0.060	0.941
Insurance Planning		
I take insurance after had an accident	2.022	0.134
Insurance only covers death	2.970	0.053
I am eligible for hospitalization for lifetime in government hospitals	0.080	0.923
I have an adequate insurance program	1.623	0.199
I often have difficulty in making decision about purchasing insurance	0.170	0.844
Insurance is a form of retirement saving plan	0.279	0.757
It is importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident.	1.559	0.212
Investment Planning		
I know nothing about unit trust	1.483	0.229
High risks mean high return	0.129	0.879
Investment means money market	0.529	0.590
I invest because a friend ask to do so	1.488	0.227
Investing is becoming more important now days	2.884	0.057
Investment is the commitment of funds to achieve Long Term goals	2.932	0.055
Investing is all about luck	1.428	0.242
Investment is only for the rich	1.213	0.299
Retirement Planning		
I plan to work part time after my retirement	0.554	0.575
Spending most of the time with spouse after retirement	0.129	0.879
My pension is sufficient for my golden years	0.529	0.590
I set aside some money every month for my retirement	1.488	0.227
Retirement will give me new opportunities to do things that I was not able to do while was working	2.884	0.057
Retirement planning should be started at early working stage	2.932	0.055
I hope for my children's contribution	1.428	0.242
I am expecting inheritance	1.038	0.356
Without proper retirement planning, I am afraid I will become a useless person during my retirement period.	0.515	0.598
I am afraid I will feel lonely after I retire	0.096	0.908

Sig. (p-value) < 0.05

Table 4.8: Value of ANOVA test for Respondents' Behaviour on Financial Planning vs Number of Dependents

Financial Management and Planning	ANOVA test	
	F	Sig.
Saving Management		
I should save first before spending the balance	1.886	0.113
I spend my money very carefully	0.539	0.707
I budget my money very well	0.227	0.923
Credit Management		
I use credit card to pay my car down payment	0.257	0.905
I prefer buying things using credit card	2.295	0.059
Credit card interest rate is below 10%pa	0.442	0.778
I check my CCRIS every year	0.725	0.576
I always pay off my credit card at the end of each month	0.168	0.955
I never go over my credit limit	0.715	0.583
I spend more when I use credit card	0.808	0.521
I accept loan offers by Bank	0.289	0.885
My statement has never late fee charge	0.880	0.476
Insurance Planning		
I take insurance after had an accident	2.197	0.069
Insurance only covers death	2.198	0.069
I am eligible for hospitalization for lifetime in government hospitals	0.347	0.846
I have an adequate insurance program	0.887	0.472
I often have difficulty in making decision about purchasing insurance	0.867	0.484
Insurance is a form of retirement saving plan	0.635	0.638
It is importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident.	1.017	0.399
Investment Planning		
I know nothing about unit trust	0.808	0.521
High risks mean high return	0.106	0.980
Investment means money market	0.470	0.758
I invest because a friend ask to do so	0.660	0.620
Investing is becoming more important now days	1.269	0.282
Investment is the commitment of funds to achieve Long Term goals	1.154	0.331
Investing is all about luck	2.415	0.049
Investment is only for the rich	1.945	0.103
Retirement Planning		
I plan to work part time after my retirement	1.211	0.306
Spending most of the time with spouse after retirement	0.106	0.980
My pension is sufficient for my golden years	0.470	0.758
I set aside some money every month for my retirement	0.660	0.620
Retirement will give me new opportunities to do things that I was not able to do while was working	1.269	0.282

Retirement planning should be started at early working stage	1.154	0.331
I hope for my children's contribution	2.415	0.049
I am expecting inheritance	2.540	0.040
Without proper retirement planning, I am afraid I will become a useless person during my retirement period.	0.921	0.452
I am afraid I will feel lonely after I retire	0.204	0.936

Sig. (p-value) < 0.05

Table 4.8 shows the value for ANOVA test for respondents' financial management and planning with regards to their number of dependents. In this case, it can be seen that among all items indicated in the subsections, there are two which significantly contribute or significantly relate to the number of dependents among the respondents which are in the subsection retirement planning where respondents are hoping that their children can contribute something to them in return and they also expect inheritance. This was concluded from the p-value of 0.049 and 0.040 respectively (refer to Table 4.8 above).

Table 4.9: Value of ANOVA test for Respondents' Behaviour on Financial Planning vs Education Level

Financial Management and Planning	**ANOVA test**	
	F	**Sig.**
Saving Management		
I should save first before spending the balance	5.304	0.000
I spend my money very carefully	1.503	0.201
I budget my money very well	1.021	0.397
Credit Management		
I use credit card to pay my car down payment	0.458	0.766
I prefer buying things using credit card	1.689	0.152
Credit card interest rate is below 10%pa	0.422	0.793
I check my CCRIS every year	0.244	0.913
I always pay off my credit card at the end of each month	0.493	0.741
I never go over my credit limit	2.416	0.049
I spend more when I use credit card	1.750	0.139
I accept loan offers by Bank	0.525	0.717
My statement has never late fee charge	2.864	0.024
Insurance Planning		
I take insurance after had an accident	0.632	0.640
Insurance only covers death	1.635	0.165

I am eligible for hospitalization for lifetime in government hospitals	0.568	0.686
I have an adequate insurance program	1.303	0.269
I often have difficulty in making decision about purchasing insurance	0.556	0.695
Insurance is a form of retirement saving plan	0.908	0.460
It is importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident.	0.902	0.463
Investment Planning		
I know nothing about unit trust	1.750	0.139
High risks mean high return	0.792	0.531
Investment means money market	0.795	0.529
I invest because a friend ask to do so	0.612	0.655
Investing is becoming more important now days	0.423	0.792
Investment is the commitment of funds to achieve Long Term goals	4.253	0.002
Investing is all about luck	0.787	0.534
Investment is only for the rich	0.226	0.924
Retirement Planning		
I plan to work part time after my retirement	0.946	0.438
Spending most of the time with spouse after retirement	0.792	0.531
My pension is sufficient for my golden years	0.795	0.529
I set aside some money every month for my retirement	0.612	0.655
Retirement will give me new opportunities to do things that I was not able to do while was working	0.423	0.792
Retirement planning should be started at early working stage	4.253	0.002
I hope for my children's contribution	0.787	0.534
I am expecting inheritance	0.414	0.798
Without proper retirement planning, I am afraid I will become a useless person during my retirement period.	0.647	0.629
I am afraid I will feel lonely after I retire	0.717	0.581

Sig. (p-value) < 0.05

Respondents' educational level or background was analyzed to see their relationship towards financial management and planning. From the result, it can be indicated that majority of the respondents agreed that they should have save before spending. This was showed by the p-value of ANOVA of 0.000 indicated a very significant relationship. In the credit management subsection, with a p-value of 0.049, respondents also indicated that they have never gone over their credit limit when spending using credit card. In the investment planning, respondents agreed that investment is the commitment of funds to achieve long term goals and lastly, in retirement planning, they is a significant relationship between level of education and planning retirement plan at the early working stage. Else, there are no significant relationship between them and their level of education.

Table 4.10: Value of ANOVA test for Respondents' Behaviour on Financial Planning vs Working Sector

Financial Management and Planning	ANOVA test	
	F	**Sig.**
Saving Management		
I should save first before spending the balance	0.347	0.791
I spend my money very carefully	1.569	0.197
I budget my money very well	0.790	0.500
Credit Management		
I use credit card to pay my car down payment	0.924	0.430
I prefer buying things using credit card	0.005	1.000
Credit card interest rate is below 10%pa	1.108	0.346
I check my CCRIS every year	1.912	0.128
I always pay off my credit card at the end of each month	0.258	0.856
I never go over my credit limit	1.009	0.389
I spend more when I use credit card	0.153	0.927
I accept loan offers by Bank	0.739	0.529
My statement has never late fee charge	0.861	0.462
Insurance Planning		
I take insurance after had an accident	1.752	0.157
Insurance only covers death	2.166	0.092
I am eligible for hospitalization for lifetime in government hospitals	0.261	0.853
I have an adequate insurance program	2.345	0.073
I often have difficulty in making decision about purchasing insurance	1.342	0.261
Insurance is a form of retirement saving plan	1.107	0.347
It is importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident.	0.599	0.616
Investment Planning		
I know nothing about unit trust	0.153	0.927
High risks mean high return	1.006	0.390
Investment means money market	0.267	0.849
I invest because a friend ask to do so	0.447	0.720
Investing is becoming more important now days	0.600	0.616
Investment is the commitment of funds to achieve Long Term goals	1.128	0.338
Investing is all about luck	0.433	0.729
Investment is only for the rich	0.890	0.447

Retirement Planning		
I plan to work part time after my retirement	1.875	0.134
Spending most of the time with spouse after retirement	1.006	0.390
My pension is sufficient for my golden years	0.267	0.849
I set aside some money every month for my retirement	0.447	0.720
Retirement will give me new opportunities to do things that I was not able to do while was working	0.600	0.616
Retirement planning should be started at early working stage	1.128	0.338
I hope for my children's contribution	0.433	0.729
I am expecting inheritance	0.400	0.753
Without proper retirement planning, I am afraid I will become a useless person during my retirement period.	1.698	0.167
I am afraid I will feel lonely after I retire	1.971	0.118

Sig. (p-value) < 0.05

Table 4.10 shows the result regarding respondents' financial management and planning relationship with working sector. From the table, it can be seen that the is no significant difference or relationship between the two factors which concluded that whether respondents are working either in government, private, self employed or unemployed, it has nothing to do with their financial planning and management. This is shown from the p-value of greater than 0.05.

Table 4.11: Value of ANOVA test for Respondents' Behaviour on Financial Planning vs Monthly Income

Financial Management and Planning	ANOVA test	
	F	Sig.
Saving Management		
I should save first before spending the balance	0.648	0.524
I spend my money very carefully	2.069	0.128
I budget my money very well	1.764	0.173
Credit Management		
I use credit card to pay my car down payment	0.126	0.881
I prefer buying things using credit card	0.163	0.849
Credit card interest rate is below 10%pa	0.822	0.441
I check my CCRIS every year	863.854	0.000
I always pay off my credit card at the end of each month	0.220	0.802
I never go over my credit limit	0.189	0.828
I spend more when I use credit card	1.005	0.367
I accept loan offers by Bank	0.041	0.960
My statement has never late fee charge	36.899	0.000
Insurance Planning		
I take insurance after had an accident	1.000	0.369

Insurance only covers death	0.241	0.786
I am eligible for hospitalization for lifetime in government hospitals	0.092	0.912
I have an adequate insurance program	0.327	0.722
I often have difficulty in making decision about purchasing insurance	0.343	0.710
Insurance is a form of retirement saving plan	0.334	0.716
It is importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident.	1.289	0.277
Investment Planning		
I know nothing about unit trust	1.005	0.367
High risks mean high return	1.681	0.188
Investment means money market	0.660	0.518
I invest because a friend ask to do so	0.039	0.962
Investing is becoming more important now days	0.114	0.892
Investment is the commitment of funds to achieve Long Term goals	0.663	0.516
Investing is all about luck	0.498	0.608
Investment is only for the rich	0.854	0.427
Retirement Planning		
I plan to work part time after my retirement	3.608	0.028
Spending most of the time with spouse after retirement	1.681	0.188
My pension is sufficient for my golden years	0.660	0.518
I set aside some money every month for my retirement	0.039	0.962
Retirement will give me new opportunities to do things that I was not able to do while was working	0.114	0.892
Retirement planning should be started at early working stage	0.663	0.516
I hope for my children's contribution	0.498	0.608
I am expecting inheritance	1.470	0.232
Without proper retirement planning, I am afraid I will become a useless person during my retirement period.	2.069	0.128
I am afraid I will feel lonely after I retire	0.393	0.675

Sig. (p-value) < 0.05

Table 4.11 above shows the respondents' financial management and planning relationship with their monthly income. From the table, it can be seen that there is one item which is very significant. The item is respondents' check their CCRIS every year resulted in p-value of 0.000 which is very significant. Another significant relationship is that respondents plan to work part time after their retirement with a p-value of 0.028 < 0.05. This shows that monthly income is one contributor to the decision that respondents make towards their retirement planning. The rest of the items indicated in Table 4.11 have no significant relationship with monthly income as the p-value is greater than 0.05.

Table 4.12: Value of ANOVA test for Respondents' Behaviour on Financial Planning vs Working Experience

Financial Management and Planning	ANOVA test	
	F	Sig.
Saving Management		
I should save first before spending the balance	1.849	0.138
I spend my money very carefully	0.162	0.922
I budget my money very well	0.429	0.732
Credit Management		
I use credit card to pay my car down payment	0.469	0.704
I prefer buying things using credit card	0.085	0.968
Credit card interest rate is below 10%pa	0.599	0.616
I check my CCRIS every year	1.169	0.322
I always pay off my credit card at the end of each month	0.449	0.718
I never go over my credit limit	1.164	0.324
I spend more when I use credit card	1.036	0.377
I accept loan offers by Bank	0.104	0.958
My statement has never late fee charge	1.101	0.349
Insurance Planning		
I take insurance after had an accident	0.299	0.826
Insurance only covers death	0.348	0.791
I am eligible for hospitalization for lifetime in government hospitals	0.819	0.484
I have an adequate insurance program	0.139	0.937
I often have difficulty in making decision about purchasing insurance	1.729	0.161
Insurance is a form of retirement saving plan	1.086	0.355
It is importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident.	0.378	0.769
Investment Planning		
I know nothing about unit trust	1.036	0.377
High risks mean high return	1.405	0.241
Investment means money market	0.111	0.954
I invest because a friend ask to do so	1.501	0.214
Investing is becoming more important now days	1.347	0.259
Investment is the commitment of funds to achieve Long Term goals	1.446	0.230
Investing is all about luck	0.305	0.822
Investment is only for the rich	0.847	0.469

Retirement Planning

I plan to work part time after my retirement	0.621	0.602
Spending most of the time with spouse after retirement	1.405	0.241
My pension is sufficient for my golden years	0.111	0.954
I set aside some money every month for my retirement	1.501	0.214
Retirement will give me new opportunities to do things that I was not able to do while was working	1.347	0.259
Retirement planning should be started at early working stage	1.446	0.230
I hope for my children's contribution	0.305	0.822
I am expecting inheritance	0.683	0.563
Without proper retirement planning, I am afraid I will become a useless person during my retirement period.	0.800	0.495
I am afraid I will feel lonely after I retire	0.763	0.516

Sig. (p-value) < 0.05

Table 4.12 shows the relationship between respondents' management and financial planning and their working experience. From the table, it can be seen that there is no p-value that less than 0.05 which indicates that respondents' management and financial planning does not influence by their working experience.

4.5 Conclusion

From the results showed in this chapter, it can be concluded that most of the respondents have a very little knowledge regarding financial education and planning. Generally, the influence towards financial planning in some of them came from their friends. This is further strengthening by the results of their parents' educational background where most of their parents are secondary school leavers. Further results also indicated that most of them have not planned for their insurance, investment and retirement. They also have very little knowledge on saving and credit management which can lead them to being manipulated by scams. In order to further analyse the data, it is recommended to produce cross tabulation. However, due to time constrain cross tabulation was not able to be produced in this research. Further conclusion regarding the results is explained in chapter five. Recommendations on the study are provided and suggestions for further improvement of this study are also included in the next chapter.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Introduction

This study will conclude the findings in chapter four. Implications and suggestions were given for future study.

5.2 Conclusion and Recommendations

A great body of research indicated that, young adults often begin their university without having much financial knowledge and skills concerning financial issues (Cunningham, 2001; Nellie, 2002); however, the lack of financial knowledge and proper skills for effective financial management may lead them to face financial problems. In this study, the young adults came from various range of educational background. Some of them receive income from working and some from other sources. Therefore, as the data showed that most young adults still have to be supported for their living and some who are working earned an average income, it means that financial issues, especially financial planning, is important. In this study, the only sources highlighted were their monthly income in which they have to wisely plan for their living. However, as the data showed, the percentages of financially skilled young adults are none. The highest is just the average or moderate level of knowledge and skill in financial issues.

Youngsters' access to financial resources, even loans and debt, gives them an opportunity to spend money on basic and luxury needs. However, because of the growing purchase of goods and services for social display value among Asian students, the number of students facing financial problems increased significantly (Fan & Burton, 2002; Roberts & Jones, 2001; Ying,

2003) According to the Nellie Mae Annual Report (2002), the lack of experience in financial management may be particularly destructive to the young adults' financial futures. Study also indicated that young adults educational background have an influence in determining knowledge of financial planning.

The main reason for this difference might be due to the curriculum offered in the universities they went. Most of the universities have more general courses and programmes for students. The evidence indicates that financially educated people and those having an understanding of how to spend the money can effectively improve their financial satisfaction and security (Fitzsimmons et al., 1993). Skills and knowledge in credit, risk, and investment management are necessary to enable people to manage their finances and then effectively to meet their goals (Masud et al., 2004). Various sources can be tapped to acquire this knowledge; Borden et al. (2008) stated that for people lacking financial experience, financial education programmes have been identified as the key to improving financial skills and promoting personal financial responsibility (Elliot, 2000; Fox et al., 2005; Peng et al., 2007). The results from this study showed that, most students have low financial skills.

The majority of respondents is indefinite about financial planning is the most important educational need. Basic financial skills such as problem solving, decision making and savings are the examples of financial planning needed. The results indicated that young adults are concerned about their future life, which falls under retirement planning. As most research has emphasized, financial education is the best way to enhance ones' financial knowledge and skills. However, it is important for the policymakers and implementers to consider differences in providing information and education to the target group. As Hogart and Anguelov (2003) pointed out, education may require a combination of information, skill-building, and motivation to make the desired changes in behaviour. This distinction between information and education is a key point for policymakers. Most of the financial programmes have an informational structure and do not have a practical strategy to provide changes in financial behaviour.

Students, like other people, learn financial matters early in life, and it is agreed among researchers that family experiences, in particular, often provide the foundation for the student's financial skills and behaviours (Hira & Mugenda, 2000; Watchravesringkan, 2008). The financial socialization process of young people is mainly achieved through communication, observation, and by learning through trial and error (Lachance & Bernier, 2004). Therefore, it is important that financial educators and policymakers consider the financial socialization process as the main process of students' financial skills and knowledge source in early life.

Financial skills concern future planning and the attainment of financial well-being. Improving the financial skills of the young adults needs a practical approach towards educational programmes. An effective programme must be developed based on their needs and should be presented in an integrated way to cover the wider population with a variety of life stages and characteristics. In addition, the output of the programme should be monitored to assess in more detail the financial needs. Indeed, the government must take a more active role in educational planning by enhancing the importance of financial education in high schools and in the case of adult learning.

The study by Makela and Peters (2004) revealed that, financial education in high school was useful but boring, and that some did not remember having received this education. Therefore, the financial educators must employ efficient methods in teaching financial matters. The educational programmes should focus on improving the basic knowledge and skills concerning the financial products and financial services for young adults. In addition, providing basic financial management knowledge and skills upon graduation before they enter the job market can be beneficial, so they are equipped with the skills necessary to manage their income effectively. Finally, further studies need to develop a model of "financial skill" based on factors affecting a student's financial decision-making process in the social, cultural and psychological context.

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APPENDIX 1

Dear Respondent,

I am Mazlifah Mubarak Ali, a final year Master candidate in College of business at Universiti Utara Malaysia. Currently I am conducting a study on ‘financial planning among young adults’. You are invited to participate in this study because your response and views are very important for the success of this survey. Each respondent requires to spent 10 mintues to answer the questions and responses are flexible where there is no right or wrong answer as it entirely depend on the respondent perception. Any information provided is confidential and is used for academic purpose only.

Thank you for your cooperation.

MAZLIFAH MUBARAK ALI
College of Business
Universiti Utara Malaysia

SECTION A

1. Gender

☐ Female ☐ Male

2. Age

☐ 20-25 years ☐ 36-40 years

☐ 26-30 years ☐ 41-45 years

☐ 31-35 years ☐ 46 years and above

3. Race

☐ Malay ☐ Indian

☐ Chinese ☐ Others ___________

4. Marital Status

☐ Single ☐ Married

☐ Widow/widower ☐ Divoced

5. Number of dependents (including yourself) ________________________

6. Education level

☐ SPM ☐ Degree

☐ STPM ☐ Master

☐ Diploma/ Higher Diploma ☐ DBA/PhD

7. Working Sector

☐ Government ☐ Private

☐ Self employed ☐ Unemployed

8. Monthly Income

☐ Under RM 1000 ☐ RM 4001 – RM 6000

☐ RM 1000 – RM 2000 ☐ RM 6001 – RM 8000

☐ RM 2001 – RM 4000 ☐ RM 8001 and above

9. Working Experience

☐ Less than 5 years ☐ 11 years to 15 years

☐ 5 years to 10 years ☐ 16 years and above

Section B

1. If a person does not settle his or her debt (e.g : credit card) promptly, he or she may face difficulty taking up loans in the future.

☐ True ☐ False ☐ I don't know

2. If a person pays the minimum sum of his outstanding credit card balance, he will not have to pay any interest charge.

☐ True ☐ False ☐ I don't know

3. All credit card companies offer a no interest plan if you pay your bill in full in 30 days.

☐ True ☐ False ☐ I don't know

4. All bonuses in insurance planning are guaranteed.

☐ True ☐ False ☐ I don't know

5. If a person does not disclose any existing medical condition when buying an insurance policy, he or she may not be able to claim on his or her policy.

☐ True ☐ False ☐ I don't know

6. Financial planning is all about buying enough insurance.

☐ True ☐ False ☐ I don't know

7. A financial adviser must explain why the investment product he/she recommending is suitable for the client.

☐ True ☐ False ☐ I don't know

8. A well diversified portfolio is the one that spreads risk over different investments and/ or industry sector

☐ True ☐ False ☐ I don't know

9. Any investment that promises high return usually carries lower risk.

☐ True ☐ False ☐ I don't know

10. If you deposited RM1000 in an account and earned 8% annually over 30years, at the end of this period, you will earn more than RM5000.

☐ True ☐ False ☐ I don't know

How will you grade your knowledge on the following ? 1 Means very poor and 5 means very good.

The stock market	1	2	3	4	5
Mutual funds and how they work	1	2	3	4	5
Saving	1	2	3	4	5
Interest rates	1	2	3	4	5
Inflation	1	2	3	4	5
Managing household finances, such as income and expenses	1	2	3	4	5
How to prioritize financial goals, such as paying off debt, saving, for emergencies, investing for retirement, and so on	1	2	3	4	5
Credit Cards	1	2	3	4	5
Debit Cards	1	2	3	4	5
Insurance	1	2	3	4	5

Section C

Instruction: Please CIRCLE only ONE answer which is appropriate

1	**2**	**3**	**4**	**5**
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

Saving Management

1.	I should save first before spending the balance	1	2	3	4	5
2.	I spend my money very carefully	1	2	3	4	5
3	I budget my money very well	1	2	3	4	5

Credit Management

1.	I use credit card to pay my car downpayment	1	2	3	4	5
2.	I prefer buying things using credit card	1	2	3	4	5
3.	Credit card interest rate is below 10%pa	1	2	3	4	5
4	I check my CCRIS every year	1	2	3	4	5

5	I always pay off my credit card at the end of each month	1	2	3	4	5
6	I never go over my credit limit	1	2	3	4	5
7	I spend more when I use credit card	1	2	3	4	5
8	I accept loan offers by Bank	1	2	3	4	5
9	My statement has never late fee charges	1	2	3	4	5

Insurance Planning

1.	I take insurance after had an accident	1	2	3	4	5
2.	Insurance only covers death	1	2	3	4	5
3.	I am eligible for hospitalization for lifetime in government hospitals	1	2	3	4	5
4.	I have an adequate insurance program	1	2	3	4	5
5	I often have difficulty in making decision about purchasing insurance	1	2	3	4	5
6	Insurance is a form of retirement saving plan	1	2	3	4	5
7	It is importance to take up general insurance (fire, motor) as it will help to protect my asset in the event of an accident.	1	2	3	4	5

Investment Planning

1.	I know nothing about unit trust	1	2	3	4	5
2.	High risks mean high return	1	2	3	4	5
3.	Investment means money market	1	2	3	4	5
4.	I invest because a friend ask to do so	1	2	3	4	5
5	Investing is becoming more important now days	1	2	3	4	5
6	Investment is the commitment of funds to achieve Long Term goals	1	2	3	4	5
7	Investing is all about luck	1	2	3	4	5
8	Investment is only for the rich	1	2	3	4	5

Retirement Planning

1.	I plan to work part time after my retirement	1	2	3	4	5
2.	Spending most of the time with spouse after retirement	1	2	3	4	5
3.	My pension is sufficient for my golden years	1	2	3	4	5
4.	I set aside some money every month for my retirement	1	2	3	4	5
5	Retirement will give me new opportunities to do things that I was not able to do while was working	1	2	3	4	5
6	Retirement planning should be started at early working stage	1	2	3	4	5
7	I hope for my children's contribution					

8	I am expecting inheritance					
9	Without proper retirement planning, I am afraid I will become a useless person during my retirement period.	1	2	3	4	5
10	I am afraid I will feel lonely after I retire	1	2	3	4	5

What is the highest level of education your father and/ or mother completed? Indicate for father and mother.	Father	Mother
No schooling	FN	MN
Primary School	FP	MP
Secondary (High) School	FS	MS
Certificate	FC	MC
Diploma / Degree	FD	MD
Post-Graduate	FPG	MPG

How would you describe the allowance (pocket money) you received while growing up? Choose one response.

I did not receive a regular (weekly or monthly) allowance	N
I received a regular allowance that depended on the completion of some household chores	A
I received regular allowance and did not have to perform chores for it	FA

Where did you learn most about managing your money? Select one response.

At home from my family	H
At school in class	S
From talking with my friends	F

From magazines, books, TV, and the radio	M
From experience in managing my own funds	O
From courses and studies since grade 12 (matric)	C