FINANCIAL LITERACY AND FINANCIAL HEALTH AMONG MALAYSIAN

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ABSTRACT

The aim of this research paper is to examine the level of financial literacy and financial health among Malaysian aged between 18 to 45 years old. This research carries out three objectives: (i) to analysis determinants of financial literacy among Malaysian, (ii) to explore strategies to enhance financial literacy among Malaysian and (iii) to examine the relationship between financial literacy and financial health in Malaysia. Primary data collection method, through a well-structured questionnaire is used to test the level of financial literacy and financial health among Malaysian. A total of 2500 respondents were randomly selected from Peninsular Malaysia to answer this questionnaire. This study further employed various research design namely, descriptive analysis, correlation analysis, Independent Samples T-Test, One-Way ANOVA and regression analysis using enter and stepwise method to test the level of financial literacy and financial health of individuals in Malaysia. The finding of this study revealed that saving management, investment skills, parent’s characteristics and debt management have a significant correlation with financial literacy. In addition, this study also identified men aged between 18 to 25 years old as well as earn monthly income less than RM1500 are weak in terms of financial literacy. Moreover, results of this study also prove that, certificate holders as well as self-employed are financially illiterate and need to be given extra attention to these groups to enhance their financial literacy level. In this regards, this paper has suggested various strategies to improve the level of financial literacy among Malaysian. The enforcement of financial education start early at primary school level or at pre-school level is the best strategy to enhance the financial literacy of Malaysian. This is because; good financial literacy can save a person from debt burden and bankruptcies as well as help to improve their financial health overall.

Keywords: financial literacy, financial health, strategies, Malaysian.

Katakunci: kecelikan kewangan, kewangan yang sihat, strategi, rakyat Malaysia.
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### TABLE OF CONTENTS

Permission to Use............................................................................................................. ii
Abstract.......................................................................................................................... iii
Abstrak............................................................................................................................ iv
Acknowledgment........................................................................................................... v
Table of Contents.......................................................................................................... vi
List of Tables.................................................................................................................. x
List of Figures................................................................................................................ xii
CHAPTER ONE............................................................................................................. 13
  1.1 Introduction............................................................................................................. 13
  1.2 Definition............................................................................................................... 15
  1.3 Problem Statement............................................................................................... 18
  1.4 Research Objective.............................................................................................. 21
  1.5 Research Questions.............................................................................................. 22
  1.6 Significance Of The Study.................................................................................... 22
  1.7 Scope Of The Study.............................................................................................. 23
  1.8 Organization Of The Study................................................................................... 24
CHAPTER TWO............................................................................................................. 26
Literature Review.......................................................................................................... 26
  2.1 Introduction............................................................................................................. 26
  2.2 Financial Literacy................................................................................................. 26
  2.3 Saving Management.............................................................................................. 28
  2.4 Expenses Management........................................................................................ 29
  2.5 Debt Management............................................................................................... 29
  2.6 Investment Skills.................................................................................................. 30
  2.7 Parents Characteristics........................................................................................ 31
  2.8 Financial Health................................................................................................... 32
  2.9 Age........................................................................................................................ 32
CHAPTER TWO

2.10 Gender ................................................................. 34
2.11 Income ............................................................... 34
2.12 Education ............................................................ 35
2.13 Employment ........................................................ 35
2.14 Marital Status ....................................................... 36

CHAPTER THREE

Research Methodology .................................................. 37
3.1 Introduction .......................................................... 37
3.2 Sampling ............................................................... 37
3.3 Data Collection Method .......................................... 38
   3.3.1 Questionnaire Design ........................................ 39
3.4 Variables and Hypothesis ........................................ 41
   3.4.1 Model 1 .......................................................... 42
   3.4.2 Hypothesis ...................................................... 43
      3.4.2.1 Financial Literacy ....................................... 43
      3.4.2.2 Saving Management .................................. 43
      3.4.2.3 Expenses Management ............................... 45
      3.4.2.4 Debt Management ...................................... 45
      3.4.2.5 Investment Skills ....................................... 46
      3.4.2.6 Parents Characteristics ................................. 47
   3.4.3 Model 2 .......................................................... 48
   3.4.4 Model 3 .......................................................... 49
   3.4.5 Hypothesis ...................................................... 50
      3.4.5.1 Financial Health ....................................... 50
      3.4.5.2 Financial Literacy ....................................... 51
3.5 Research Design .................................................... 51
   3.5.1 Missing Data .................................................. 51
   3.5.2 Outliers ......................................................... 52
   3.5.3 Reliability ...................................................... 53
   3.5.4 Validity ......................................................... 53
   3.5.5 Factor Analysis ............................................... 54
5.3 Objective Two.................................................................114
5.4 Objective Three.............................................................114
5.5 Limitation of the Study.......................................................115
5.6 Contribution of the Study....................................................115
5.7 Suggestion for Future Study................................................116
References.............................................................................117
LIST OF TABLES

3.1 Number of labor force by age group, Malaysia 2010 – 2014……………………37
4.1 Missing Value………………………………………………………………….61
4.2 Rotated Factor Matrix………………………………………………………..64
4.3 KMO and Bartlett’s Test………………………………………………………66
4.4 Reliability Statistics of Saving Management……………………………….66
4.5 Reliability Statistics of Expenses Management………………………………67
4.6 Reliability Statistics of Debt Management………………………………….67
4.7 Reliability Statistics of Investment Skills…………………………………….67
4.8 Reliability Statistics of Parents Characteristics………………………………68
4.9 Reliability Statistics of Financial Literacy…………………………………….68
4.10 Reliability Statistics of Financial Health…………………………………….69
4.11 Descriptive Statistics of Normality………………………………………….70
4.12 Collinearity Statistics………………………………………………………..73
4.13 Test of Homogeneity of Variances…………………………………………74
4.14 Descriptive Statistics………………………………………………………..75
4.15 Correlation Analysis………………………………………………………..76
4.16 Model Summarya…………………………………………………………….78
4.17 ANOVAa……………………………………………………………………….79
4.18 Coefficientsa………………………………………………………………….80
4.19 Sensitivity Analysis………………………………………………………….83
4.20 Descriptive Analysis……………………………………………………….84
4.21 Correlation Analysis……………………………………………………….85
4.22 Descriptive Analysis……………………………………………………….88
4.23 Test of Homogeneity of Variance…………………………………………88
4.24 AVO…ña………………………………………………………………………..88
4.25 Multiple Correlations………………………………………………………88
4.26 Group Statistics…………………………………………………………….90
4.27 Independent Samples Test…………………………………………….....90
4.28 Descriptive Statistics ........................................................................... 93
4.29 Test of Homogeneity of Variances ......................................................... 93
4.30 ANOVA ............................................................................................... 93
4.31 Multiple Correlations ......................................................................... 94
4.32 Descriptive Statistics ........................................................................ 97
4.33 Test of Homogeneity of Variances ......................................................... 97
4.34 ANOVA ............................................................................................... 97
4.35 Multiple Correlations ......................................................................... 98
4.36 Descriptive Statistics ........................................................................ 99
4.37 Test of Homogeneity of Variances ......................................................... 100
4.38 ANOVA ............................................................................................... 100
4.39 Multiple Correlations ......................................................................... 100
4.40 Group Statistics .................................................................................. 101
4.41 Independent Samples Test .................................................................... 101
4.42 Descriptive Statistics ........................................................................ 108
4.43 Correlation Analysis .......................................................................... 109
4.44 Model Summary ................................................................................ 109
4.45 ANOVA ............................................................................................... 110
4.46 Coefficients ...................................................................................... 110
4.47 Sensitivity Test .................................................................................. 112
LIST OF FIGURES

1.1 Comparison of Household Debt / Disposable Income.................................18
1.2 Reasons for Default / Difficulty in Servicing Debt..................................19
1.3 Malaysia Consumer Confident Index......................................................20
3.1 Theoretical framework of Model 1.............................................................58
3.2 Theoretical framework of Model 3.............................................................59
4.1 Outliers.......................................................................................................63
4.2 Linearity Graph...........................................................................................72
4.3 Scatter Plot..................................................................................................74
CHAPTER ONE

BACKGROUND OF STUDY

1.1 INTRODUCTION

The present chapter contains the research background, definition, problem statement, objectives of the research, and research questions. The chapter also shed a light on the significance of the study, scope of the study and the final section explains the organization of the study.

In today’s human societies the earning and spending of money has become one of the most important way we connect with one another. Individual must have enough money, because money has plays an extremely significant role in present world. In today’s world, money is also the main cause of inhumane wars between the countries since the superpower nation exploits other countries through war solely due to the natural wealth of that country. Simmel (1997) in his book, The Philosophy of Money explain that money shapes the thinking of consumers both in their actions and in psyches. According to him, money plays significant sociological role in social and cultural interaction of a society. Money in general, is any items or verifiable record that is normally acceptable as a payment for goods and services. The main functions of money can be distinguished as store of value, unit of account, medium of exchange and sometimes standard of deferred payment. Any items or verifiable record that meets the function can be considered as money.

According to Susan (2001), international trade and the utilization of money has grown quickly since the end of the World War Two. Import and exported by countries has grown up at an
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REFERENCES


