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**MALAYSIAN YOUTH FINANCIAL
BEHAVIOUR:
A STUDY IN KOTA DAMANSARA**



**MASTER OF SCIENCE (FINANCE)
UNIVERSITI UTARA MALAYSIA
April 2017**

**MALAYSIAN YOUTH FINANCIAL BEHAVIOUR:
A STUDY IN KOTA DAMANSARA**



Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business,
University Utara Malaysia,
In Partial Fulfillment of the Requirement for the Master of Science (Finance)



**Pusat Pengajian Ekonomi,
Kewangan dan Perbankan**

SCHOOL OF ECONOMICS, FINANCE, AND BANKING

Universiti Utara Malaysia

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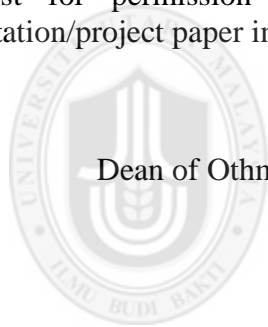
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ABSTRACT

Malaysia is a developed country with successful achievement in economy and social over the last five decades. However, there is a gap between the country performance, government efforts and its youth financial behaviours. Prior to this study, previous studies found that youth in Malaysia was reportedly had poor financial practices and behaviours. Hence, the objectives of this study are to investigate, examine, and identify the factors that influence financial behaviour among youth in Malaysia. Questionnaires were distributed to 400 respondents in Kota Damansara, Selangor, Malaysia in 2016. The respondents are ranging between the age of 15 to 40 years old. The finding of this study shows that age and income are two factors that significant with financial behaviours among youth in Malaysia, especially in Kota Damansara area. Youth within the age of 15 to 24 years old are found to be naive about financial education and financial knowledge, causing them to behave poorly financially. The finding also shows that youth with lower income has better financial behaviour compared to youth with higher income. Therefore, several strategies had been identified and suggested in this study to improve financial behaviours among youth especially within the age of 15 to 24 years old and earning high income. These strategies are hoped to improve financial behaviour among youth in Malaysia especially in Kota Damansara.

Keyword: financial behaviour, youth, age, income, Kota Damansara (Malaysia), regression

ABSTRAK

Malaysia adalah sebuah negara membangun dengan pencapaian yang membanggakan dalam sektor ekonomi dan sosial yang dinikmati sejak lima dekad yang lepas. Walau bagaimanapun, disebalik kejayaan dan usaha kerajaan dalam memajukan negara masih wujud kekurangan yang ketara dari aspek perlakuan kewangan dalam kalangan anak muda di Malaysia. Sebelum kajian ini dilakukan, terdapat kajian terdahulu yang melaporkan mengenai kelemahan yang ketara dalam perlakuan kewangan dalam kalangan anak muda di Malaysia. Oleh yang demikian, objektif kajian ini adalah untuk menyasat, mengkaji, dan mengenal pasti faktor-faktor yang mempengaruhi perlakuan kewangan dalam kalangan anak muda di Malaysia. Kertas soal selidik diedarkan kepada 400 responden di Kota Damansara, Selangor, Malaysia pada 2016. Para responden terdiri daripada anak muda dalam lingkungan umur 15 hingga 40 tahun. Hasil kajian menunjukkan bahawa faktor umur dan pendapatan mempengaruhi perlakuan kewangan dalam kalangan anak muda di Kota Damansara, Malaysia. Kajian menunjukkan bahawa anak muda dalam lingkungan umur 15 hingga 24 tahun dikenal pasti sebagai kumpulan umur yang mempunyai pengetahuan yang cetek berkenaan pendidikan kewangan, sekaligus mempengaruhi perlakuan kewangan yang tidak baik. Kajian ini juga menunjukkan bahawa anak muda yang mempunyai pendapatan lebih rendah memiliki perlakuan kewangan yang lebih baik jika dibandingkan dengan anak muda yang mempunyai pendapatan lebih tinggi. Oleh yang demikian, beberapa strategi telah dikenal pasti dan dicadangkan dalam kajian ini yang bertujuan untuk meningkatkan ilmu pengetahuan dan pendidikan berkenaan kewangan dalam kalangan anak muda terutamanya bagi mereka yang berada dalam lingkungan usia 15 hingga 24 tahun. Strategi-strategi ini diharap akan dapat meningkatkan perlakuan kewangan dalam kalangan anak muda di Malaysia terutamanya di Kota Damansara.

Kata kunci: perlakuan kewangan, anak muda, umur, pendapatan, Kota Damansara (Malaysia), regresi

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Their contributions are sincerely appreciated and gratefully acknowledge. Above all, to the Great Almighty, the author of knowledge and wisdom, for his countless love.



DECLARATION

I hereby declare that this Research Paper is based on my original work except for quotations and citations that have been duly acknowledged. I also declare it has not been previously or concurrently submitted for any other master program at University Utara Malaysia or other institutions.



AZLINAH BINTI MATRASHID

Date: 27/3/2017



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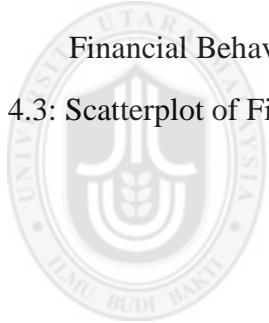


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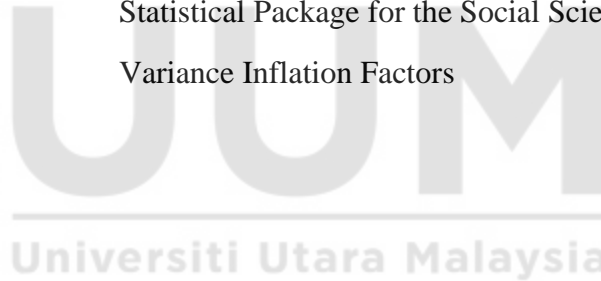
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LIST OF ABBREVIATION/NOTATIONS/GLOSSARY OF TERMS

<u>Abbreviation</u>	<u>Explanation</u>
AKPK	Agensi Kaunseling dan Pengurusan Kredit (Credit Counseling and Debt Management Agency)
ANOVA	Analysis of Variance
BNM	Bank Negara Malaysia
FOMCA	Federation of Malaysian Consumers Association
GDP	Gross Domestic Product
MDI	Malaysia Department of Insolvency
MOE	Ministry of Education
RM	Ringgit Malaysia
SPSS	Statistical Package for the Social Science
VIF	Variance Inflation Factors



CHAPTER ONE

INTRODUCTION

1.0 Background of Study

Since gained independence from the British Colonial in 1957, Malaysia emerge as an upper-middle income economy that has been successfully experiencing rapid development and economic growth over the past five decades. Hence, Malaysia is considered as a developing country that is on the brink of becoming a fully developed country by year 2020.

The success is often referred to its overall achievement in economic, social and financial sector. The World Bank has identified Malaysia as one of 13 countries in the world have recorded average growth of more than 7% per year for 25 years and more (The World Bank, 2016). Malaysia Gross Domestic Product (GDP) has increased tremendously from only USD1.916 billion in 1960 to USD296.218 billion in 2015 (The World Bank, 2016). The fact that Malaysia has diversified its sources of income over the past five decades helped the country to maintain its economic growth and development. History showed how Malaysia manage to survive the tough time during the 1997/1998 Asian financial crisis and still able to score average 5.5% growth per year from year 2000 to 2008. After hit by the Global Financial Crisis in 2008, Malaysia recovered rapidly by posting average growth rate of 5.7% since 2010 (The World Bank, 2016).

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Appendixes

APPENDIX A: Questionnaire



QUESTIONNAIRE SOAL SELIDIK

This questionnaire should take about 10 to 15 minutes to complete. Your response is very important to this study and will be kept strictly confidential. Please return the completed questionnaire at your earliest convenience.

This questionnaire consist of 8 pages and 3 section. There are 30 questions in Section I, 10 questions in Section II, and 4 questions in Section III.

Soal selidik ini akan mengambil masa lebih kurang 10 hingga 15 minit. Kerjasama anda amat dihargai untuk kajian kami. Segala maklumat anda adalah sulit dan hanya untuk tujuan kajian. Sila kembalikan soal selidik yang telah dijawab.

Section I : Financial Behaviours

Please circle ONE ANSWER ONLY for each of the following statements or questions.
Sila bulatkan SATU JAWAPAN SAHAJA untuk setiap soalan atau kenyataan berikut.

1. Do you have any type of loans or debts?
Adakah anda mempunyai sebarang jenis pinjaman atau hutang?

a) Yes / *Ya*

Please choose any of the following (*you can choose more than one which is related).
*Sila pilih daripada yang berikut (*anda boleh memilih lebih daripada satu yang berkaitan).*

- i) Vehicle purchase loan / *pinjaman kenderaan*
- ii) Housing loan / *pinjaman perumahan*
- iii) Personal loan / *pinjaman peribadi*
- iv) Business loan / *pinjaman perniagaan*
- v) Credit card / *kad kredit*
- vi) Others / *lain-lain*

b) I have no loans or debts.
Saya tidak mempunyai sebarang pinjaman atau hutang.

2. How much is the proportion of your loans repayment or any debts from your gross monthly income?

Berapakah peratusan pendapatan bulanan anda digunakan untuk membayar pinjaman atau hutang?

- a) Less than 10%
Kurang daripada 10%
- b) Between 10% to 30%
Antara 10% hingga 30%
- c) More than 30%
Lebih daripada 30%
- d) None
Tiada

3. Do you experience any financial difficulties due to your loans or borrowing?
Adakah anda mengalami sebarang masalah kewangan disebabkan pinjaman yang ditanggung?

- a) Yes / Ya
- b) No / Tidak

4. What is the main reason for your financial difficulties?
Apakah penyebab utama kepada masalah kewangan anda?

- a) Low income
Pendapatan tidak mencukupi
- b) Over-commitment
Komitmen berlebihan
- c) Increased or unexpected expenses
Perbelanjaan meningkat atau luar jangka
- d) Others (specify)
Lain-lain

	Item	1 Strongly disagree (Sangat tidak bersetuju)	2 Disagree (Tidak bersetuju)	3 Neutral (Neutral)	4 Agree (Setuju)	5 Strongly agree (Sangat bersetuju)
5.	Credit card encourages me to buy things I don't really need. <i>Kad kredit menggalakkan saya membeli barang yang tidak begitu perlu.</i>					
6.	There should be tighter controls on advertising and promotion of credit. <i>Pengiklanan dan promosi kemudahan kredit sepatutnya dikawal dengan lebih ketat.</i>					
7.	Credit facilities makes my financial planning and budgeting easier. <i>Kemudahan kredit memudahkan perancangan dan bajet kewangan saya.</i>					

8.	It is inevitable that people will get into debt these days. <i>Adalah sukar untuk mengelak daripada berhutang pada masa kini.</i>					
9.	Credit limits on credit cards should only be increased at the customer's request, not automatically. <i>Limit hutang kad kredit sepatutnya hanya dinaikkan atas permintaan pemegang kad, bukan diberi secara automatik oleh pengeluar kad kredit.</i>					
10.	If I lose my job, having outstanding credit commitments can make the situation much worse. <i>Jika saya kehilangan pekerjaan, mempunyai hutang tertunggak akan menyukarkan keadaan.</i>					
	Item	1 Strongly disagree (Sangat tidak bersetuju)	2 Disagree (Tidak bersetuju)	3 Neutral (Neutral)	4 Agree (Setuju)	5 Strongly agree (Sangat bersetuju)
11.	I am impulsive and tend to buy things even though I can't always afford them. <i>Saya sering membeli barang secara tidak dirancang dan cenderung untuk membeli barang yang kadang kala diluar kemampuan.</i>					
12.	I am a saver not a spender. <i>Saya suka menyimpan dan tidak suka berbelanja</i>					

13. Do you have any savings?
Adakah anda memiliki sebarang simpanan?
- a) Yes
Ya
- b) No
Tidak
14. What is the main purpose of your savings?
Apakah tujuan utama anda menyimpan?
- a) Reserves for emergency or unexpected event.
Simpanan untuk kecemasan atau keadaan diluar jangkaan.
- b) Reserves for personal use or commitment (marriage, education, etc).
Simpanan untuk kegunaan atau komitmen peribadi (berkahwin, pendidikan, dan lain-lain)
- c) Savings for investment purpose.
Simpanan untuk kegunaan pelaburan.
- d) Others (specify) _____
Lain-lain

	Item	1 Strongly disagree (Sangat tidak bersetuju)	2 Disagree (Tidak bersetuju)	3 (Neutral)	4 Agree (Setuju)	5 Strongly agree (Sangat bersetuju)
15.	I think saving money makes me a better person. <i>Menyimpan wang menjadikan saya seorang yang lebih baik.</i>					
16.	Saving gives me a sense of security. <i>Saya rasa lebih terjamin apabila memiliki simpanan.</i>					
17.	Saving helps me to be discipline in spending. <i>Menyimpan membantu saya lebih berdisiplin dalam berbelanja.</i>					
	Item	1 Strongly disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly agree

		(Sangat tidak bersetuju)	(Tidak bersetuju)	(Neutral)	(Setuju)	(Sangat bersetuju)
18.	I have enough saving for my future planning. <i>Saya mempunyai simpanan mencukupi untuk perancangan masa hadapan.</i>					
19.	My income is always not enough for me to spend. <i>Pendapatan saya seringkali tidak mencukupi untuk menampung perbelanjaan.</i>					
20.	I will use credit card to pay my expenses when I have insufficient salary to spend. <i>Saya akan menggunakan kad kredit untuk membayar perbelanjaan apabila pendapatan saya tidak mencukupi.</i>					
21.	I pay my mortgage and hire purchase installments on time every month. <i>Saya membayar pinjaman perumahan dan kenderaan tepat pada masanya setiap bulan.</i>					
22.	I pay off the full credit card outstanding amount every month. <i>Saya membayar hutang kad kredit sepenuhnya setiap bulan.</i>					
23.	I always review my monthly spending. <i>Saya sentiasa memantau perbelanjaan bulanan.</i>					
24.	In my opinion, it is important to have insurance or takaful protection. <i>Pada pendapat saya, memiliki perlindungan</i>					

	<i>insuran atau takaful adalah amat penting.</i>					
25.	I have enough insurance or takaful to ensure that if I were to pass away or become disabled, my family and I would not suffer financially or be financially disabled. <i>Saya mempunyai perlindungan insuran atau takaful yang mencukupi untuk menampung keperluan kewangan saya dan keluarga sekiranya saya meninggal dunia atau hilang upaya.</i>					
26.	If I were given an amount of equal six month salary to invest, I would know exactly what to do with it. <i>Jika saya diberikan sejumlah wang bersamaan dengan enam bulan gaji untuk kegunaan pelaburan, saya pasti apa yang akan saya lakukan dengan wang tersebut.</i>					
	Item	1 Strongly disagree (Sangat tidak bersetuju)	2 Disagree (Tidak bersetuju)	3 Neutral (Neutral)	4 Agree (Setuju)	5 Strongly agree (Sangat bersetuju)
27.	I understand my risk profile-high risk taker, medium risk taker, or low risk taker. <i>Saya faham kecenderungan saya dalam mengambil risiko (tinggi, sederhana, rendah)</i>					
28.	I have monthly financial planning and observed it strictly. <i>Saya mempunyai perancangan kewangan</i>					

	<i>bulanan dan memantaunya dengan ketat.</i>					
29.	I gather relevant information and analyze my current financial position before I make a financial decision such as buy a house, car, etc. <i>Saya mengumpul informasi yang berkenaan dan menganalisis kedudukan kewangan saya sebelum membuat sebarang keputusan berkaitan kewangan seperti membeli rumah, kereta, dan sebagainya.</i>					
30.	I review my financial plan periodically after the implementation. <i>Saya menilai rancangan kewangan secara berkala selepas melaksanakannya.</i>					



Section II : Financial Literacy

Please circle the appropriate answer or fill in the blank where necessary.

Sila bulatkan jawapan yang betul atau isikan tempat kosong.

1. Credit card can be used to obtain cash loan or advance.
Kad kredit boleh digunakan untuk memperoleh pinjaman tunai atau pendahuluan.
 - a) True
Betul
 - b) Salah
False
 - c) Do not know
Tidak tahu
2. If the chance of getting a disease is 10%, how many people out of 1,000 would be expected to get the disease?
Jika peluang untuk mendapat penyakit adalah 10%, berapa ramai yang dijangka akan mendapat penyakit daripada 1,000 orang?
 - a) 100
 - b) 10
 - c) 11
 - d) Do not know
Tidak tahu
3. Let's say you have RM200 in a savings account. The account earns 10% dividend (interest) per year. How much would you have in the account at the end of two years? Assuming you did not take out the money and dividend (interest) after first year.
Katakan anda mempunyai RM200 dalam akaun simpanan. Akaun tersebut menawarkan 10% faedah dalam setahun. Berapa banyakkah wang di dalam akaun anda selepas dua tahun? Andaikan bahawa anda tidak pernah mengeluarkan wang dan faedah daripada akaun tersebut dalam tahun pertama.
 - a) RM220
 - b) RM240
 - c) RM242
 - d) Do not know
Tidak tahu
4. Suppose you have a friend inherits RM10,000 today and his brother inherits RM10,000 three years from now. Who is the richer because of the inheritance?
Andaikan rakan anda mewarisi harta bernilai RM10,000 hari ini, manakala adiknya mewarisi RM10,000 tiga tahun dari sekarang. Siapa yang lebih kaya disebabkan pewarisan harta tersebut?
 - a) My friend
Rakan saya
 - b) His sibling
Adiknya
 - c) Do not know
Tidak tahu
 - d) They're equally rich
Kedua-duanya memiliki kekayaan yang sama
5. Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy _____ today with the money in this account?
Andaikan akaun simpanan anda menawarkan 1% kadar faedah setahun manakala kadar inflasi ialah 2% setahun. Selepas setahun, adakah anda mampu membeli _____ nilai wang yang ada di dalam akaun anda hari ini?
 - a) More than
Lebih daripada
 - b) Less than
kurang daripada
 - c) Exactly the same as
Sama seperti
 - d) Do not know
Tidak tahu

6. Which of the following statements describes the main function of the share market?
Manakah di antara kenyataan berikut yang menerangkan tentang fungsi pasaran saham?
- a) The share market helps to predict share earnings.
Pasaran saham membantu meramal pendapatan daripada saham.
 - b) The share market results in an increase in the price of shares.
Pasaran saham menyebabkan harga saham meningkat.
 - c) The share market brings people who want to buy shares together with those who want to sell shares.
Pasaran saham menemukan penjual saham dan pembeli saham..
 - d) Do not know
Tidak tahu
7. When an investor spread his investment among different assets, the risk of losing money is _____
Apabila pelabur melaburkan wangnya dalam aset-aset yang berbeza, risiko untuknya kehilangan wang pelaburan adalah _____
- a) Increase
Bertambah
 - b) Decrease
Berkurang
 - c) Stay the same
Tidak berubah
 - d) Do not know
Tidak tahu
8. Buying a company share usually provides a safer return than a share in mutual fund.
Membeli saham syarikat selalunya memberikan pulangan yang lebih stabil berbanding dengan saham unit amanah.
- a) True
Betul
 - b) False
Salah
 - c) Do not know
Tidak tahu
9. Shares are normally riskier than bonds.
Saham adalah lebih berisiko berbanding bon.
- a) True
Betul
 - b) False
Salah
 - c) Do not know
Tidak tahu
10. A mutual fund investor has the right to advise the investment manager on the type of shares to be invested.
Pelabur dalam unit amanah berhak untuk menasihati pengurus pelaburan berkenaan jenis saham yang dipilih.
- a) True
Betul
 - b) False
Salah
 - c) Do not know
Tidak tahu

Section III : Background and Demographic Information of Respondents

Please circle the appropriate answer or fill in the blank where necessary.
Sila bulatkan jawapan yang betul atau isikan tempat kosong.

Age

1	15-19 years
2	20-24 years
3	25-29 years
4	30-34 years
5	35-40 years

Gender

1	Male / <i>Lelaki</i>
2	Female / <i>Perempuan</i>

Income Per-Month

1	Below RM 2,500 <i>Dibawah RM2,500</i>
2	RM 2,500 – RM 5,000
3	RM 5,001 – RM 7,500
4	Above RM7,500 <i>Melebihi RM7,500</i>

Marital Status

1	Single / <i>Bujang</i>
2	Married / <i>Berkahwin</i>
3	Single parent / <i>Ibu atau bapa tunggal</i>

Note:

Please specify if you have any comment about this questionnaires;

Terima kasih di atas kerjasama. Sumbangan anda amatlah dihargai
Thank you for your cooperation. Your contribution to this study is greatly appreciated.