THE EFFECT OF REACTION TO INDEBTEDNESS AND FUTURE ORIENTATION ON FINANCIAL LITERACY AMONG TERTIARY STUDENTS IN PENINSULAR MALAYSIA

CHIA MEI SI

SULTAN IDRIS EDUCATION UNIVERSITY

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CHIA MEI SI

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ABSTRACT

The main objective of this study is to examine the direct and indirect effects of parental influence, peer influence, financial awareness through spending behavior, and saving behavior on reaction to indebtedness, and future orientation among tertiary students in Peninsular Malaysia. The underlying theories used in this study were the Theory of Reasoned Action, Self-Awareness Theory, and Consumer Involvement Theory. The snowball sampling technique was used to collect data for this study. All the collected data were analyzed using Statistical Package for the Social Science (SPSS) software version 16 and Smart PLS 3.0. This study utilized Partial Least Squares Structural Equation Modelling (PLS-SEM) to examine the relationship between variables with a sample of 1,800. This study indicated that most respondents reported low financial knowledge but moderate financial awareness. Furthermore, the PLS-SEM bootstrapping results revealed a significant negative relationship between financial awareness and reaction to indebtedness, suggesting that individuals with higher financial awareness have a negative impact on debt management. Meanwhile, a positive indirect relationship existed between financial awareness and reaction to indebtedness through spending and saving behaviors. This suggests that individuals with higher financial awareness and good spending and saving behavior manage debt better. Overall, the findings of this study indicated that the direct and indirect effects of financial awareness, parental influence toward reaction to indebtedness, and future orientation through spending and saving behavior were significant ($p < 0.05$). Therefore, spending and saving behavior partially mediate the relationship between financial awareness, parental influence toward reaction to indebtedness, and future orientation. In conclusion, it is recommended that personal financial management be included as a mandatory course in all tertiary-level education programs to assist tertiary students in making wise financial decisions.

KESAN TINDAK BALAS TERHADAP HUTANG DAN ORIENTASI MASA DEPAN TERHADAP LITERASI KEWANGAN DALAM KALANGAN PELAJAR PERINGKAT TERTIARI DI SEMENANJUNG MALAYSIA

ABSTRAK

Objektif utama kajian ini adalah untuk mengkaji kesan langsung dan tidak langsung pengaruh ibu bapa, pengaruh rakan sebaya, kesedaran kewangan melalui tingkah laku berbelanja, dan tingkah laku menabung kepada tindak balas terhadap hutang dan orientasi masa depan dalam kalangan pelajar peringkat tertiari di Semenanjung Malaysia. Teori asas yang digunakan dalam kajian ini ialah Teori Tindakan Beralasan, Teori Kesedaran Kendiri, dan Teori Penglibatan Pengguna. Persampelan bola salji digunakan untuk mengumpul data untuk kajian ini. Semua data yang dikumpulkan telah dianalisis dengan menggunakan perisian Statistical Package for the Social Science (SPSS) versi 16 dan Smart PLS 3.0. Kajian ini menggunakan Partial Least Squares Structural Equation Modelling (PLS-SEM) untuk mengkaji hubungan antara pemboleh ubah berdasarkan 1,800 sampel. Dapatan kajian ini mendapati kebanyakan responden mempunyai pengetahuan kewangan yang rendah dan tahap kesedaran kewangan yang sederhana. Tambahan pula, keputusan PLS-SEM bootsrapping menunjukkan hubungan negatif yang signifikan antara kesedaran kewangan dan tindak balas terhadap hutang, mencadangkan individu dengan tahap kesedaran kewangan yang lebih tinggi mempunyai kesan negatif terhadap pengurusan hutang. Sementara itu, terdapat hubungan positif tidak langsung antara kesedaran kewangan dan tindak balas terhadap hutang melalui tingkah laku berbelanja dan menabung. Ini mencadangkan individu dengan kesedaran kewangan yang tinggi dan tingkah laku berbelanja dan menabung yang baik dapat menguruskan hutang dengan baik. Secara keseluruhan, hasil kajian ini menunjukkan bahawa kesan langsung dan tidak langsung kesedaran kewangan, pengaruh ibu bapa terhadap tindak balas terhadap hutang, dan orientasi masa depan melalui tingkah laku berbelanja dan menabung adalah signifikan ($p < 0.05$). Oleh itu, tingkah laku berbelanja dan menabung menjadi sebahagian faktor mediasi antara kesedaran kewangan, pengaruh ibu bapa ke atas tindak balas terhadap hutang, dan orientasi masa depan. Kesimpulannya, ia dicadangkan pengurusan kewangan peribadi sebagai sebagai kursus wajib dalam semua program pengajian tinggi untuk membantu pelajar membuat keputusan kewangan secara bijak.

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AER	Army Emergency Relief
AVE	Average Variance Extracted
AIMST	Asian Institute of Medicine, Science, and Technology Universiti
AKPK	Credit Counseling and Debt Management Agency
APU	Asia Pacific University of Technology and Innovation
CFC	Combined Federal Campaign
ETP	Economic Transformation Plan
GDP	Gross Domestic Product
HELP	Higher Education Learning Philosophy University
HTMT	Heterotrait-Monotrait Ratio
IPTA	Institut Pengajian Tinggi Awam
IPTS	Institut Pengajian Tinggi Swasta
IMU	International Medical University
INCEIF	International Centre for Education in Islamic Finance
IUCTT	International University College of Technology Twintech
IUKL	Infrastructure University Kuala Lumpur
KLMUC	Kuala Lumpur Metropolitan University College
KUIPs	Islamic University College of Perlis
KUIS	Kolej Universiti Islam Antarabangsa Selangor
KWSP	Kumpulan Wang Simpanan

MCO	Movement Control Order
MDI	Malaysia Department of Insolvency
MISI	Malaysia Institute of Supply Chain Innovation
MMU	Meritus University; Multimedia University
MPC	Monetary Policy Committee
MST	Mercer (Australia) Super Trust
MSU	Management and Science University
MUCM	Manipal University College Malaysia
MUST	Malaysia University of Science and Technology
NMUC	Netherlands Maritime University College
OPR	Overnight Policy Rate
OUM	Open University Malaysia
PLS	Partial Least Squares
PLS-MGA	Partial Least Squares – Multigroup Analysis
RUI	Raffles University Iskandar
SGLI	Servicemembers Group Life Insurance
SNS	Social Networking Sites
TSP	Thrift Saving Plan
TVM	Time Value of Money
UCSF	University College Sabah Foundation
UCSI	University College Sedaya International
UIAM	International Islamic University Malaysia
UITM	Universiti Teknologi Mara

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UK	United Kingdom
UKM	Universiti Kebangsaan Malaysia
UM	University of Malaya
UMK	Universiti Malaysia Kelantan
UMP	Universiti Malaysia Pahang
UMS	Universiti Malaysia Sabah
UMT	Universiti Malaysia Terengganu
UniKL	Universiti Kuala Lumpur
UniMAP	Universiti Malaysia Perlis
UNISEL	Universiti Selangor
UniSZA	Universiti Sultan Zainal Abidin
UNITAR	United Nations Institute for Training and Research
UNITEN	Universiti Tenaga National
UPM	Universiti Putra Malaysia
US	United States
USIM	Universiti Sains Islam Malaysia
USM	Universiti Sains Malaysia
UTAR	Universiti Tunku Abdul Rahman
UTeM	Universiti Teknikal Malaysia Melaka
UTHM	Universiti Tun Hussein Onn Malaysia
UTM	Universiti Teknologi Malaysia
UTP	Universiti Teknologi Petronas
UUM	Universiti Utara Malaysia

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SEM	Structural Equation Modeling
SPSS	Statistical Packages for The Social Science
VAF	Variance Accounted For
VIF	Variance Inflation Factor

CHAPTER 1

INTRODUCTION

1.1 Introduction

In today's world, it is absolutely crucial for individuals to possess a strong understanding of financial literacy in order to effectively manage their financial resources and achieve their financial goals (Nugraha et al., 2023). This is because making a wrong financial decision can lead to over-indebtedness, financial burdens, financial problems, or even bankruptcy. In general, day-to-day financial decisions are based on individual needs and wants. According to Maslow's Hierarchy of Needs (1943) and Poston (2009), meeting basic human needs such as food, water, and shelter is crucial for survival, growth, and well-being. Today, these needs have expanded to include transportation, healthcare, education, employment, safety and security, social connection, and emotional well-being. It's important to note that these needs may vary from one country or individual to another, but the fundamental needs always remain the same.

Nevertheless, it is essential to understand that meeting these needs often involves financial decisions that are influenced by an individual's financial knowledge, financial awareness, spending and saving behavior, reaction to indebtedness, and their future orientation. This is because financial decisions are particularly important for individuals aged 25 to 34, as they plan for different stages of their life cycle, such as purchasing a car, buying a house, getting married, giving birth, planning for children's education funds, retirement planning, and more. Hence, there have been limited studies conducted on the financial literacy of Generation Z in Malaysia. Therefore, this study aims to determine the level of financial awareness and knowledge among tertiary students. It also aims to examine the relationship between financial awareness, parental influence, peer influence, spending behavior, saving behavior, reaction to indebtedness and future orientation among tertiary students. This chapter introduces the research background, discusses the research problem, research objectives, research questions, defines the key terms, and discusses the significance of the study.

1.2 Background of the Study

Nowadays, managing debt and making daily financial decisions can be quite challenging, especially for those who lack exposure to financial information. It requires having financial awareness and knowledge that can help individuals understand their spending habits, evaluate potential returns along with financial risks, and plan their financial future more effectively (Nga et al., 2010; Agnew & Harrison, 2015; OECD, 2020). With these extensions, personal financial management is essential to attain financial stability, goal achievement, debt management, emergency preparedness, future planning, financial independence, security, and reduced financial burden. Meanwhile, with limited financial resources, it is crucial to have a good understanding of personal financial management to make wise financial decisions, especially in dealing with future uncertainty (Philippas & Avdoulas, 2020; Lusardi & Mitchell, 2023; Yulianah & Muflikhati, 2023). Knowing economic indicators such as inflation rate, interest rate, unemployment rate, and gross domestic product is also essential to help people plan their future. For those who are weak in financial management, there is a high probability contribute to high household debt.

Recently, household debt is becoming a growing concern in Malaysia. It includes housing loan, car loan, personal loans, student loan, and credit card balance. Since 2013, it has been reported that household debt in Malaysia has exceeded 80% of the country's gross domestic production (Bank Negara Malaysia, 2013; Bank Negara Malaysia, 2016; Tee, 2016; Tong, 2018). In 2023, it reached RM 1.48 trillion which is more than federal government debts of RM1.147 trillion (Sulhi, 2023). This trend has resulted in delinquency in housing loan, as some borrowers' face challenges in maintaining their regular repayments (Seah, 2021; Bank Negara Malaysia, 2023). Table 1.1 show that household debt increased from 2011 to 2013 and fluctuated slightly until 2019. In 2020, it reached a new peak of household debt to the percentage of gross domestic production in Malaysia (93.32%). As a result of the Malaysian government's implementation of the movement control order and loan moratorium in response to the effects of the Covid-19 outbreak, the household debt to the percentage of gross domestic production in Malaysia declined to 89.02% in 2021 and 81% in 2022. According to Bank Negara Malaysia in its financial stability review first half of 2023, the household debt to gross domestic production ratio remains stable at 81.9%.

Table 1.1

Malaysia's Household Debt to GDP from 2011 to 2022

Year	Household Debt to GDP Ratio (%)	Year	Household Debt to GDP Ratio (%)
2011	76.14	2017	82.62
2012	80.55	2018	81.99
2013	86.14	2019	82.87
2014	86.11	2020	93.32
2015	86.94	2021	89.02
2016	86.46	2022	81.00

Source: CEIC, 2023

The high household debt raises the concerns about the level of financial knowledge and financial awareness toward financial products among Malaysian. When financial awareness and knowledge are low, the likelihood of making wise financial decisions decreases (Chen & Volpe, 1998; Dale & Bevil, 2007; OECD, 2014; OECD, 2020). This means that financial literacy needs to be well developed to create better financial management behavior (Yulianah & Muflikhati, 2023). Into extent, financial literacy refers to the knowledge and skills that allow individuals to make wise financial decisions using their available financial resources (Beal & Delpachitra, 2003; Tahir & Ahmed, 2021). Without it, individuals may face challenges in managing day-to-day financial decisions.

Developing financial literacy is a lifelong process since there are many financial products and services offered by financial institutions in Malaysia. In developing financial literacy, parents play an influential role through direct sharing of financial information and management skills or indirectly as role models for their children to shape their children spending and saving behavior. According to LeBaron et al. (2020), financial education from parents in childhood lead to better financial behavior in adulthood. Thus, it is important to involve parents to guide their children about financial management. Nevertheless, peers play an important role in influencing the spending and saving behavior of an individual due to interpersonal influence (Scully & Moital, 2016). In short, financial education from parents, school, college, and university is crucial in Malaysia.

This is because exposure to financial education can lead to more rational financial decisions and help to prevent a lack of self-control, awareness, and knowledge that might cause financial problems (Urban et al., 2020; Watanapongvanich et al., 2021). Into extent, financial problem arises when individuals have difficulty paying off debts. As a result, this can lead individuals to seek external financial support through loans or credit cards (Kerkmann et al., 2000; Nga et al., 2010; OECD 2020). In the end, it will push the household debt to the next high level. In the past decade, many researchers study the direct relationship between financial awareness (Jayanthi & Rau, 2017), parental influence (Grinstein-Weiss et al., 2011; Fazli et al., 2012), and peer influence (Lieber & Skimmyhorn, 2018; Gerrans et al., 2018) toward spending behavior (Setiawan et al., 2022) or saving behavior (Jamal et al., 2015; Setiawan et al., 2022). Otherwise, the direct relationship between spending behavior or saving behavior toward over indebtedness (Gathergood, 2012) or future orientation (Howlett et al., 2008).

However, there is still a lack of studies conducted on the mediating role of spending behavior and saving behavior in the relationship between financial awareness, parental influence, peer influence, reaction to indebtedness and future orientation among Generation Z in Malaysia. This study is hoped to contribute to the limited literature on financial literacy by examining the mediating role of spending and saving behavior, which consists of behavioral intention to behavioral. Moreover, this study is interested in examining how financial awareness, parental influence, and peer influence toward reaction to indebtedness and future orientation through spending and saving behavior among Generation Z in Malaysia.

1.3 Statement of the Problems

Bank Negara Malaysia has recently expressed concern over the high household debt risks (Bernama, 2024). Policymakers are now faced with the challenge of how to increase the level of financial literacy among the public. This is because low financial literacy can lead to financial worry and overwhelming stress, especially when individuals are over-indebted (Robinson & Smith, 2021). According to Kerkmann et al. (2000), financial depression occurs when individuals mismanage their personal financial resources due to a lack of financial knowledge, awareness of financial products, and financial management skills. As a result, excessive debt can occur due to obtaining loans, using credit cards to cover repayments, or relying on credit to meet daily expenses. To avoid falling into a state of over-indebtedness, there is a need to assess the level of financial knowledge and awareness due to low financial knowledge and awareness can lead to financial worry and lack of confident in making financial decision.

1.3.1 FA, SB, SA, RI, and FO

Recently, financial problems have become increasingly common among young adults, with some struggling to make repayments and regularly experiencing financial difficulties (Hoeve et al., 2014; Seuntjens et al., 2016; Chong et al., 2021; Anon, 2024). Therefore, reaction to indebtedness and future orientation become a consideration for individuals in managing personal finances. To better understanding on these, it is important to consider the age range of different generations. Each generation has unique experiences, lifestyles, values, and expectations that influence their financial decisions. There are six generations, namely: The Greatest Generation (born between 1901 to 1926), the Mature Generation (born between 1927 to 1945), Baby Boomers (born between 1946 to 1964), Generation X (born between 1965 to 1980), Generation Y (born between 1981 to 1996), and Generation Z (born between 1997-2001) (Dellande & Saporoschenko, 2004; OECD, 2014; OECD, 2020).

Due to the gradual transition between Generation Y and Generation Z in the global financial marketplace, studying financial literacy among Generation Z is essential (Williams & Page, 2011; Walsemann et al., 2015; Chong et al., 2021). Compared to Baby Boomers, Generation X and Generation Y, Generation Z have a different perception of risk, greater willingness to take the risk, higher self-esteem, and a different lifestyle with a trendy social image (Dellande & Saporoschenko, 2004; Worthington, 2006; Williams & Page, 2011; OECD, 2014: OECD, 2020). Given that the global financial marketplace is currently experiencing a transition between Generation Y and Generation Z, it is important to study financial literacy among Generation Z. Compared to previous generations, Generation Z has a different perception of risk, higher willingness to take risks, higher self-esteem, and a different lifestyle with a trendy social image. Furthermore, recent studies have shown that tertiary education students from Generation Z are better prepared to face financial shocks if they have better financial knowledge and less financial fragility (Philippas & Avdoulas, 2020). Therefore, understanding their financial awareness, reaction to indebtedness, and future orientation is crucial. Moreover, it is limited study concern the mediating effect of spending and saving behavior between financial awareness, reaction to indebtedness and future orientation. Therefore, this gap should be filled by this study.

1.3.2 PA, SB, SA, RI, and FO

Parental influence is a crucial factor in shaping the financial knowledge and behavior of children (Danes, 1994; Grinstein-Weiss et al., 2011). According to LeBaron-Black et al. (2023), parents play a significant role in transforming their children's financial knowledge and promoting responsible spending behavior. Parents are considered as role models for their children, and their actions can shape the behavioral intentions of their children. Positive parenting practices have been found to have a significant relation in reducing debt delinquency (Bhandary, 2023). Moreover, children can learn from their parents' financial mistakes, and the effect is stronger in bankrupt mother-daughter pairs than in bankrupt mothers-son pairs. Interactions with parents during childhood have a lasting impact on children's financial behavior and reduce the risk of repeating the same mistakes in adulthood (Agarwal, 2024).

Children tend to become more risk-averse after experiencing negative financial shocks, which can affect their financial behavior in adulthood (kim & lee, 2014; bernile et al., 2017). This, in turn, can influence their future orientation. In summary, parents play a vital role in developing their children's financial knowledge, raising financial awareness, and shaping their children's financial behavior can significantly impact their reaction to indebtedness and future orientation. However, it is limited study concern the mediating effect of spending and saving behavior between parental influence, reaction to indebtedness, and future orientation. Therefore, this is the gap to be explored and filled by this study to have a better understanding of the relationship between parental influence, spending behavior, saving behavior, reaction to indebtedness, and future orientation.

1.3.3 PE, SB, SA, RI, and FO

There is a growing interest in understanding how spending decisions are made as both an economic and social process between groups (Wu et al., 2018). Peer pressure is the most common sociopsychological state and has a direct impact on individual behavior through the process of social interaction. This is because, under peer pressure, individuals may choose group preferences over personal preferences (Hu et al., 2021). It often happens when individuals spend more time with their peers and perceive signs of persuasion from their peers to change their attitude, values, or behaviors (Li et al., 2022). On the other hand, greater peer influence has been associated with less responsible spending behavior (LeBaron-Black et al., 2023). Moreover, several studies have shown that peer influence positively affects saving behavior (Fazli et al., 2012; Jamal et al., 2015; Lieber & Skimmyhorn, 2018). However, there is little of low concern about the mediating effect of spending and saving behavior between peer influence, reaction to indebtedness, and future orientation. Therefore, it cannot be ignored.

1.3.4 Issue in Malaysia

Concerning the issue of low financial literacy, Bank Negara Malaysia attempted to enhance Malaysian financial literacy and capability by incorporating the Economic Transformation Plan (ETP) 2010 – 2020 into the syllabuses of primary and secondary schools in 2013. Credit Counseling and Debt Management Agency (AKPK) is also available for those seeking financial advice (Bank Negara Malaysia, 2017). The ETP program aims to create financial awareness and improve Malaysian financial knowledge. Therefore, the degree of financial knowledge is essential to a nation because policymakers can identify the potential needs and gaps in a specific area and efficiently deliver financial education to those who need it. This statement is supported by Rebecca (2016) and Almenberg et al. (2021) that educating individuals on spending habits and financial management is crucial in keeping household debt low.

Despite the implementation of the ETP program for five years, the bankruptcy rate is still rising for five years. As seen in Table 1.2, the bankruptcy cases show an increasing trend from 2011 to 2014 and then decreasing trend from 2017 to 2022. However, one of the reasons for the reduction in bankruptcy cases is that in 2018, the new bankruptcy amendment act increased the higher threshold for bankruptcy to RM 50,000 from RM 30,000. Moreover, the bankruptcy threshold increased from RM 50,000 to RM 100,000 in 2020. This increase in bankruptcy threshold showed a significant decreasing trend in the total bankruptcy cases from 2017 to 2022.

Table 1.2

Total Bankruptcy Cases from 2011 to 2022

Year	Total Petition	Bankruptcy Order	Year	Total Petition	Bankruptcy Order
2011	85,092	19,167	2017	35,333	18,277
2012	82,711	19,575	2018	27,801	16,482
2013	35,407	21,987	2019	20,724	12,051
2014	32,203	22,351	2020	19,372	7,221
2015	30,253	18,457	2021	22,079	6,554
2016	30,621	19,588	2022	22,338	5,695

Source: Department of Insolvency, 2021; BHEUU annual report 2011 – 2022

The increase in the bankruptcy threshold to RM 100,000 in 2020 is due to the impact of Covid-19. This amendment aimed to prepare Malaysia to face future outbreaks or disasters that caused a wave of economic crises in 2020. This temporary relief measure will remain in force until 31 August 2021. Besides that, AKPK stated that the automatic loan moratorium under the government's economic stimulus packages helped to distress the impact of the Covid-19 pandemic, which helped to hold off bankruptcy proceedings by the financial institution (AKPK, 2021). Moreover, according to Table 1.3, the highest percentage of bankruptcy cases involves individuals between 35 to 44 years old. This trend showed that financial-related decisions were essential to the age group of 25 to 34 years old since this age group involved planning for different stages of the life cycle, such as purchasing a car, purchasing a house, marriage, giving birth, planning for children's education fund, retirement planning, and others, which involve more and more financial decisions. When dealing with housing loan, age is a criterion banks investigate in evaluating borrower's creditworthiness. To an extent, it is crucial to understand Generation Z degree of financial knowledge, financial awareness, spending behavior, saving behavior, and how they react when in debt and future planning to determine whether they are ready to make financial decisions or not.

Table 1.3

Age Groups of The Bankruptcy Cases in Malaysia from 2011 to 2022

	Year											
Age	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021	2022
Below 25	171	130	208	635	122	91	80	139	54	19	20	11
25-34	4,217	3,970	5,212	4,822	4,648	5,184	4,785	4,139	2,603	1,469	1,060	759
35-44	6,854	7,164	7,616	7,641	6,507	6,601	6,241	5,958	4,574	2,734	2,525	2,237
45-54	5,325	5,698	5,973	6,223	4,744	4,967	4,628	4,022	3,087	1,903	1,802	1,630
55 and above	2,385	2,499	2,818	2,867	2,299	2,536	2,354	2,106	1,707	1,074	1,116	1,024
No data	215	114	160	163	137	209	139	118	26	22	21	34
Total	19,167	19,575	21,987	22,351	18,457	19,588	18,227	16,482	12,051	7,221	6,554	5,695

Source: Department of Insolvency Malaysia, 2021; Annual Report of BHEUU, 2011 – 2022

*Note: Temporary bankruptcy threshold amount has been amended from RM 50,000 to RM 100,000 and will remain in force until 31 August 2021.

It is important for a person's financial literacy to match their age, as people become more knowledgeable as they age. Nonetheless, despite this, the age group with the highest rate of bankruptcy is between 35 and 44, according to the Department of Insolvency (2022). For this reason, financial literacy is essential because it helps guide a person to make sound financial decisions (Dellande & Saporoschenko, 2004; Worthington, 2008, OECD, 2014; OECD, 2020). To manage finances effectively, it is crucial to understand fundamental financial concepts such as time value of money, inflation rate, diversification, risk and return, and knowledge of financial products such as credit cards, insurance, mortgage, and others (Nga et al., 2010; OECD, 2014; Agnew & Harrison, 2015; OECD, 2020).

Past studies showed that males tend to possess higher levels of financial literacy than females (Chen & Volpe, 1998; Worthington, 2006; Lusardi & Mitchell, 2014; Swiecka et al., 2020). According to Rudeloff et al. (2019), males have higher levels of financial knowledge than females. However, according to OECD (2014) and OECD (2020), there is no significant gender difference in financial literacy in Malaysia. Nonetheless, the breakdown of bankruptcy cases by gender in Malaysia showed a significant gap between male and female cases. As shown in Table 1.7, females accounted for around 30% of the total bankruptcy cases from 2010 to 2022, while males made up approximately 70% (Department of Insolvency, 2020).

Table 1.4

Gender Groups of The Bankruptcy Cases in Malaysia from 2011 to 2022

	Year											
Gender	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021	2022
Male	13,436	13,613	15,172	15,646	12,787	13,364	12,452	11,760	8,923	5,275	4,874	4,183
Female	5,731	5,962	6,815	6,705	5,670	6,224	5,775	4,722	3,128	2,940	1,671	1,506
Unknown	-	-	-	-	-	-	-	-	-	-	9	6
Total	19,167	19,575	21,987	22,351	18,457	19,588	18,227	16,482	12,051	7,221	6,554	5,695

Source: Department of Insolvency Malaysia, 2021; Annual Report of BHEUU, 2011 – 2022
*Note: Temporary bankruptcy threshold amount has been amended from RM 50,000 to RM 100,000 and will remain in force until 31 August 2021

Bankruptcy cases in Malaysia are due to a variety of reasons including car loans, personal loans, housing loans, business loans, personal loans guarantors, business loan guarantors, credit card debts, income tax debts, study loans, and others (Department of Insolvency Malaysia, 2021). According to Table 1.5, car loans were the top reason for bankruptcy cases in Malaysia from 2010 to 2014, while from 2015 to 2016, car loans were the second-highest reason for bankruptcy cases. Personal loans were the second or third leading cause of bankruptcy cases from 2010 to 2014, while it was the leading cause of bankruptcy cases from 2015 to 2022 (BHEUU, 2022).

Furthermore, in 2021, insolvency on personal loans followed by insolvency on business loans will account for most bankruptcies. One of the causes is the Covid-19 pandemic's effects and the movement control order, which led to a decrease in income or job losses. A personal or business loan is possible financing option to raise money to cover day-to-day expenses or as cash flow from operations during this period.

Table 1.5

Reasons for The Bankruptcy Cases in Malaysia from 2011 to 2022

	Year											
Reasons	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021	2022
Car loan	5,137	5,242	6,468	6,802	4,775	4,500	4,102	3,392	1,543	896	690	441
Housing loan	4,576	5,341	5,396	4,906	2,504	2,395	2,675	1,982	1,138	508	459	491
Personal loan	3,168	3,251	4,174	3,880	5,228	6,133	5,496	4,636	5,706	3,772	3,267	2,688
Business loan	2,301	2,978	2,800	2,150	1,670	1,989	1,679	626	1,846	1,099	1,202	1,241
Personal loan guarantor	1,038	654	995	1,444	1,196	628	806	540	221	2	-	-
Business loan guarantor	1,364	892	567	632	619	1,033	1,002	626	15	96	118	159
Credit card debt	665	888	1,016	1,827	1,770	2,247	1,773	1,811	880	527	438	207
Income tax debt	177	127	163	213	249	281	303	275	261	144	147	153
Study loan	27	33	32	15	3	4	8	26	16	11	15	18
Others	714	169	376	482	493	414	383	1,770	425	166	126	187
Contribution of KWSP	-	-	-	-	-	-	-	-	-	-	92	110
Total	19167	19575	21987	22,351	18,457	19,588	18,227	16,482	12,051	7,221	6,554	5,695

Source: Department of Insolvency Malaysia, 2021; Annual Report of BHEUU, 2011 - 2022

According to the Department of Insolvency (2021), the reasons for being unable to repay outstanding debt include economic crises, weak financial management, no financial knowledge of debt, unemployment, being defrauded, pleaded not to owe a debt, not being affordable and deliberate. According to Table 1.6, the highest cases reported the reason for failing to repay debt due to the economic crisis in 2014, while weak financial management was the main factor in 2015 and 2018. Moreover, the reason for failing to repay debt due to having no financial knowledge of debt increased from 2014 to 2016. However, not being affordable became the main reason for failing to repay debt in 2019 to 2022.

The increasing trend of the total petitions from year to year is an unsolved problem. High household debt, a lack of financial literacy, and poor money management contribute to bankruptcy cases. The decrease in total bankruptcy cases in Malaysia may be due to adjusting the bankruptcy threshold amount. In 2021, the most common reason for failure to repay debt was due to it not being affordable (656 cases). It was followed by economic crises (534 cases), weak financial management (420 cases), unemployment (307 cases), no financial knowledge of debt (200 cases), being defrauded (122 cases), deliberate (42 cases), and pleaded not to owe a debt (39 cases).

Table 1.6

Reasons Failed to Payback Debt from 2014 to 2022

	Year								
Reason	2014	2015	2016	2017	2018	2019	2020	2021	2022
Economic Crises	3,466	2,308	2,713	2,750	2,778	2,093	1,025	534	1,221
Weak Financial Management	3,181	3,318	3,193	2,811	2,391	1,843	794	420	489
No Financial Knowledge of Debt	2,341	2,983	3,034	2,799	2,043	1,293	552	200	485
Unemployment	1,544	1,393	1,484	1,513	1,770	1,497	725	307	793
Being Defrauded	1,023	1,517	1,574	1,621	947	836	281	122	336
Pleaded Not to Owe a Debt	461	881	801	734	586	750	229	39	176
Not being Affordable	69	124	172	175	2,218	2,881	1,181	656	2,945
Deliberate	68	119	112	117	360	211	124	42	18
Total	12,150	12,643	13,083	12,520	13,003	11,404	4,911	2,320	6,463

Source: Department of Insolvency Malaysia, 2021; Annual Report of BHEUU, 2014 - 2022

It can be challenging to teach financial concepts to adults as compared to children and youth. Reading can help increase knowledge, but studies show that today's youth rely more on social media for information than traditional sources like newspapers knowledge (Hirsch, 2003; Bashir & Mattoo, 2012; Graham, 2020; Eugene, 2017). Generation Z customers who enjoy online shopping are a significant force with growing spending power (Beatty & Ferrell, 1998; Ayuni, 2019; Zhang et al., 2021). However, their increased reliance on online consumption can lead to overspending. Individuals with low financial literacy tend to have higher debt levels and tend to overspend on credit cards or use personal loans for spending (Sexton et al., 2002; Chen et al., 2016; Ayuni, 2019; Zaki & Hamid, 2021).

Insufficient personal financial knowledge, poor financial behavior, adverse reactions to debt, and no future direction create financial stress that leads to rising debt levels and overspending (Beal & Delpachitra, 2003; Department of Insolvency Malaysia, 2021). However, research on the financial literacy, financial behavior, responses to debt, and future orientations of Malaysia's Generation Z remains limited. To bridge the research gap, it is essential to conduct a study on parental influence, peer influence, financial awareness, spending behavior, saving behavior, reaction to debt, and future orientation among Generation Z born between 1995 to 2012 is essential. Thus, the target responders in this study will be those between 18 and 24 years old and university students who best fit the desired age range.

Tertiary students graduate at an average age of 24 and start managing their financial resources, such as engaging in different stage of life cycle between the ages of 25 and 35. They may experience financial distress and declare bankruptcy in the worst circumstances if they are low financial literacy. This situation will increase the number of bankruptcy cases among the 35 to 44 years old group. Therefore, there is a need to assess their financial knowledge, financial awareness, spending behavior, saving behavior, reaction to indebtedness, and future orientation. Educators and policymakers can better deliver the required financial information to polish their ongoing financial planning.

1.3.5 Commentary on Research Gap

The Theory of reason action is used to support the conceptual framework of this study. According to Martin Fishbein and Icek Azjen (1975), this theory as a general theory used to study and understand the relationship between attitudes and behaviors within human action (Nickerson, 2022). It predicts that an individual's intention to behave is influenced by subjective norms and attitudes (Madden et al., 1992; Ng, 2020). Subjective norms refer to perceived pressure imposed by someone who performs the behavior of interest and directly or indirectly influences an individual's behavior (Hasbullah et al., 2016; Ng, 2020). Attitude can be defined as a positive or negative feeling in relation to the achievement of an objective (Staats, 2016). Based on these criteria, financial awareness is an appropriate additional independent variable as previous studies have employed it as a means of measuring a construct of financial behavior (Grohmann, 2017, Sari et al., 2021; Maria & Yunia, 2023).

Parents influence their children's attitude directly or indirectly, which may influence their children's behavior intention and behavioral. Many researchers and scholars, such as Youn (2008), Gonçalves and Lemos (2014), Troshikhina and Manukyan (2016), and LeBaron-Black et al. (2023), found that parents play an essential role in influencing their children's attitudes because they are their children's key source of information, and they will learn from their parents or other vital adults. Friends may also influence a person's decision making or behavior and have a significant impact on interpersonal influence (Evans et al., 1992; Powell et al., 2005; Jaccard et al., 2005; Yunalia & Arif, 2020; Smith et al., 2011; Endah et al., 2023).

Apart from this, many studies have been conducted on the direct relationship between financial awareness, parental influence, and peer influence in spending, saving behavior, future orientation, and debt repayment (Afsar et al., 2018; Setiawan et al., 2020; Sari et al., 2021; Endah et al., 2023; Maria & Yunia, 2023). Meanwhile, according to Zhang et al. (2019), the spending propensity of an individual is associated with debt level and debt repayment. The presentation of debt will motivate an individual to control their spending. Besides that, according to Setiawan et al. (2020), the spending and saving behavior contribute to future foresight. Thus, there is another potential intervening factor to explain the mediation of spending and saving behavior between parental influence, peer influence, financial awareness, future orientation, and reaction to indebtedness. However, there is a lack of information, and little research has been done among tertiary students with the presence of spending and saving behavior as mediating factors. Moreover, there are limited studies on the difference between gender and filed of study toward parental influence, peer influence, financial awareness, spending behavior, saving behavior, future orientation, and reaction to indebtedness.

In such a way, there are gaps to be explored and filled by this study, where the mediating factors should be examined to have a better understanding of the relationship between parental influence, peer influence, financial awareness, future orientation, and reaction to indebtedness. Thus, this study aims to investigate the influential of financial awareness, parental influence, peer influence toward reaction to indebtedness and future orientation via spending and saving behavior among Malaysian tertiary students.

Moreover, it is crucial to examine the level of financial knowledge and financial awareness among tertiary students due to financial education is less accessible to adults than university students. This is because of the linkage between financial knowledge and financial awareness with financial decision-making. Strong financial knowledge and financial awareness assist in weighing options and making informed choices according to an individual's financial situation such as how and when to save and spend. Furthermore, it is important to examine the gender and field of study differences in this study. This is the because the attitude, subject norms, financial awareness, behavior intention, and behavioral in various fields of study and genders maybe differ.

1.4 Research Objective

The objectives of this study are as follows:

1) To determine the level of financial knowledge and financial awareness among tertiary students in West Malaysia.

2) To examine the relationship between parental influence, peer influence, and financial awareness toward reaction to indebtedness, and future orientation among tertiary students in West Malaysia.

3) To examine the mediating effect of spending behavior toward the relationship between parental influence, peer influence, financial awareness, reaction to indebtedness, and future orientation among tertiary students in West Malaysia.

4) To examine the mediating effect of saving behavior toward the relationship between parental influence, peer influence, financial awareness, reaction to indebtedness, and future orientation among tertiary students in West Malaysia.

5) To examine the difference between gender and field of study toward parental influence, peer influence, financial awareness, spending behavior, saving behavior, reaction to indebtedness, and future orientation among tertiary students in West Malaysia.

1.5 Research Questions

1) What is the level of financial knowledge and financial awareness among tertiary students in West Malaysia?

2) What is the relationship between parental influence, peer influence, and financial awareness toward reaction to indebtedness, and future orientation among tertiary students in West Malaysia?

3) Do spending behavior affect the relationship between parental influence, peer influence, and financial awareness toward reaction to indebtedness, and future orientation among tertiary students in West Malaysia?

4) Do saving behavior affect the relationship between parental influence, peer influence, and financial awareness toward reaction to indebtedness, and future orientation among tertiary students in West Malaysia?

5) Do gender and field of study differences exist toward parental influence, peer influence, financial awareness, spending behavior, saving behavior, reaction to indebtedness, and future orientation among tertiary students in West Malaysia?

1.6 Research Hypothesis

H1₁: There is a significant relationship between parental influence, peer influence, and financial awareness toward reaction to indebtedness, and future orientation among tertiary students in West Malaysia.

H1₂: There is a mediating effect of spending behavior toward the relationship between parental influence, peer influence, financial awareness, reaction to indebtedness, and future orientation among tertiary students in West Malaysia.

H1₃: There is a mediating effect of saving behavior toward the relationship between parental influence, peer influence, financial awareness, reaction to indebtedness, and future orientation among tertiary students in West Malaysia.

H1₄: There is a difference between parental influence, peer influence, financial awareness, spending behavior, saving behavior, reaction to debt, and future orientation based on gender and field of study among tertiary students in West Malaysia.

1.7 Significant of Study

The purpose of this study is to examine how parental influence, peer influence, financial knowledge, financial awareness, spending behavior, and saving behavior affect Malaysian tertiary student's debt response and future orientation. This study would contribute to existing literature on financial literacy and valuable insights to tertiary students, parents, policy makers, and educators on how financial literacy impacts debts management and future planning.

This study can benefit tertiary students by enhancing their understanding of financial knowledge and financial awareness by determining the level of financial knowledge and financial awareness among tertiary students in Malaysia. Tertiary students can learn further why financial knowledge and financial awareness are important in assisting them to manage their finances effectively, especially when the money they have is limited. Poor financial knowledge and low financial awareness lead to poor financial management which may cause cash shortages, overspending, and end up with over-indebtedness.

Therefore, tertiary students who have the good financial knowledge and high financial awareness before graduation can better manage their finances and prevent high levels of debt in the future. For business, management, economics, banking, accounting, and finance students who receive more financial information than non-business students, this study can help all tertiary students distinguish the impact of various factors on their financial knowledge, financial awareness, spending behavior, saving behavior, reaction to indebtedness, and future orientation.

This study would contribute to the parents by increasing the awareness of the importance of their roles in influencing their children's financial knowledge and financial awareness by sharing financial information and financial management skills. Moreover, it can remind parents that their financial behavior might shape their children's spending and saving behavior in their adulthood.

Upon completion and analysis of this study, educators can better understand the levels of financial knowledge and financial awareness among tertiary students. Thus, educators can improve tertiary students' financial knowledge and financial awareness through formal courses, talks, workshops, and seminars. These interventions can help tertiary students comprehend the consequences of poor spending and saving behavior toward future planning and debt management. Additionally, educators can update their business degree syllabus to provide the latest financial information and consider including financial information in non-business courses to guide tertiary students in making informed financial decisions, which can reduce individual and house debt levels in the future.

After this study has been completed, a clearer understanding of the level of financial knowledge and financial awareness can help to insights to policymakers who are looking for new syllabus to enhance the financial literacy among tertiary students. This can help them to make more thoughtful and effective decisions based on the findings of this study. This is because policymakers must understand tertiary students' financial knowledge and financial awareness level as well as their spending and saving behavior before reviewing and designing financial education programs and implementing strategies to improve financial management information delivery among tertiary students in Malaysia.

1.8 Study Limitation

There are several limitations to this study. Firstly, the targeted sample selected is constrained to West Malaysia based on regions. Specifically, the targeted sample was derived from the Northern Region (Perlis, Kedah, Penang, and Perak); the East Coast Region (Kelantan, Terengganu, and Pahang); the Central Region (Selangor, Federal Territories of Kuala Lumpur, and Putrajaya), and the Southern Region (Negeri Sembilan, Melaka, and Johor). Thus, the overall picture of the mediating role of spending behavior and saving behavior cannot be obtained completely.

Secondly, this study recognizes that the financial information available to tertiary students can differ based on their educational backgrounds. Students with business, management, economics, accounting, and finance backgrounds tend to receive more financial information than non-business students. Therefore, the financial knowledge and financial awareness of respondents vary according to the fields of study.

Thirdly, a questionnaire is adopted as the data collection method in this study. In this case, respondents are expected to answer the questionnaire honestly to minimize bias and inaccurate results. However, the age range for this study's primary focus was 18 to 24 years old. Different age groups may have varying levels of financial knowledge, financial awareness, spending behavior, saving behavior, future orientation, and reaction to indebtedness.

Fourthly, the limitation of this study is data collection via Google form due to the unique condition of the COVID-19 pandemic and the implementation of a movement control order (MCO) that prevented reaching the target respondents physically. However, this method is more difficult to ensure the clarity of the questions and that the respondents can fully understand the question. Thus, it may occur misunderstandings, and misinterpretations of the questionnaire.

1.9 Definition of Key Terms

1.9.1 Tertiary Students

The term “tertiary students” refers to an individual who is a registered student pursuing a course of study or research in formal post-secondary education, including public and private universities, colleges, technical training institutes, and vocational schools (The World Bank, 2021).

1.9.2 Financial Literacy

Financial literacy refers to the skills and knowledge that enable an individual to make informed and effective financial decisions using their available financial resources. A financially literate person possesses a range of abilities and attitudes, such as understanding fundamental concepts of money management, knowledge of financial institutions, systems, and services, a range of analytical skills, and attitudes toward responsible management of financial affairs (Schagen & Lines, 1996; Beal & Delpachitra, 2003; Lyons & Kass-Hanna, 2021). Financial literacy pertains to personal financial knowledge, awareness, and management in this study.

1.9.3 Financial Awareness

Financial awareness refers to the understanding of financial products and concepts through information, instruction, and developing the skills and confidence to become aware of financial risks and opportunities to make informed decisions (Prameswar et al., 2023). According to Reza and Lazzuardi (2021), financial awareness is the action of an individual who is aware of their financial capabilities to change their financial outcomes. Moreover, it has been recognized as a means to decrease financial difficulties and improve well-being over longer periods (Judit et al., 2020). In this study, financial awareness measured the understanding of the financial products provided by financial institutions in Malaysia. The involvement of financial products to access the level of financial awareness of tertiary students by self-evaluation of their understanding toward credit cards, life insurance, medical and health insurance, housing loans, car loans, pension fund (KSWP), fixed deposit, share investment, bond investment, and mutual funds investment. When tertiary students care about and invest their time to learn about the features of financial products available in Malaysia, it can significantly impact their spending and saving pattern, future planning, and how they react when in debt. High financial awareness can significantly impact an individual's financial behavior (spending and saving behavior) and financial behavior influence the behavioral (future orientation and reaction to indebtedness).

1.9.4 Financial Knowledge

Financial knowledge refers to an individual's ability to understand and take advantage of financial concept, obtained through experience specifically related to financial concept and financial products to assist in short and long-term financial planning (Robb & Woodyard, 2011; OECD, 2020; Sabri et al., 2021). The measurement of financial knowledge in this study involved a test of understanding towards time value of money, diversification, return, stock investment, life insurance, saving account, inflation, car loans, credit cards, housing loans, and credit rating. When tertiary students care about and invest their time to improve their financial knowledge, it will create a strong influence that impact their spending and saving pattern, future planning, and how they react when in debt. Good financial knowledge can significantly impact an individual's financial behavior (spending and saving behavior) and financial behavioral influence the behavioral (future orientation and reaction to indebtedness).

1.9.5 Parental Influence

Parental influence refers to any attitude, action, or option that models children's attitudes and behavior intentions. Parents shape their children's attitudes in various areas, such as social behavior, familial relationships, and academic achievement, when interacting with them (Hampden-Thompson, 2013; Lindo, 2014). Children and young adults may acquire financial attitudes from their parents (Brown & Taylor, 2016). Moreover, parental attitude may enhance children's education and provide considerable attention to their children's decisions (Mahamood et al., 2012; Lobo & Lunkenheimer, 2020). In this study, parental influence measured the perception of parents' influence toward their children among tertiary students in Malaysia. Parental influence consists of three dimensions in this study, which are belief, involvement, and role play. It pertains to the parents' belief in the importance of financial management and budgeting, their involvement in discussions of financial-related matters with their children, and their role as a model for money, debt, and investment management. When parents care about and contribute their time to their children regarding financial management matter, it will create a strong influence that shapes their children's spending and saving pattern, future planning, and how they react when in debt. Strong parental influence can significantly impact children's financial behavior (spending and saving behavior) and behavioral (future orientation and reaction to indebtedness).

1.9.6 Peer Influence

Friends influence individuals, and interacting more with them may influence a person's decision-making or behavior (Zhang et al., 2015; Joseph & Kuperminc, 2022). Furthermore, those who stay in the same neighborhood are more likely to share similar trading patterns than those who live in different neighborhoods (Pool et al., 2015; Henneberger et al., 2020). According to Lieber and Skimmyhorn (2018), an individual's behavior can be influenced by the group's choices due to group characteristics will affect an individual's decision-making. Peers become increasingly important as a child grows more independent from their parents (Fazli et al., 2012; Josep & Kuperminc, 2022). In this study, peer influence measured the perception of peer group effect among tertiary students in Malaysia. Peer influence consists of three dimensions in this study, which are belief, involvement, and role play. It pertains to the peer's belief in the importance of fit in of lifestyle, their involvement in discussions of financial-related matters with their children, and their role as a model for spending and saving decision. When tertiary students care about to fit in the lifestyle of their friends, comparing between groups, and spend time to discuss money management matter, it will create a strong peer influence toward spending and saving decisions, future planning, and how they react when in debt. Strong peer influence can significantly impact an individual financial behavior (spending and saving behavior) and behavioral (future orientation and reaction to indebtedness).

1.9.7 Spending Behavior

Spending behavior refers to the act of disbursing money to fulfill individual needs and wants through actions, environments, or satisfaction (Sorooshian & Teck, 2014; Potrich et al., 2016). However, certain spending behavior biases, such as high impatience or lack of self-control, can lead to overspending (Gathergood, 2012; Sui et al., 2021). According to Shahryar and Tan (2014), spending behavior is not consistent, especially across generations, and can change over time. Advanced technology has significantly increased an individual's expenses (Shahryar & Tan, 2014; Deb et al., 2021). This study measured spending behavior in terms of an individual's spending intention, positive affect toward spending, past spending behavior, spending barriers, and spending structure. Developing good spending behavior among tertiary students can have a significant impact on their future planning and how they deal with debt management. Therefore, it is essential to measure the efforts taken by tertiary students themselves, parents and educators who shape and develop good spending behavior to prevent overspending, debt management, and plan for the future.

1.9.8 Saving Behavior

Saving is essential for maintaining stable consumption levels or preparing for unexpected events (Bucciol & Veronesi, 2014; Wieliczko et al., 2020). However, individuals often either save too little or not at all, leading to financial difficulties when unforeseen events such as health problems or unemployment occur (Bucciol & Veronesi, 2014; Oana, 2020). Saving behavior involves setting aside limited financial resources for various purposes (Friedline et al., 2011; Te'eni-Harari, 2016; Oana, 2020). This study measured saving behavior in terms of an individual's saving intention, saving attitude, positive affect toward saving, past saving behavior, and saving structure. When tertiary students develop a good saving behavior, it will create a strong influence on their future planning, and how they react when they are in debt. Therefore, it is important to measure the initiative taken by tertiary students, parents, and educator in developing a good saving behavior among tertiary students to prevent them from overspending, debt management, and planning for their future.

1.9.9 Reaction to Indebtedness

Indebtedness refers to a situation where an individual owes money to others. However, being over-indebted can have negative impacts on well-being, such as causing vulnerability, stress, or feelings of shame. Financial obligation is not necessarily a problem, meanwhile, over-indebtedness can be harmful. Thus, it is essential to understand debt so that an individual can manage it effectively (Worthington, 2006; Te'eni-Harari, 2016; Potrich et al.,2016; Müller et al., 2021). Furthermore, low levels of financial literacy among consumer credit users contribute to over-indebtedness. Impulsive spending can lead to financial shock, which can cause people to reduce their future consumption (Gathergood, 2012; Rönngren, 2020). In this study, the measured of reaction to indebtedness refers to an individual's understanding of debt, repayment intention, positive attitude towards debt repayment, spending barriers, and repayment structure. The goal of reaction to indebtedness is to access the behavioral on debt management among tertiary students to gain an understanding of the overall perception of debt management among them. Positive assessment contributes to better debt management to reduce the probability of falling into financial difficulties.

1.9.10 Future orientation

Future orientation is defined as an individual's ability to plan for the future and delay gratification (House et al., 2004; Cui et al., 2020). Good future orientation is the characteristics by a propensity to save for the future, focus on long-term success, and adaptability (House et al., 2004; Webley & Nyhus, 2006; Kadoya & Khan, 2019). On the other hand, bad future orientation is the characteristics by a preference for instant gratification, inflexibility, and maladaptive behavior (House et al., 2004; Webley & Nyhus, 2006; Voisin et al., 2020). In this study, future orientation is measured by accessing an individual's extension, detail, motivation, control, and sequence of events towards their future orientation. The goal of future orientation assessment is to gain an understanding of the overall perception of future planning among tertiary students in Malaysia. Positive assessment results contribute to better future planning, which is essential for clear goal planning and setting.

1.11 Organisation of Chapter

This study consists of five chapters. Chapter 1 provides an introduction to the background of the study, including the problem statement, research objectives, research questions, research hypotheses, limitations of study, significance of study, and definition of key terms. Chapter 2 presents the literature review on the independent variables (Financial Awareness, Parental Influence, and Peer Influence), mediating variables (Spending Behavior and Saving Behavior), and dependent variables (Future Orientation and Reaction in Indebtedness) in this study. Chapter 3 describes the research methodology implemented in this study and the explains the method used. Chapter 4 reports the findings of the data analysis, and the final chapter, chapter 5 discusses the implications of the results and provides direction for future research.

1.11 Summary

This chapter 1 specifically discusses the research background, problem statement, purpose of study, research questions, and objectives. This study adopts the Theory of Planned Behavior to develop the conceptual framework and tests five research hypotheses in Chapter 4. These hypotheses investigate the effect of parental influence, peer influence, and financial awareness on reaction to indebtedness, and future orientation, mediated by spending behavior and saving behavior. The mediating variables for spending behavior and saving behavior emerge to explain the relationship between parental influence, peer influence, and financial awareness toward future planning and debt management among tertiary students in West Malaysia.