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IDENTIFYING THE DETERMINANTS OF FINANCIAL MANAGEMENT BEHAVIOR AMONG UNDERGRADUATE STUDENTS

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Abstract: *Financial management behavior is an individual ability to modify planning, budgeting, checking, managing, controlling and saving the fund every day. It is the vital element for individual on how they managing their financial affairs in fulfilling their life needs. Therefore, this study aims to analyses the factors that influencing financial management behavior among university students. Two independent variables are tested for this study namely, financial knowledge and financial attitude. The sample for this study consisted of 129 respondents participated in the survey using purposive sampling technique among undergraduate students in Malaysian public university. The data collected via online form. Multiple regression analysis is employed to analyse the data gathered. The findings revealed that there was a significant relationship between financial knowledge with financial management behavior among university students. Financial attitude also showing significant relationship towards financial management behavior. The finding of this study could be used as guide to related government agencies, financial institutions, and the individual as well in understanding the important of financial management behavior to curb from facing financial problem among young people.*

Keywords: *Financial management behavior, financial knowledge, financial attitude, undergraduate students.*

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Introduction

In recent global economy situation, a significant number of individuals are experiencing financial hardship as they struggle to survive. The rising cost of living and rising inflation rate lead them in relying on debt activities to support their daily expenses. It is supported by the statistics where Malaysia records among the countries in this region with the highest household debt amounted to RM1.73 trillion at the end of March 2026, representing 84.4% of the country's gross domestic product (GDP). Housing loans constituted approximately 60% of total household debt, followed by auto loans, personal loans and credit card.

Financial management behavior refers to how individuals handle, spend, save, invest, and budget their money. It goes beyond technical financial knowledge, focusing heavily on psychology, daily habits, decision-making biases, and personal values. With the low level of financial literacy or financial knowledge will trap them facing trouble in managing their financial. It is supported by study conducted by The Credit Counselling and Debt Management Agency (AKPK) reported that 53, 000 individuals' underage of 30 are burdened by nearly RM1.9 billion in cumulative debt (2024). Inadequate money management skills significantly contribute to over-indebtedness among the youth demographic. This vulnerability is further exacerbated by consumption-driven social trends, notably the 'Fear of Missing Out' (FOMO) and hyper-consumerist lifestyle aspirations, which consistently drive young consumers into financial distress.

Recent study conducted by AHAM-Versa-Monash financial literacy and well-being survey (2026) found that 85% of their respondents are having a strong financial literacy but it does not represent a strong financial resilient. It is supported that only 8.3% respondent are doing a good preparation for their retirement planning. It is showed that difference individuals handle personal finance in distinct ways, often demonstrating key financial management behaviors when comparing prices or researching products prior to making a purchase.

According to Rizkiana (2017), financial management behavior is a person's ability to adjust their daily planning, budgeting, tracking, controlling, and saving to meet life's necessities. Demonstrating positive financial habits through the effective control of income, debt, and investments (Layli, 2013) ultimately fosters more structured and successful long-term financial planning (Roberts & Jones, 2001).

Thus, this study will be conducted to explore the factors that influencing financial management behavior among among undergraduate students in Malaysian Public University. Therefore, the predictor factors that will be used in this study are financial knowledge and financial attitude. Based on the previous study, the results were varied where between one research to another research and it is producing the research gap for this study.

Literature Review

Financial Management Behavior

Financial management is defined as a set of performed behavior regarding planning, implementing and evaluating involved in the areas of cash, credit, investment, insurance, retirement planning and estate planning as well (Parotta, 1996). Financial management behaviors is related to individual's financial responsibility, regarding how to manage their financial matter. Herawati at al. (2018) explained financial behavior consisting of planning, management and controlling while Ida & Dwinta (2010) stated that there are five indicators

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used to measure financial behaviour namely controlling expenditure, payment on bills on time, preaparing future finance plans, providing for family and saving money. Thus, financial management behavior is the combination of several sources of behavior which become the basis for individual decision making in term of financial planning, managing, saving and taking position in conducting financial transaction.

Financial Knowledge

Financial knowledge is one of the critical aspects in determining the level financial management behavior. Kholilah and Iramani (2013) explained financial knowledge as the knowledge that refers to what individual know about personal matters as measured by their level of knowledge about various personal finance concept. Shahrabani (2012), Laily (2013) and Sundaresan, et al (2016) found that financial knowledge has a significant effect on financial management behavior. Prayuda and Purwanto (2024) stated that financial knowledge has the positive relationship with financial management behavior. Studied by Hun et al. (2025) found the significant relationship between financial knowledge and financial management behavior. Rafien et al., (2025) also found the significant effect between financial knowledge and financial management behavior among students in Malaysian public university. Therefore, the following hypothesis is developed as follows:

H_1: Theres is a positive relationship between financial knowledge and financial management behavior among undergraduate students.

Financial Attitude

Financial attitude will influence the individual's financial management behavior. Pankow (2012) defined financial attitude as a state of mind, opinion, and judgement about finance. Thus, it can be interpreted that a person's attitude refers to how they feel about personal financial matter which can be measured by response to their statement or opinion (Marsh, 2006). Bakar, Bakar & Ayub (2020) explained financial attitude encompasses an individual's core beliefs and feelings regarding financial matters, which subsequently shape and drive their engagement in effective financial management practices. The research has been done by Amanah (2016) found that financial attitude partially effects financial management behavior. Zulvia, Nasli and Lasmini (2022) revealed that financial attitude significantly influence on financial management behavior among Gen-Y in the city of Padang, Indonesia. The study conducted by Herdijono & Darnamik (2016) mentioned there is a positive relationship towards financial management behavior. In contrast to a study by Rafien et al., (2025), they found the insignificant relationship between financial attitude and financial management behavior. Therefore, the following hypothesis is developed as follows:

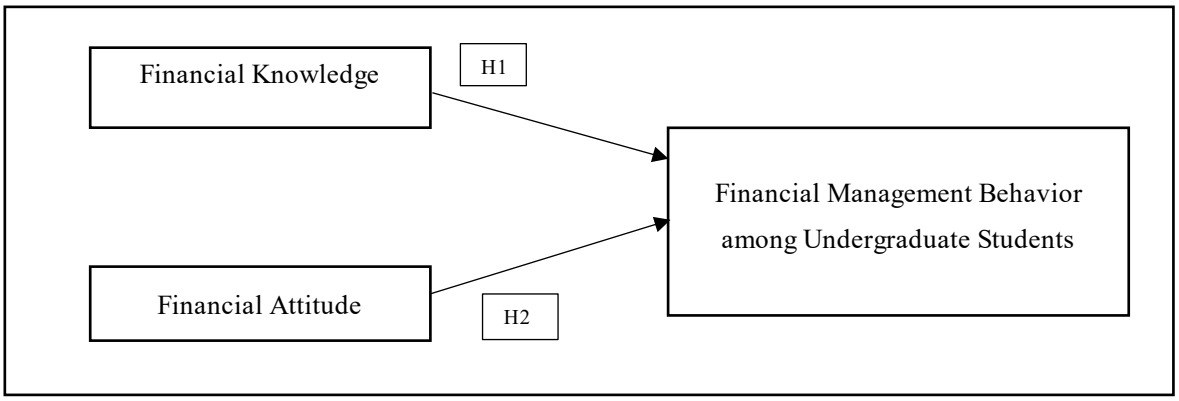
H_2: Therea is a positive relationship between financial attitude and financial management behavior among undergraduate students.

Figure 1 display research framework for this study where it was developed based the review of literature. The dependent variable for this study is financial management behavior while the two independent variables are financial knowledge and financial attitude.

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Source: developed by researcher for current study

Research Methodology

Sample

Primary data was adopted in conducting this study. Sampling is a vital element in conducting a research study especially for huge number of populations. Non-probability sampling was employed for purposive sampling based on the characteristics in the population and the objectives of this study. The inclusion criteria of respondents must be a students who are studying in public universities in Malaysia. Therefore, the respondents of this study comprising the students from diploma level and bachelor degree level in Universiti Teknologi MARA. There are 129 of respondents are participated in this study and self-administered questionnaire were distributed to target respondent via online form.

Measures

The instruments is divided into four (4) sections where the first sections touch on frequency of respondents' profile. The second section assess the financial management behavior among undergraduate students which consist of 5 items. The items adopted from Xio and Dew (2017). While in section three, 5 items are asked about financial knowledge and the items is adopted by Perry and Morris (2005). For the last section, the respondents are asked about financial attitude. There are 5 items used in this study was adopted from Vieira, Potrich and Silva (2016). A 5-point Likert scale measurement ranging 1= strongly disagree and 5= strongly agree was implemented in this study for section two until section four.

Data Analysis

The Statistical package for the Social Science (SPSS) software version 29 was utilised to analyse the data including frequency and descriptive analysis, reliability analysis, Pearson correlation analysis, coefficient of determination as well as multiple regression analysis to test the relationship between predictor factors towards financial management behavior among undergraduate students.

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Result and Discussion on Findings

Profile of respondents

Table 1: Demographic profile

	Frequency	Percentage
Gender		
• Male	38	29.5
• Female	91	70.5
Age		
• 18-20	72	56.2
• 21-23	54	41.5
• 24-26	3	2.3
Current's Education Level		
• Diploma	58	45.4
• Bachelor's degree	71	54.6
Type of Finance		
• Education Loan	54	41.5
• Scholarship	9	6.9
• Self-Funded	66	51.6
Hometown Geographical Area		
• Rural	42	33.3
• Urban	87	66.7

A sample frequency distribution was carried out in this study to understand the respondent background. The element of gender, age, current's education level, type of finance that support their study, and hometown geographical area are included in this study.

Female became the most participate in this study which are 91 persons out of 129 respondents while the age of majority of the respondent who are in range of 18 to 20 years old represent 72%. while who are answered the questionnaire. The most respondents who are participating in this study comes from bachelor's degree student while only 58 respondents from diploma students. More than half of the students financed their education through self-funded. Majority of the respondents which are 66.7% who are living the urban area.

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Table 2: Descriptive statistic

Variables	Means	Standard Deviation
FMB1	**4.47**	0.77
FMB2	4.12	0.79
FMB3	3.66	0.91
FMB4	2.95	1.11
FMB5	3.98	0.95
FK1	3.34	1.03
FK2	3.02	1.05
FK3	3.91	0.82
FK4	2.71	1.10
FK5	**4.32**	0.78
FA1	4.53	0.69
FA2	4.49	0.69
FA3	4.55	0.68
FA4	4.48	0.72
FA5	**4.60**	0.66

Table 2 illustrates descriptive analysis for this study. FMB1 showed the highest mean (4.47) which means the respondents agree that they are comparing the prices of goods when they are shopping while item FMB4 show the lowest mean (2.95) which is they does not keep a written or electronic record on their expenses. For financial knowledge, the highest means is FK5 (4.32) while the lowest is FK4 (2.71) show that the respondent does not have sufficient knowledge on investment. Furthermore, the item FA5 show the highest mean (4.60) while the lowest is FA4 (4.48). It can be concluded that the respondent is not knowing about the importance of having and follow their monthly expenses plan.

Table 3: Reliability Analysis

Variables	Number of items	Cronbach's Alpha
Financial Management Behavior	5	0.625
Financial Knowledge	5	0.746
Financial Attitude	5	0.932

Table 3 indicated reliability analysis for all variables used in this study. Financial management behavior as dependent variable was 0.625 followed by independent variables namely financial knowledge (0.746) and financial attitude (0.932) respectively. According to Hair, Black, Babin, Anderson & Tatham, (2006) the variables that greater than 0.6 indicates that all variables were internally consistent and the scales deemed reliable for further analysis.

Table 4: Pearson Correlation Analysis

	Financial management behavior
Financial Knowledge	0.544**
Financial Attitude	0.429**

* Correlation is significant at the level 0.05 level (2-tailed)
** Correlation is significant at the level 0.01 level (2-tailed)

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The correlation of financial management behavior with its predictor factors namely financial knowledge and financial attitude have been presenting in table 5. There results of Pearson correlation indicate there is a positive correlation between dependent and all independent variables. There is a significant and positive correlation between financial management behavior and financial knowledge (r = 0.544) and between financial attitude and financial management behavior (r = 0.429).

Table 5: Coefficient of Determination

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	.615	.378	.368	2.29687

In order to identify the primary factors driving financial management behavior among undergraduate students, a multiple regression analysis was conducted. As detailed in Table 5, the model yielded an adjusted R square value of 0.378, demonstrating 37.8% that of total variation in Financial Management Behavior is explained by Financial Knowledge and Financial Attitude. The remaining 62.2% of the variance is attributable to external variables not included in the model.

Table 6: Regression Coefficient results

	Unstandardized B	*Coefficients Std. Error*	*Standardized Coefficient Beta*	*t*	*Sig*
Constant	5.982	1.651		3.624	0.001
Financial Knowledge	0.391	.062	.544	6.269	0.001
Financial Attitude	0.284	.070	.429	4.082	0.001

Regression analysis was conducted to test the strength of each independent variables towards financial management behavior. The result was shown in Table 6. This shows the predictions construct is statistically significant at 0.05. The table indicates a significant effect between financial knowledge and financial management behavior among students (p= 0.01). The result is consistent with the study by Chuah et al., (2020), Loke (2015) and Yong et al, (2018). It can be further explained where the university students with a good financial knowledge a good decision will having made particularly in financial management behavior. In addition, the table also indicated a significant effect between financial attitude and financial management behavior among students (p= 0.01). The result is consistent with the study conducted by Herdijono & Darmanik (2016) and Listiani & Kurniawati (2017). However, the result inconsistent by the study conducted by Hun (2025) where it shows negative effect of financial attitude towards financial management behavior.

Table 7: Result of hypothesis

	Hypothesis	**Remarks**	**Results**
H1	There is a positive relationship between financial knowledge and financial management behavior among undergraduate students	Supported	Accepted
H2	There is a positive relationship between financial attitude and financial management behavior among undergraduate students	Supported	Accepted

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Table 7 summarizes the results for the two hypothesis that were tested. It can be concluded that variable Financial Knowledge is significant and has a positive relationship on financial management behavior. Therefore, the alternative hypothesis (H1) is accepted. This result also shows that Financial Attitude is significant and has a positive relationship on financial management behavior. Therefore, the alternative hypothesis (H2) is accepted. It can be concluded that all the hypothesis are supported and accepted.

Conclusion

The aim of this study is to investigate the effects of financial knowledge and financial attitude on financial management behavior among undergraduate students. A total of 129 respondents are participated in this survey using purposive sampling technique The data collected via online form. Multiple regression analysis is employed to analyse the data gathered. The findings revealed significant effect between financial knowledge among students in Malaysian public university. The result is supported Zulvia et. al., (2022) mentioned financial knowledge has a significant effect on financial management behavior among university students. The study also found significant relationship between financial attitude and financial management behavior. The result is consistent with the study conducted by Arshad et al. (2021). Their study also found that the positive relationship between financial knowledge towards financial management behavior among working adults in Malaysia.

This study provides strategic implications for key government bodies. The Ministry of Finance can utilize these findings to enhance financial literacy campaigns for young adults, while the Ministry of Education can incorporate financial education into early school curricular to cultivate lifelong financial competency and resilience. To address the scope limitations of this study, future research should explore additional constructs affecting financial management behavior among Malaysian public university students. Furthermore, expanding the research framework to investigate working adults, millennials, and specific socioeconomic brackets notably the Bottom 40 (B40) and Middle 40 (M40) groups would offer a more comprehensive understanding.

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