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CULTIVATING EARLY FINANCIAL LITERACY: THE ROLE OF TEACHING RISK AND INSURANCE TO STUDENTS IN PUBLIC HIGHER LEARNING INSTITUTIONS

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Abstract*:* *Socio-economic vulnerabilities and modern financial risks require immediate capabilities from younger generations, necessitating structured interventions in educational sectors. This article explores how teaching Risk and Insurance frameworks fosters early financial literacy awareness among undergraduate students within public higher learning environments. While personal wealth accumulation strategies often dominate mainstream literature, structured protection and risk-mitigation competencies are frequently overlooked. Utilizing an action research framework, this study examines classroom interventions aimed at developing cognitive awareness of premium calculations, policy terms, and personal risk diversification schemes. The findings reveal that dedicated teaching structures significantly improve students' proactive financial protection attitudes, clear misconceptions regarding Takaful and insurance policies, and promote early risk management behavior. The paper discusses academic frameworks to help public higher learning centers design robust social safety education formats.*

Keywords*:* *Risk and Insurance, Teaching Pedagogy, Financial Literacy, Public Higher Learning, Students, Takaful.*

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Introduction

In the contemporary global economy, young adults face a complex array of financial choices and unprecedented economic vulnerabilities. Macroeconomic shifts, digital consumerism, and volatile job markets require modern individuals to cultivate structured personal risk management capabilities before entering professional workforce layers (Lusardi & Mitchell, 2014). Within this environment, financial literacy has evolved into a vital survival toolkit. While basic financial literacy models often stress immediate budgeting or speculative wealth accumulation, comprehensive financial literacy cannot be achieved without integrated risk protection competencies (Remund, 2010).

Unfortunately, standard academic curricula in higher education frequently neglect the protection segment of personal planning, leaving students exposed to severe unexpected economic vulnerabilities (Sabri & MacDonald, 2010). Incidents of sudden clinical emergencies, disability, or property losses often trigger devastating financial strain among young working professionals due to an absence of proactive insurance shielding (AKPK, 2023). Consequently, public higher learning institutions bear a vital social responsibility to modify their instructional programs, ensuring that protective asset structures and risk mitigation methodologies are delivered effectively within undergraduate environments (Garg & Singh, 2018).

This study evaluates the pedagogical integration of Risk and Insurance principles as an active framework for driving early financial literacy awareness among undergraduate students at Universiti Teknologi MARA (UiTM). As a major public higher learning institution, UiTM continuously designs instructional methods to enrich student awareness of real-world financial issues. By focusing on case-based risk modeling and protection frameworks, this action research examines the immediate cognitive developments observed among students, showing how proactive risk education protects future professional generations from unexpected financial shocks.

Literature Review

The Protection Gap in Contemporary Student Financial Literacy

Financial literacy represents a comprehensive assembly of knowledge, practical behaviors, and institutional attitudes necessary to sustain long-term economic stability (OECD, 2020). According to Huston (2010), comprehensive financial intelligence demands that an individual understands both wealth generation tools and asset protection mechanisms. However, international assessments reveal that undergraduate students demonstrate remarkably low proficiency levels regarding risk diversification, policy terms, and insurance structures (Chen & Volpe, 1998). This diagnostic protection gap stems from standard instructional setups that mistakenly separate risk management from routine consumer budgeting (Robb & Woodyard, 2011).

Teaching Risk and Insurance within Public Higher Learning

Traditional lecture formats often struggle to convince students of the relevance of risk protection, as young populations naturally exhibit low subjective risk perceptions (Mandell & Klein, 2009). Therefore, modern teaching practices in public higher learning centers utilize experiential simulation models, digital case reviews, and local market assignments (Gutter et al., 2010). By engaging students in real-world policy comparisons—such as calculating premium-to-benefit ratios or reviewing medical cards—educators demystify abstract risk transfers and reinforce early asset protection habits (Fernandes et al., 2014). This experiential

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pedagogical transition changes risk from a remote institutional concept into a personal financial goal.

Early Awareness and Long-Term Protection Behaviors

Socio-cultural socialization theories demonstrate that financial behaviors acquired during college years dictate an individual's subsequent professional trajectory (Jorgensen & Savla, 2010). In the Malaysian socio-economic ecosystem, embedding localized protection concepts (such as Takaful and conventional medical insurance) helps students navigate emerging retail products like digital micro-insurance (Mohamad Fazli et al., 2022). Furthermore, purposeful teaching methods help counter localized misconceptions regarding policy exclusions, cultivating informed consumer traits among young adults before they encounter aggressive market distribution networks (Sabri et al., 2020). Developing early risk awareness shields graduates from cycles of unsecured personal debt caused by sudden out-of-pocket healthcare expenses (Norvilitis et al., 2006).

Methodology

This research utilized an educational action research methodology characterized by collaborative planning, teaching execution, performance observation, and analytical reflection (Kemmis et al., 2014). The instructional sample group comprised undergraduate business students enrolled in the core Risk and Insurance module at a public higher learning institution. The research tracked how specific experiential case interventions affected student risk perceptions and personal protection awareness over a 14-week period.

The updated pedagogical layout shifted from rote memorization of statutory frameworks to experiential risk assessment profiles. Students were tasked with creating personal risk exposure charts based on realistic lifestyle scenarios, analyzing the cost-benefit parameters of competitive life policies, and evaluating corporate claims processes. Data collection mixed quantitative baseline surveys with thematic content analysis of final group reflective portfolios (Creswell & Creswell, 2018).

Findings and Discussion

Quantitative Growth in Risk Literacy

The initial diagnostic pre-test highlighted a notable lack of awareness among students regarding fundamental protection parameters; only 24% could correctly define a deductible or differentiate premium structures from cash-value mechanisms. Following the practical case-based teaching interventions, post-intervention evaluations recorded significant growth across all targeted protection domains.

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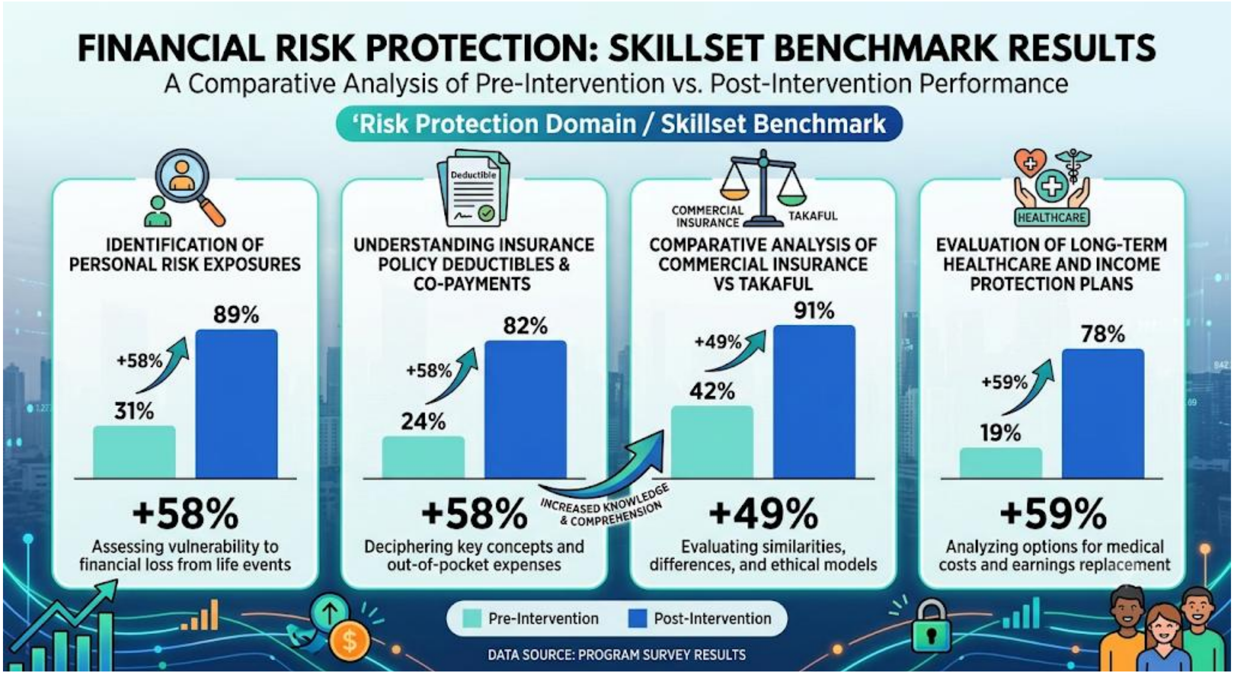

Figure 1: Student Self-Efficacy and Knowledge Across Risk Protection Benchmarks (% Correct/Proficient)

Sources: Researcher Analysed 2025

Qualitative Evidence of Early Awareness Adoption

Thematic indexing of qualitative data from student group portfolios revealed deep changes in personal financial mindsets. Three core themes emerged from the reflective transcripts:

1. *Realization of Protection Priority:* Students acknowledged that wealth accumulation plans are easily disrupted without underlying insurance frameworks (Shim et al., 2010). One student reflection noted: "I always assumed financial literacy was just about stock market investing. This course showed me that without an active medical card, an unexpected accident can instantly wipe out all personal savings."

2. *Demystification of Underwriting Processes:* Direct interactions with live underwriting criteria and policy forms helped lower student confusion regarding consumer terms, fostering objective product evaluation capacities (Albeerdy & Gharleghi, 2015).

3. *Strategic Cultural Acceptance:* Reviewing competitive Takaful options alongside conventional protections helped students apply financial theory within their household environments, spreading risk literacy awareness back to family networks (Xiao et al., 2011).

Conclusion and Recommendations

The pedagogical findings confirmed that teaching Risk and Insurance principles serves as a vital tool for driving early financial literacy awareness among business undergraduates. Public higher learning centers must look beyond basic savings lessons to incorporate rigorous protection concepts, training students to shield their future income streams from unpredictable socio-economic disruptions.

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Consequently, academic institutions should introduce comprehensive risk-management micro-credentials across non-business faculties to safeguard diverse student cohorts (Wixom et al., 2014). Additionally, public higher learning teaching formats must actively integrate digital insurance tools and modern InsurTech configurations, ensuring students graduate with the dynamic competencies demanded by the modern financial environment (Anshari et al., 2021).

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