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# ENHANCING PERSONAL FINANCIAL PLANNING LITERACY AMONG UNDERGRADUATE BUSINESS STUDENTS: AN ACTION RESEARCH APPROACH

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**Abstract***:* *Financial literacy among young adults remains a critical global and national concern. This study examines the implementation and outcomes of a Personal Financial Planning module tailored for 120 second-semester Bachelor of Business Management (Hons.) students at Universiti Teknologi MARA (UiTM) Cawangan Kelantan during the October 2025 semester. Utilizing an action research framework, the study evaluates student engagement, knowledge acquisition, and behavioral intentions regarding budgeting, investment, and debt management. Pre- and post-assessments, coupled with qualitative reflections, indicate a significant improvement in financial literacy and a shift toward proactive financial behaviors. The findings highlight the necessity of embedding experiential and culturally relevant financial education within higher education curricula.*

**Keywords***: Financial Literacy, Personal Financial Planning, Higher Education, Action Research, UiTM Students*

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## Introduction

In the contemporary economic landscape, financial literacy has transitioned from a personal advantage to an essential life skill. The complexity of modern financial markets, combined with the proliferation of digital financial services, demands that young adults possess robust financial capabilities (Lusardi & Mitchell, 2014). For undergraduate students, navigating the transition from dependency to financial independence often introduces significant challenges, including student loans, credit card temptations, and peer-influenced spending habits (Remund, 2010).

In Malaysia, statistics from the Credit Counselling and Debt Management Agency (AKPK) consistently underscore that a worrying percentage of young working adults face bankruptcy due to poor financial planning (AKPK, 2023). Higher education institutions hold a strategic responsibility to intervene before these students enter the workforce (Sabri & MacDonald, 2010). Financial distress among students not only impacts academic performance but also long-term psychological well-being (Norvilitis et al., 2006).

This article documents an action research initiative conducted during the October 2025 semester, targeting 120 second-semester Bachelor of Business Management (Hons.) students at Universiti Teknologi MARA (UiTM) Cawangan Kelantan. The primary objective was to evaluate the effectiveness of an experiential Personal Financial Planning module designed to bridge the gap between theoretical financial concepts and practical everyday applications.

## Literature Review

### The Concept of Financial Literacy

Financial literacy encompasses the knowledge, skills, attitudes, and behaviors necessary to make sound financial decisions and achieve individual financial well-being (OECD, 2020). According to Huston (2010), financial literacy is dual-dimensional, involving both financial knowledge (understanding concepts) and financial application (the ability to utilize that knowledge). Without proper application, theoretical knowledge fails to shield individuals from detrimental financial behaviors (Robb & Woodyard, 2011). Thus, assessment must track both cognitive understanding and behavioral alignment.

### Financial Literacy Among University Students

Undergraduate students are particularly vulnerable to financial mismanagement. Research indicates that many university students enter higher education lacking fundamental budgeting skills (Shim et al., 2010). Jorgensen and Savla (2010) observed that financial attitudes formed during college years are heavily influenced by parental socialization and peer dynamics, which can either foster savings habits or accelerate impulsive debt accumulation. Historically, studies by Chen and Volpe (1998) found that business students often lack sufficient knowledge on key financial areas despite their academic background.

In the Malaysian context, Mohamad Fazli et al. (2022) argued that despite high academic qualifications, business students do not automatically exhibit superior personal financial management skills unless explicitly trained in experiential financial planning. Albeerdy and Gharleghi (2015) further supported this by noting that specific academic focus on personal finance vastly outperforms generic financial courses in improving consumer outcomes.

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### Pedagogy in Financial Education

Traditional lecture-based teaching methods often fall short in motivating behavioral changes in financial planning (Mandell & Klein, 2009). Modern financial pedagogy emphasizes experiential learning, case studies, and reflective practices (Gutter et al., 2010). By engaging students in real-world simulations—such as constructing personal budgets based on realistic entry-level salaries—educators can demystify complex concepts like compound interest and risk diversification (Fernandes et al., 2014). This aligns with the concept of behavioral nudges which structure environments to facilitate optimal financial decisions (Thaler & Sunstein, 2008).

## Methodology

This study adopted a mixed-methods action research design to observe, plan, execute, and reflect upon pedagogical interventions (Kemmis et al., 2014).

### Participants

The cohort comprised 120 second-semester undergraduate students enrolled in the Bachelor of Business Management program at UiTM Cawangan Kelantan for the October 2025 semester. This demographic represents an ideal intervention group as they are in the foundational phase of their academic journey, exploring early independence.

### Intervention Design

The teaching and learning module spanned 14 weeks, systematically addressing four core pillars: cash flow, debt management, investment, and risk management. Peer-led discussion groups were utilized to cultivate collaborative learning and address evolving financial instruments and the shifting generation Z mindset (Dynamic, F. L., 2024).

### Data Collection and Analysis

Quantitative data were gathered using pre- and post-intervention surveys adapted from the OECD financial literacy framework (OECD, 2020). Qualitative insights were extracted from student reflective journals submitted at the conclusion of the semester (Creswell & Creswell, 2018).

## Findings and Discussion

### Quantitative Transformations

The pre-test results aligned with global trends, revealing a significant gap in students' deep financial literacy. While a large majority (82%) understood basic inflation, their ability to apply more complex financial concepts was remarkably low. Specifically, less than 26% of participants could accurately calculate compound interest or articulate the technical difference between nominal and effective interest rates (Lusardi & Mitchell, 2011). This baseline data highlighted a prevalent reliance on superficial financial knowledge prior to the intervention.
However, the implementation of the 14-week experiential learning module catalyzed a substantial paradigm shift. Post-test scores indicated that this hands-on educational approach effectively bridged the initial knowledge gaps. By moving beyond theoretical concepts, the module significantly enhanced the students' analytical capabilities, enabling them to confidently navigate and evaluate complex financial instruments by the end of the program.

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**Table 1: Pre- and Post-Intervention Financial Knowledge Scores (% Correct Answers)**

| Phase / Evaluation Stage | Financial Concepts Covered | Student Performance & Key Findings |
|---|---|---|
| Pre-Test Results (Baseline) | Basic Inflation | 82% of students demonstrated a clear conceptual understanding, aligning directly with global baseline trends. |
| Pre-Test Results (Competency Gap) | Advanced Interest Calculations (Compound Interest, Nominal vs. Effective Rates) | Less than 26% of students could accurately calculate compound interest or explain the technical differences between nominal and effective rates (Lusardi & Mitchell, 2011). |
| 14-Week Experiential Module (Educational Intervention) | Applied Financial Curriculum | Successfully targeted initial knowledge gaps by shifting student engagement from passive theory to hands-on, real-world financial applications. |
| Post-Test Results (Module Outcome) | Comprehensive Analysis & Advanced Evaluation | Indicated a substantial paradigm shift. Post-intervention scores showed significantly enhanced analytical capabilities, allowing students to confidently evaluate complex financial instruments. |

### Qualitative Reflections: Behavioral Intentions

The qualitative analysis of student journals revealed themes of financial awakening and reduced financial anxiety (Norvilitis et al., 2006). The introduction of localized financial instruments minimized the psychological distance between students and wealth accumulation strategies (Sabri et al., 2020). Peer dynamics shifted from material comparison to collaborative wealth building, confirming the value of financial socialization in academic peer groups (Xiao et al., 2011).

## Conclusion and Recommendations

The action research implemented in the October 2025 semester highlights that purposeful, experiential education can significantly uplift financial literacy among business undergraduates. While theoretical frameworks provide a foundation, the survival of young adults in a volatile economy depends on practical financial decision-making capabilities.
Future interventions should focus on integration into the core university curriculum across all faculties (Garg & Singh, 2018) and leverage advancing financial technologies to support innovative financial inclusion (Anshari et al., 2021).

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