

UNDERSTANDING STUDENTS' SPENDING BEHAVIOUR: INTEGRATING FINANCIAL LITERACY, ECONOMIC FACTORS AND LIFESTYLE INFLUENCE

Nor Sabrina Zahari¹
Mohd Fahmi Zahari²
Norsilawati Mohd Hassan³
Nor Zuriati Amani Ab Rani⁴
Nik Suriati Nik Hassan⁵

¹Faculty of Business and Management (UiTM), Malaysia,
(E-mail: sabrina207@uitm.edu.my)

²Faculty of Computer and Mathematical Sciences (UiTM), Malaysia,
(Email: mohdfahmi138@uitm.edu.my)

³Faculty of Business and Management (UiTM), Malaysia,
(E-mail: norsi963@uitm.edu.my)

⁴Faculty of Business and Management (UiTM), Malaysia,
(E-mail: norzuriati@uitm.edu.my)

⁵Faculty of Business and Management (UiTM), Malaysia,
(E-mail: niksu146@uitm.edu.my)

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Abstract: *This study investigates the spending behavior of students at UiTM Kelantan, focusing on the impact of five potential determinants: financial literacy, price elasticity, habit/personal interest, family income, and social media influence. A total of 144 students participated, and data were analyzed using multiple regression analysis to identify significant predictors of spending behavior. The results indicate that financial literacy, price elasticity, and habit/personal interest significantly influence students' spending patterns, while family income and social media exposure were not significant. These findings highlight the importance of enhancing financial literacy and understanding personal consumption habits to promote responsible spending among students.*

Keywords: *student's spending behavior, financial literacy, price elasticity, habit/personal interest, family income.*

Introduction

University students today face increasingly complex financial decision-making as rising living costs, lifestyle pressures, and the rapid diffusion of digital commerce reshape how money is spent and managed. In Malaysia, the transition from cash-based transactions to e-wallets, online food delivery services, and Buy Now, Pay Later (BNPL) schemes have significantly altered not only the mode of payment, but also the frequency, immediacy, and composition of students' daily expenditures. Consistent with this focus, this study conceptualises students' spending behaviour as an outcome of multiple interacting determinants, namely financial literacy, price elasticity, social media, and habit or personal interest.

While digital payment systems and e-commerce platforms are expanding rapidly across Malaysia, a significant research gap remains in understanding how variables such as financial literacy, price elasticity, and personal habits interact within a campus environment characterized by a specific socio-economic profile. Although global trends frequently identify social media as a primary driver of consumption, the local dynamics at UiTM Kelantan, where many students originate from rural and lower-income households suggest that family income and social media influence may not be as significant in this specific context. This discrepancy raises a critical question: is individual financial literacy a more powerful determinant in controlling spending than the pressures of a digital lifestyle?

This lack of campus-specific evidence creates a critical research gap, as the unique financial constraints faced by these students may produce spending patterns that differ from those reported in urban or private university settings. Without a sharper investigation into these specific variables, university financial intervention programs risk failing due to a lack of alignment with the actual drivers of students' financial vulnerability. Consequently, the objective of this study is to examine the influence of financial literacy, family income, price elasticity, social media, and habit or personal interest on students' spending behaviour. Specifically, this study aims to determine whether financial literacy significantly affects spending behaviour, to examine the effects of family income and price elasticity, and to assess the role of social media and personal habits in order to support more effective financial education policies and student development initiatives.

Literature Review

The spending behaviour of university students is a complex phenomenon driven by a combination of internal cognitive factors and external economic pressures. This study conceptualises spending behaviour as an outcome of five distinct predictors that is financial literacy, price elasticity, family income, social media, and personal habits.

Financial Literacy and Spending Responsibility

Financial literacy is a critical determinant that empowers students to manage educational funds and personal savings effectively. Previous research by Saripada et al. (2024) indicates that as financial literacy increases, students develop more informed and responsible spending behaviours, particularly in budgeting. However, there is a lack of consensus in the literature; while some studies show a strong relationship, others like Mohd Wahid et al. (2024) and Sundra Kumar et al. (2022) found no significant link between financial knowledge and actual spending patterns. This study argues that financial literacy acts as a "buffer" against impulsive purchases in a digital consumption environment.

H1: Financial literacy has a significant influence towards students' spending behaviour.

Price Elasticity as an Economic Predictor

Price elasticity reflects how students adjust their consumption in response to price changes. For students, especially those with limited budgets, sensitivity to prices and promotions plays a major role in decision-making. Mohd Wahid et al. (2024) identify price elasticity as a dominant factor, suggesting that social dynamics and price sensitivity are primary drivers of consumption. In the context of UiTM Kelantan, price elasticity is expected to be a significant predictor due to the economic constraints faced by students from rural backgrounds.

H2: Price elasticity has a significant influence on students' spending decisions.

Family Income and Financial Capacity

Family income often dictates the financial boundaries within which a student operates. Past literature suggests that family background and parental support contribute significantly to financial decisions. For instance, Sundra Kumar et al. (2022) found that students tend to spend more as their family income increases to align with certain lifestyles. This study includes family income to test whether the financial "safety net" provided by parents diminishes the need for self-control in spending.

H3: Family income has significantly influence the spending behaviour of university students.

Social Media and Digital Consumption Pressures

In the modern digital era, social media serves as a powerful platform for lifestyle pressure and peer comparison. Students often align their consumption patterns with their peer groups to maintain social belonging or image. While Mahmood (2018) reported that social and peer-related influences shape consumption, this study seeks to examine if this global trend holds true for students in a more localized, rural campus setting where traditional values and budget constraints might override digital influence.

Habits and Personal Interests

Spending behaviour is also a result of psychological aspects, including ingrained habits and self-control. Lifestyle preferences and personal attitudes often dictate purchasing decisions more than technical budgeting skills. According to the theory of planned behaviour, these internal attitudes are the strongest factors in explaining spending habits. This variable is selected to capture the non-rational, "automatic" spending that occurs regardless of financial knowledge or income levels.

H4: Social media exposure significantly impacts students' spending behaviour.

Methodology

This study was conducted using a quantitative research approach. The study population consisted of 144 students of diploma and degree students from different programs in UiTM Kelantan Branch, Machang and Kota Bharu Campus. A stratified random sampling method was used to collect samples from the study population. A stratified random sampling technique was employed to ensure that the sample (n=144) accurately represented the diverse academic background of UiTM Kelantan. The population was stratified by faculty (Accounting, Business and Management, and Computer Sciences) to capture varying socio-economic backgrounds and academic levels (for Diploma and Degree). This method was chosen to minimize sampling bias and account for the unique financial dynamics of students from rural and lower income households within the specific campus environment.

The survey instrument comprised 35 items divided into six sections, reflecting the independent and dependent variables. Each section used items adapted from previous literature to ensure content validity. The distribution of items is as follows:

Table 1: Summary of Research Instrument

Variable	Nom of items	Reference/Source
Financial Literacy	6	Adapted from Saripada et al. (2024); Mahmood (2018)
Price Elasticity	6	Adapted from Mohd Wahid et al. (2024)
Family Income	6	Adapted from Sundra Kumar et al. (2022)
Social Media Influence	6	Adapted from Mahmood (2018)
Habit/Personal Interest	6	Adapted from Lalmuanpuia (2021)
Spending Behaviour	6	Developed based on Obagbuwa & Kwenda (2020)

Students' spending behaviour (DV) was measured using a multi-item scale focusing on spending frequency, budgeting habits, and the immediacy of expenditures in the digital environment. Respondents rated their behaviour on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). This allows the study to identify patterns across different student subgroups and ensures that the findings are relevant and representative for policy recommendations or interventions aimed at the broader student population. The research instrument was a questionnaire distributed to each study population through Google Forms. Statistical analysis in the form of descriptive statistics, Cronbach Alpha and Multiple Regression Analysis was used to analyse the data quantitatively.

Result and Analysis

Respondent Demographic

Table 2 below shows the demographic profiles of the respondents (n=144) in Section A. The first six questions of the survey asked on students' gender, age, faculty, semester and two simple questions about financial supports.

Table 2: Demographic Profile

Item	Category	Frequency
1. Gender	Male	35
	Female	109
2. Age	18-21 years old	88
	22-25 years old	55
	25 and above	1
3. Faculty	Faculty of Accounting	35
	Faculty of Business and Management	68
	Faculty of Computer and Mathematical Sciences	41
4. Semester	1	43
	2	14
	3	35
	4	5
	5	45
	6	2

5. Are you receiving any financial aid or education loan such as PTPTN, JPA, or others?	Yes	82
	No	62
6. Do you receive monthly financial support from your parents?	Yes	115
	No	29

Source: Online Survey (2026)

Table 3: Descriptive Statistics

Financial Support from Family		Monthly Spending	
Mean	332.7778	Mean	513.0694
Median	300	Median	400
Mode	0	Mode	500
Minimum	0	Minimum	100
Maximum	2000	Maximum	5000
Count	144	Count	144

Source: Online Survey (2026)

It can be concluded from Table 2, most of the respondents are female (109 person). In addition, most of them are from age range between 18-21 years old students (88 person) and the highest faculty involved in this survey is from Faculty of Business and Management by 68 persons. Most of the student is come from part 5 (45 person) and part 1 (43 person). Based on the analysis, about 82 persons receiving financial aid or education loan such as PTPTN, JPA and others and about 115 persons also receive monthly financial support from family.

In Table 3, it also was found that by average, students had spent about RM513.06 and monthly financial support from family is about RM 332.77. For financial support from family, the median amount received by students was RM300, indicating that half of the students received less than or equal to this amount. The minimum reported support was RM0, while the maximum reached RM2,000, showing considerable variation in family financial contributions. For monthly spending, the median expenditure was RM400, suggesting that half of the students spent less than or equal to this amount per month. The minimum spending reported was RM100, while the maximum was RM5,000, reflecting a wide range of spending patterns among students.

Reliability test

The consistency of the interval items in the questionnaire for this study was tested using Cronbach's Alpha analysis. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. According Taber (2018) provides reliability guidelines where $\alpha \geq 0.70$ is generally acceptable, but 0.60–0.70 may be tolerated in exploratory studies, especially with scales that have fewer items.

Table 4: Cronbach Alpha

	Items	Coefficient Value
Cronbach Alpha	35 questions	0.971

Table 4 shows that reliability testing was conducted using the Cronbach's Alpha function. While the overall reliability for the 35-item instrument was excellent at 0.971, individual subscale analyses were also performed. Each construct, Financial Literacy, Price Elasticity, and Personal Habit are demonstrated internal consistency well above the accepted threshold of 0.70, validating the instrument's reliability for further regression analysis.

Multiple Linear Regression Analysis

Multiple linear regression is an effective statistical technique for determining the relationship between each independent variable and a linear dependent variable. This analysis is used to test all of the hypotheses. Additionally, it allows the researcher to identify which independent variable has the greatest impact on the dependent variable.

Based on the Model 1.1 below, it shows that there are five independent variables, financial literacy, family's income, price elasticity, social media and habit/personal interest. Student's spending behavior is the dependent variable in this study.

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n \dots \dots \dots \text{(Model 1.1)}$$

$$\text{Student's spending behavior (Y)} = 0.520413 + 0.296274X_1(\text{financial literacy}) + 0.123682X_2(\text{family's income}) + 0.177454X_3(\text{price elasticity}) + 0.052241X_5(\text{social media}) + 0.172144X_6(\text{habit/personal interest})$$

Based on Table 5, the R-square value of the study is $R^2 = 0.4672$, meaning that all of the independent variables (financial literacy, family's income, price elasticity, social media and habit/personal interest) towards dependents variable (students' spending behavior) contribute 46.7% variation in student's spending behavior. The other 53.3% of the variation cannot be explained through this model which means that there are other factors that can be used to explain student's spending behavior.

Table 5: R Square

Regression Statistics	
Multiple R	0.6835
R Square	0.4672
Adjusted R Square	0.4479
Standard Error	0.4233
Observations	144

Result in Table 6 below, showed that the model used is acceptable when the F value is 24.2065 and it is significant when the significant F is 0.0000 which is significant at 10% significant level.

Table 6: ANOVA and t test

	F	Significance F
Regression	24.2065	1.96E-17*

*significant at 0.05 significant level

	Coefficients	Standard Error	t Stat	P-value
Intercept	0.5204	0.2983	1.7444	0.0833
Financial Literacy	0.2962	0.0740	4.0009	0.0001*
Family's Income	0.1236	0.0650	1.9011	0.0593
Price Elasticity	0.1774	0.0713	2.4868	0.0140*
Social media	0.0522	0.0537	0.9710	0.3332
Habit/Personal Interest	0.1721	0.0552	3.1178	0.0022*

*significant at 0.05 significant level

Based on the coefficient table in Table 6, only three independent variables, financial literacy (0.0001; p-value less than 5% significant level), price elasticity (0.0140; p value less than 5% significant level) and also habit/personal interest (0.0022; p-value less than 5% significant level) were significant. As a result, student spending behavior was positively influenced by the three out of five variables. The most significant variable in this study is financial literacy because the coefficient value is the highest (0.2962). Meanwhile, social media and family's income had no significant effect on student spending behavior.

Discussion

Based on the results, only financial literacy, price elasticity and habit/personal interest were found to significantly and positively influence students' spending behaviour, with financial literacy being the most dominant factor, while social media and family income were not significant. This finding is consistent with Saripada et al. (2024), who reported a strong and significant relationship between financial literacy and students' spending habits, indicating that students with better financial understanding tend to manage their spending more responsibly. The present result is also in line with Mahmood (2018) and Obagbuwa and Kwenda (2020), who highlighted that financial literacy and financial-related attitudes play an important role in shaping spending behaviour and reducing impulsive purchases. In addition, the significant role of price elasticity in this study supports the findings of Mohd Wahid et al. (2024), who also found that students' spending behaviour is sensitive to price changes. Furthermore, the significance of habit and personal interest is consistent with the literature which emphasises that lifestyle preferences and personal attitudes influence students' purchasing decisions and budgeting behaviour (Lalmuanpuia, 2021).

However, the present study shows that social media influence and family income do not significantly affect students' spending behaviour, which is not fully consistent with several previous studies. Earlier research, such as Mahmood (2018) and Mohd Wahid et al. (2024), reported that social and peer-related influences play an important role in shaping students' consumption patterns. Similarly, past literature suggests that family background and parental influence contribute to students' financial behaviour and spending decisions (Obagbuwa & Kwenda, 2020; Lalmuanpuia, 2021).

The insignificant effect of family income in this study may indicate that students' spending decisions are driven more by their own financial skills and personal preferences rather than by the level of financial support received from their families. Likewise, the non-significant role of social media suggests that students in this sample may rely more on their habitual spending patterns and price considerations than on online influence when making consumption decisions. Overall, while this study confirms the importance of financial literacy and price sensitivity as highlighted in previous research, it provides new evidence that personal habit and interest are more influential than social media and family income in explaining students' spending behaviour in the current context.

Conclusion

In conclusion, based on the findings from the case study conducted among students of Universiti Teknologi MARA Cawangan Kelantan, this study confirms that only three factors, financial literacy, price elasticity and habit or personal interest are significantly influencing students' spending behaviour. Among these determinants, financial literacy emerged as the most influential factor, as indicated by the highest coefficient value, highlighting that students with better financial knowledge and understanding tend to demonstrate more rational and

controlled spending behaviour. In contrast, social media influence and family income were found to have no significant effect on students' spending behaviour, suggesting that students' consumption decisions on campus are driven more by individual capability, price sensitivity and personal preferences rather than external social exposure or household financial background. Overall, the results indicate that strengthening students' financial literacy and awareness of price-related decision making, while addressing habitual and interest-driven spending, is more critical for promoting sustainable spending behaviour than focusing solely on social media exposure or income-related factors.

Recommendations

University should prioritise structured and practical financial literacy programmes, as financial literacy is the strongest predictor of students' spending behaviour in this study. This recommendation is supported by evidence that higher financial literacy significantly improves financial decision-making and money management among young adults (Annamaria Lusardi & Olivia S. Mitchell, 2024). In addition, behavioural-based interventions should be introduced to address habitual and interest-driven spending, in line with behavioural finance findings that habits and self-control mechanisms strongly influence consumption behaviour (Thaler & Benartzi, 2004).

The university should also review course assessment practices to minimise unnecessary student expenses by encouraging low-cost learning tools and clearly informing students of study-related costs in advance. This is consistent with evidence that academic-related financial demands affect students' financial behaviour and well being (Robb, Moody, & Abdel-Ghany, 2012). Since social media and family income were not significant in this study, institutional efforts should focus more on strengthening students' financial capability and managing academic-related costs rather than on external influences.

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