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Financial Literacy, Financial Stress, Financial Anxiety, Financial Self-Efficacy and Financial Emotional Well-Being among University Students in Malaysia

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Abstract
Policymakers, financial professionals, and academics in the field of study should all find this research to be useful. This study adds to the body of knowledge in the field and has numerous applications. Overall, this research may have effects on students as individuals, universities as organisations (AKPK & PNB), and nations as a whole (BNM, ministry of education and finance). Financial literacy can be greatly aided by the interaction of the variables of attitudes, socioeconomic status, and sources. By utilising financial stress and anxiety as suggested by cognitive behaviour to increase financial literacy, this makes sure that predicted financial emotional well-being is taken care of. By deepening students' comprehension of the concepts of financial literacy, financial cognitive behaviour, financial self-efficacy, and financial emotional well-being, this research adds to the body of knowledge, particularly in Malaysia.
Keywords: Financial Literacy, Financial Stress, Financial Anxiety, Financial Self-Efficacy, Financial Emotional Well-Being, University Students, Malaysia

Introduction

According to the Department of Statistics Malaysia, 1,325,699 students are enrolled in tertiary education in Malaysia as of 2019. The country's education system has seen significant adjustments and transformation 2020. This is made up of 666,617 (50.3%) at private universities and 574,202 (49.7%) in public universities. Malaysia has become a centre for education, particularly in the region of South East Asia, as a result of this spectacular expansion and drastic changes in the number of colleges and institutions. As a result, improving student academic performance is a priority for the Malaysian Education Development Plan (PPPM) 2015–2025. According to Zuraidah et al (2019), parents of children from low-income homes must provide for their education, encourage them positively and nonviolently, and have compassion for their adolescent selves. According to Norazlan et al (2020), students from low-income households who were unable to obtain an education loan or scholarship could find it difficult to cover their basic expenses, including housing, food, and school supplies. An earlier survey of Malaysian undergraduate students found that monthly expenses ranged from RM 600 to RM 900 on average (Mustafa, 2017). Thus, food insecurity and financial hardship could have a negative impact on their health, eventually resulting in subpar academic performance due to improper management of their finances and mental well-being.

Literature Reviews

The theory of planned behaviour was chosen because it is capable of predicting behaviour. Ajzen "permits for correlation between the constructs but does not explicitly discuss the details" in this study (Bobek et al., 2007). This study applies the idea of planned behaviour in an effort to better understand students' attitudes, their causes, how they affect their financial and emotional well-being, and how they fit together as a model. It does not, however, test the theory of planned behaviour as such. Studies on the influence of attitudes on financial emotional well-being, particularly in the Malaysian education sector, are scarce.

Mediating Effect of a Financial Cognitive Behavior

Low levels of subjective well-being have been correlated with financial stress and worry. Financial stress and worry have a definite negative impact on people's emotional health, according to the literature (Steptoe et al., 2020; Wrosch et al., 2000). People who have a lot of debt and little money may become worried, anxious, and stressed about their current and future financial situations (Robb, 2017; Viseu, et al., 2018). When people are under financial stress, their emotional response is negative financial cognitive behaviour (Falconier & Epstein, 2011). For instance, having student loan debt, having unpaid medical bills, and having to pay more for housing have all been linked to financial stress and anxiety (Heckman et al., 2014; Robb, 2017; Santacroce et al., 2020). Financial stress and anxiety can differ depending on how an individual perceives the pressures and the tools at their disposal to deal with them, as they are a subjective emotional response to financial cognitive activity (Park & Kim, 2018; Smith & Hamon, 2017).

Moderating Effect of Financial Self Efficacy

This moderating relationship shows that the strength of the relationship between financial cognitive behaviour and financial well-being increases as financial effectiveness rises. More evidence that improved financial efficacy can improve financial wellbeing through financial cognitive behaviour can be found in here. Students who are more adept at handling their money will enjoy greater financial security and satisfaction, and their financial cognitive behaviour will lessen financial stress and worry. Due to the correlation between financial efficacy and financial well-being as well as the moderating effect of financial efficacy through financial cognitive behaviour, this study strongly supports the idea that comprehensive financial education (that increases financial literacy) can be beneficial for financial well-being. Financial stability of an individual affects organisational dedication, productivity, and absenteeism at work (Kim & Garman, 2003; Joo, 1998; Joo & Garman, 1998). (Kim, 1999). The new study contributes to the body of studies designed to persuade management that financial well-being intervention programmes can be advantageous for both the employer and the employee.

Problem Statements

According to a report published by the Malaysian Insolvency Department in 2019, 84,805 bankruptcy cases total were handled during a five-year period beginning in 2015 and ending in December 2019 as a result of a lack of education on financial and emotional well-being

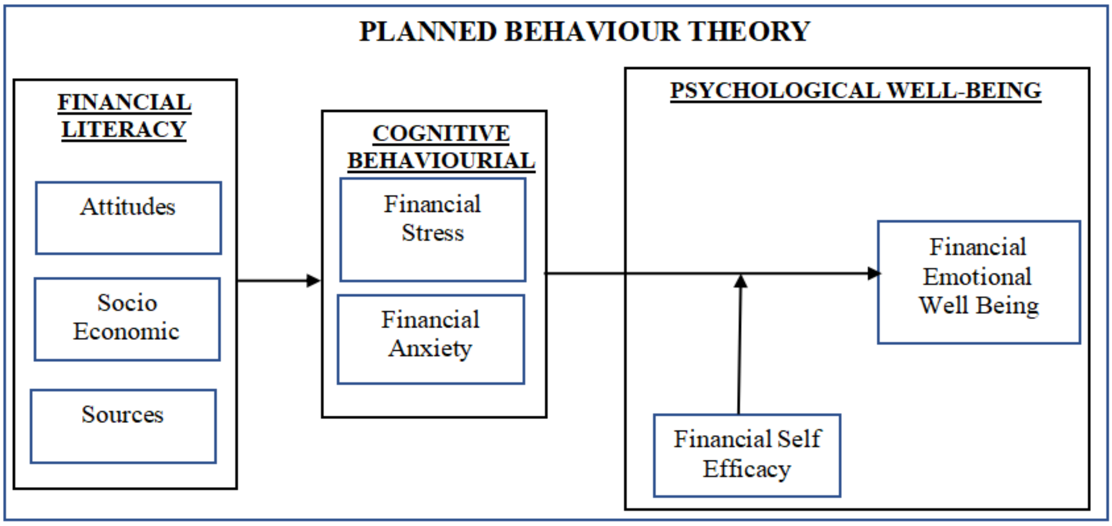
(Malaysian Insolvency Department, 2019). According to Murthy and Mariadas (2017), bankruptcy is more common among young people and recent graduates due to a lack of financial planning skills and a lack of financial emotional well-being based on the new graduates' poor financial behaviour. In fact, according to AKPK's 2018 report, 3 out of 10 Malaysian students on average must borrow money to pay for necessities, which contributes to their high levels of debt. Therefore, it's important to address this issue right now. Financial literacy is actually a factor that affects bankruptcy as well (Selvanathan, Krisnan, & Wen, 2016), as people who lack financial literacy are unable to make wise decisions when faced with financial difficulties, which makes managing personal finances difficult and can even lead to bankruptcy (Othman et al., 2015).

Another potential predictor of financial attitudes is academic performance. According to AKPK (2018), students with lower GPAs have a tendency to have greater amounts of student loan debt, with a significant likelihood that this is because failing courses cause them to stay in school longer. Students who didn't study as much were more inclined to go out and have fun and shop (AKPK, 2018). Similar to this, a student is more likely to experience anxiety and turn to entertainment and extravagant spending if they engage in unfavourable academic behaviours like skipping classes and letting their grades slip. Students who are having both financial and academic difficulties are almost instantly classified as those who are least likely to graduate. Higher grade point averages and pupils from more affluent families increase the likelihood of graduation. However, students who work more than 20 hours a week have a significantly lower chance of graduating (Broton, 2021).

Importance of The Study

The study's emphasis on the connection between financial stress and financial anxiety as a broader context of financial cognitive behaviour on financial emotional well-being is one of its most significant contributions. This study offers some evidence that financial self-efficacy and financial literacy may be crucial factors in campus financial wellness initiatives as worries about student financial stress and anxiety increase. It is crucial for policymakers to comprehend the connections between financial literacy, financial cognitive behaviour, financial self-efficacy, and financial emotional wellbeing (Noor et al., 2019). Universities in Malaysia, Permodalan Nasional Berhad (PNB), Bank Negara Malaysia (BNM), Credit Counseling and Management Agency (AKPK), Department of Insolvency Malaysia, and other regulatory entities including the Ministry of Education and Ministry of Finance can all benefit from the study. Numerous researchers, including Albeerdy and Gharleghi (2015), Jeyaram and Mazlina (2015); Yakob et al (2015); Abdullah et al (2017); Aladdin and Ahmad (2017); Yahaya et al (2017), have studied the financial well-being of university students in Malaysia (2019). Financial literacy, financial cognitive behaviour, and financial efficacy in general were the main areas of focus in studies on the financial well-being of university students conducted in 2015, 2017, and 2019, while financial stress, financial anxiety, and financial emotional well-being were largely ignored.

Research Framework



The phenomena of financial literacy, financial emotional well-being, financial cognitive behaviour, and self-efficacy have not yet been well explained by a single stable financial theory. The current study discovered that earlier research on financial emotional well-being has incorporated numerous hypotheses as their bases. These theories included Ryff's (1989) psychological well-being theory (Steptoe et al., 2020; Atif and Malik, 2020; Yang and Usman, 2021; Dietz and Santos-Burgoa, 2020), Bandura's (1977, 1995) and Clark's (1995) social cognitive theory (Vaculková et al., 2021; Chai et al., 2019), and Ajzen's (1991) planned behavior theory (Kaffashi and Shamsudin, 2019; Garg and Singh, 2018; Skagerlund et al., 2018). Because this research was unable to locate an integrative model that combined the mediating role of a financial cognitive behaviour and the moderating role of financial self-efficacy, the theoretical framework was drawn from the literature on psychological well-being theory and planned behaviour theory.

Summary of Hypothesis and Research Objectives

	Hypothesis	Research Objective
H1	The attitude has a positive effect on financial emotional well-being.	RO1
H2	A socio economic has a positive effect on financial emotional well-being.	RO1
H3	Sources has a positive effect on financial emotional well-being.	RO1
H4	The attitude has an effect on the financial cognitive behavior.	RO2
H5	A socio economic has a positive effect on the financial cognitive behavior.	RO2
H6	Sources has a positive effect on the financial cognitive behavior.	RO2
H7	A financial cognitive behavior has a positive effect on financial emotional well-being.	RO3
H7a	A financial cognitive behavior mediates the relationship between the attitude and financial emotional well-being.	RO3
H7b	A financial cognitive behavior mediates the relationship between a socio economic and financial emotional well-being.	RO3
H7c	A financial cognitive behavior mediates the relationship between sources and financial emotional well-being.	RO3
H8	Financial self-efficacy has an effect on financial emotional well-being.	RO4
H9	Financial self-efficacy moderates the relationship between a financial cognitive behavior and financial emotional well-being.	RO5

A testable assertion that forecasts the anticipated outcomes from empirical data in a study is known as a hypothesis (Sekaran & Bougie, 2010). The three theories—psychological well-being theory, planned behaviour theory, and social cognitive theory—were the sources of the study's hypotheses. The hypotheses discuss the connections between the study's factors. With the mediating effect of a financial cognitive activity and the moderating influence of financial self-efficacy, this study once again looked at the relationship between financial literacy (attitudes, socioeconomic conditions, and sources) and financial emotional well-being. By putting the relationships to the test and defining the outcomes, this chapter confirms the conclusions from the literature.

Discussion and Conclusion

The purpose of this study was to comprehend Malaysians' goals with regard to acquiring financial literacy behaviours. Investigating the elements influencing citizens' intentions to adopt financial literacy behaviours involved enhancing Ajzen's Theory of Planned Behavior (1991). The Theory of Planned Behavior includes topics such as past behaviour, fundamental morality, modernity tolerance, global pollution, and the role of the public in addition to classic aspects like attitudes, normative views, and observed behaviour. Last but not least, the new Malaysian policy goals and initiatives detailed in the Malaysia Education Blueprint 2013–2025 Plan will bring about significant improvements and possibly advantageous prospects for Malaysian educational institutions. The Malaysia Education Blueprint 2013–2025 has established precise goals that must be met in 13 years in terms of access, equity, and quality. It is crucial to carefully plan this time frame in order to incorporate changes to finance and human resource management as well as the identification of key initiatives that influence student outcomes. As a developing nation, Malaysia aspires to transform gradually into a high-income country through the Sustainable Development Goals (SDGs) by the year 2024 due to its very low unemployment rate, developed infrastructure, and high level of educational satisfaction. Unfortunately, no part of the Malaysia Education Blueprint 2013–2025 Plan indicates that Malaysia's goals for economic and social development will take precedence over the financial and emotional health of the education sector. Therefore, this study will hopefully offer some evidence that financial self-efficacy could be a key factor in campus financial wellness programmes, filling a vacuum in policy implications that must be focused on establishing financial literacy in universities.

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