Article

Examining the Effect of Financial Management, Shopping Behavior on Financial Literacy among University Students

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Abstract: This study examines the effect of financial management and shopping behavior on financial literacy among Sultan Idris Education University students (UPSI), Malaysia. This study uses data collected through a survey questionnaire. The analysis method used in this study is quantitative, namely descriptive and inferential analyses. The correlation test results found that the financial literacy and financial management of UPSI students have a positive, strong, and significant relationship. While, the relationship between financial literacy and shopping behavior of UPSI students is positive, weak, and insignificant. At the same time, the relationship between financial management and the shopping behavior of UPSI students is positive, weak, and not significant. Regression analysis showed that financial management and shopping behavior could influence financial literacy simultaneously.

Keywords: financial literacy, financial management, shopping behavior, university students.

1. Introduction

In life, money is used to obtain goods and services in meeting human needs and wants. Necessary goods must be fulfilled by a student for daily survival, while want goods are goods that a student in his life fulfills to fulfill self-desires. The student's lifestyle has attracted attention, so a study on the financial literacy of these students is made. Good financial literacy requires good financial planning. Financial decisions are shaped through good financial management and behavior. Therefore, the daily life of students in understanding the flow of money, income management, and expenses required by each student is important. Many students in Malaysia are found to have low levels of financial literacy, which can lead to poor personal financial management practices. For example, most students shop the money before the semester ends (Ibrahim, Harun & Isa, 2010). It is because students are confused about managing finances while shopping. In addition, many students use the money to buy items outside of academic needs, such as designer clothes, cosmetic equipment, watching movies, and traveling. The student necessities, such as shelter, food, health (medicines), and books, should be prioritized. Therefore, financial literacy is important for students to determine the priority of goods to be purchased (Abdul Rahman & Zulkifly, 2016).

During the period 2012 to September 2016, the Malaysian Insolvency Department recorded a total of 97,215 bankruptcy cases. Of that number, 38 percent of generation Y 25-34 years old took out personal loans while 47 percent were involved with high credit card debt. Meanwhile, 45 percent of this generation fails to pay debts according to the set repayment schedule. However, 28 percent of generation Y are confident that they can handle financial management, while 58 percent claim to have a moderate level of financial literacy (Berita Harian, 2016). The Malaysian Insolvency Department recorded 19,588 cases in 2016, a total of 18,227 cases in 2017, a total of 16,482 cases in 2018, and a total of 12,051 cases in 2019 (Sinar Harian, 2019). A report by the Malaysian Insolvency Department found that generation Y bankruptcy cases of 25-34 years from 2016 to 2019 showed a decrease in bankruptcy cases in that generation. Thus, this indicates that the financial literacy of generation Y 25-34 years, is getting better. Generation Y is more aware of the need to manage finances wisely to achieve well-being in the future.

The World Bank found that 60 percent of all bankrupt individuals in Malaysia are in generation Y 25-34 years old (Berita Harian, 2016). Therefore, a student needs to have good financial literacy, budget planning, and control expenses to avoid financial impact and achieve well-being when growing up. Financial management is the ability of students to apply the knowledge and skills possessed to control the money possessed can be used wisely and able to achieve well-being. Furthermore, an individual needs to understand and know about monetary policy, as the understanding and knowledge possessed is key for students in planning a budget. In addition, financial knowledge can help students make wise shopping decisions (Mandell & Klein, 2009). Students who are aware of financial management will then be able to manage expenses wisely. According to Huston (2010), prudent financial management is one of the steps students take to achieve well-being. Students can achieve well-being by applying their understanding and knowledge in life. Understanding the concept of financial management can help students control short-term and long-term expenses. Therefore, when students can manage their present finances well, they will achieve well-being in the future (Tokar Asaad, 2015). Financial management is economic well-being. It can be identified by reading, analyzing, managing, and communicating about their current financial situation. The ability meant is the student's ability to control finances for savings and expenses.

The Organization for Economic Cooperation and Development (2014) defines financial management as a process in shaping students to improve what those students understand about a product and the meaning of a financial concept. The process of each student in adding information, instructions, and objective advice to form skills and confidence. Students are more aware of financial risks and opportunities and students who can distinguish between necessities and goods that are only as self-will. As such, students should make the right choices in planning expenses. Effective measures can assist students in achieving well-being. It can be concluded that financial management is awareness, knowledge, ability, attitude, and behavior of students that should be possessed by every student so that the students themselves can make decisions in planning a budget to achieve well-being. According to Force (2011), he stated that financial management is a way for students to control their money. Students' knowledge and awareness can help them control the ever-changing financial markets, such as offered products and services. Among the examples, students will be prepared for fee money, house rent, and money for emergencies. Financial management is important for a student because the student is already included in adult life. Nowadays, there are various financial technologies to manage personal finances and know how to deal with shopping systems online that offer many products that will be able to affect their financial planning. Thus, students have the confidence to learn effective ways to manage personal finances and realize the importance of forming responsible attitudes and behaviors in managing finances (Vieira et al., 2016). Thus, the current study aims to identify the socio-demographic profile and the level of financial management, spending behavior, and financial literacy among UPSI students. Also, examine the relationship between the three variables: level of financial management, level of shopping behavior, and financial literacy among UPSI students.

2. Materials and Methods

This study is designed using a quantitative research method. Quantitative methods are methods used as a guide in solving the study's findings. Systematically based on data, critical, objective, and scientific answers and ways of solving the problems studied. Quantitative research methods are research methods that describe the findings of a study using numbers (Kowalczyk, 2016). The procedure of this study is experimental and quasi-experimental by collecting data on the basis of hypotheses and theories. The quantitative approach used by the researchers in this study was to collect primary data. The method of collecting primary data was to distribute a questionnaire of 48 items to 213 respondents. After obtaining the data, the data will be analyzed using scientific methods. In analyzing the data of this study, researchers use

two methods namely descriptive analyses and inferential analyses. Descriptive analyses will explain the socio-demographic profile analyses of the respondents and the mean analyses of financial management, shopping behavior, and financial literacy among students. While inferential analyses will explain correlation analyses to identify the relationship of the third variables and regression analyses to identify the relationship of financial management and shopping behavior with financial literacy among students in Sultan Idris Education University.

3. Results

3.1. Descriptive Analysis

This study was involved as many as 213 students of Sultan Idris Education University. The respondents provided profiles on their socio-demographics consisting of gender, nation, age, status, place of residence during the study, the current level of study, faculty, and source of financing. The result of respondent's demography profile as seen in Table 1:

Table 1. Result of Socio-demographic Profile of Respondents

Socio-demographics	Category	Frequency	Percent
Gender	Male	56	26.3
	Female	157	73.7
Nationality	Malay	110	51.6
	Indonesia	61	28.6
	China	2	0.9
	India	7	3.3
	Bangladesh	33	15.5
Age	< 20 years old	10	4.7
	21– 25 years old	148	69.5
	26– 30 years old	23	10.8
	31 – 35 years old	13	6.1
	36 – 40 years old	10	4.7
	41 – 45 years old	4	1.9
	46 – 50 years old	3	1.4
	> 51 years old	2	0.9
Status	Single	174	81.7
	Married	39	18.3
Place of Residence During Study	Colleges	54	25.4
	Rented Houses	138	64.8
	Own Homes	21	9.9
Current Level of Study	Diploma	4	1.9
	Degree	141	66.2
	Master	57	26.8
	PhD	11	5.2
Faculty	Management and Economics	32	15.0
	Social Sciences and Humanities	19	8.9
	Science and Mathematics	32	15.0
	Arts, Computers and Creative Industries	18	8.5
	Education and Vocational	53	24.9
	Language and Communication	8	3.8
	Music and Performing Arts	32	15.0
	Sports Science and Coaching	19	8.9
Source of income	Loan Funds	81	38.0
	Scholarships	59	27.7
	Parents	49	23.0
	Alone	24	11.3

Table 1 shows the socio-demographic profiles of the respondents in the study conducted. This study was conducted at the Sultan Idris Education University. The respondents are UPSI students who gave feedback on the questionnaire are 213 respondents consisting of 56 male respondents and 157 female respondents. The study's findings showed that female students responded more by 73.7 percent compared to only about 26.3 percent of male respondents. The majority of respondents are Malaysians, Chinese, and Indians, and foreign nationals such as Indonesians and others. The majority of respondents are Malays with 110 respondents (51.6 percent), followed by Indonesia with 61 respondents (28.6 percent), Bangladesh with 33 respondents (15.5 percent), India with 7 respondents (3.3 percent), and Chinese with 2 respondents (0.9 percent). Following the study, 69.5 percent of respondents were students aged 21 - 25 years, while 4.7 percent consisted of 20 years and below and 25.8 percent 26 years and above. Table 1 shows that 81.7 percent of the 213 respondents of single status and respondents with married status were 18.3 percent. Based on 213 respondents who provided feedback in table 1 shows 25.4 percent live in college while 64.8 percent live in rented houses, and 9.9 percent live in their own homes. Respondents' level of the study showed 66.2 percent of undergraduate students, followed by 26.8 percent of master students, 5.2 percent of PhD students, and 1.9 percent of diploma students.

Also, there 24.9 percent is the students from the faculty of education and vocational. Followed by 15.0 percent are students from the faculty of management and economics. 15.0 percent are students from the faculty of science and mathematics. 15.0 percent are students from the faculty of music and performing arts, 8.9 percent were students from the faculty of sports sciences and coaching, 8.9 percent were students from the faculty of social sciences and humanities. 8.5 percent were students from the faculty of arts, computing, and creative industries, and 3.8 percent were students from the faculty of language and communication. Based on 213 respondents who provided feedback in table 1, 27.7 percent received scholarships, followed by 23.0 percent have financial resources are parents, 11.3 percent have financial resources from themselves and 38.0 percent have financial resources are loans (PTPTN). To see the level of financial management, shopping behavior and financial literacy of students of Sultan Idris Education University can be seen through table 2 below:

Table 2. Mean Analysis of Financial Management, Shopping Behavior, and Student Financial Literacy

Variable	Mean	Std. Deviation	Level
Financial management	4.15	0.485	High
Shopping Behavior	2.88	0.641	Moderate
Financial Literacy	4.09	0.559	High

Table 2 shows that the level of financial management of UPSI students is at a high level with a mean value of 4.15 and a standard deviation of 0.485. Followed by the level of financial literacy of UPSI students is also high, with a mean value of 4.09 and a standard deviation of 0.559. While the shopping behavior of UPSI students is at a moderate level with a mean value of 2.88 and a standard deviation of 0.641.

Table 3. Analysis of Levels of Financial Management, Shopping Behavior, and Student Financial Literacy

Variable	Level	Frequency	Percentage
Financial Management	Moderate	27	12.7
	High	186	87.3
Shopping Behavior	Low	54	25.4
	Moderate	138	64.8
	High	21	9.9
Financial Literacy	Moderate	48	22.5
	High	165	77.5

Table 3 shows that the level of financial management of students at a high level has a frequency of 186, equivalent to 87.3 percent. Followed by the level of financial management of students is at a moderate level having a frequency of 27 or 12.7 percent. Further, Table 3 shows that students' shopping behavior level is at a moderate level with a frequency of 138 or 64.8 percent. Followed by the shopping behavior of students at a low level has a frequency of 54 or 25.4 percent and the level of shopping behavior of students at a high level that has a frequency of 21 or 9.9 percent. While the level of financial literacy of UPSI students at a

high level has a frequency of 165 equivalent to 77.5 percent, followed by a moderate level with a frequency of 48 or 22.5 percent.

3.2 Correlation Analysis of Financial Management, Shopping Behavior, and Financial Literacy

The correlation was used to answer the research objectives related to the relationship between the dependent variable and the independent variables. The correlation was used to answer the study's objective to identify the relationship between financial management, shopping behavior, and financial literacy among students of Sultan Idris Education University.

Table 4. Correlation of Financial Management, Shopping Behavior and Financial Literacy Among Students

	Correlation Coefficient	Significance	Decision
Financial Management ←→ Financial Literacy	0.723	0.000	Reject H0
Financial Management ←→ Shopping Behavior	0.065	0.346	Accept H0
Shopping Behavior ←→ Financial Literacy	0.057	0.406	Accept H0

Table 4 shows the relationship between financial management and financial literacy, financial management and shopping behavior, and the relationship between shopping behavior and financial literacy among UPSI students. The relationship between financial management and financial literacy of students of Sultan Idris Education University has a significant and robust relationship with the value of correlation coefficient is 0.723, and the significance value is 0.000. Table 4 also shows that financial management and shopping behavior have a weak and insignificant relationship with the value of correlation coefficient is 0.065, and the significance value is 0.346. The relationship between financial management and shopping behavior is weak and not significant, indicating that the value of the correlation coefficient is 0.057 and the significance value is 0.406.

Table 5. Hypothesis Testing

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.653	0.250		2.614	0.010
Financial Management	0.851	0.052	0.750	16.425	0.000
Shopping Behavior	-0.028	0.039	-0.032	-0.711	0.478
R	0.752a		Sum of Squares		36.179
R Square	0.566		Df		2
Adjusted R Square	0.562		Mean Square		18.089
Std. Error of the Estimate	0.364		F		136.290
Durbin-Watson	1.916		Sig.		0.000b

a. Dependent Variable: Financial Literacy
b. Predictors: (Constant), Financial Management, Shopping Behavior

Table 5 shows the relationship between the dependent variable and the independent variable. The results obtained from the data processing show a significant relationship between financial management and financial literacy with a significance of 0.000. The two have a positive and strong relationship with a *B* value of 0.851. While the relationship between shopping behavior and financial literacy is insignificant with a significance of 0.478, between the two is a negative and weak relationship with a B value of -0.028. Financial management and shopping behavior among students simultaneously have a significant relationship to financial literacy. Furthermore, table 5 also shows that the relationship between the three is strong by showing the value of R of 0.752. The value of the F-table is smaller than the value of F, it can be concluded that the independent variable influences the dependent variable. The value obtained can be concluded that

the F-table, which is 3.04 is smaller than the value of F, which is 136.290. It means that financial management and shopping behavior together can affect financial literacy.

4. Discussion

The study results indicated that the level of financial management and financial literacy of UPSI students is high. While the shopping behavior is moderate. Also, the result showed that the financial literacy and financial management of UPSI students have a significant positive correlation. Besides that, financial management, shopping behavior and financial literacy of UPSI students not significant. In addition. the financial management has significant effect on financial literacy. The findings of the study were supported by Taft et al. (2013), they found that financial management has a significant relationship with financial literacy. A high literacy level will lead the individual to good financial well-being and freedom from financial problems so that a prosperous life exists in the future. Lusardi & Mitchell (2011) stated that financial management has a significant relationship with financial literacy. Rachmiyanton, (2019) found students' shopping behavior positively influences students' financial literacy. Hasibuan et al. (2018) said that students shopping behavior had a positive influence on students' financial literacy. An individual understanding of financial literacy improves an individual's knowledge and skills in shopping wisely. However, the opposite situation occurred in this study. Results from research (Remund, 2010; Shaari et al., 2013; Wahid & Zahari, 2020) also found that shopping behavior has a positive relationship with students' financial literacy.

Although students plan a budget then students will buy items that are only scheduled, this proves that students can control shopping with the aim that the money they have can be used well and can afford student expenses during their studies. However, financial management does not guarantee the way students spend. The findings of this study is contrast with Abdul Rahman & Zulkifly, (2016); Flora, (2015); Ismaulina & Suryani, (2019); Widyawati, (2011), they found that shopping behavior has a significant relationship with an individual financial management. Students' knowledge and understanding of financial management has a high impact on student's prudent budget planning practices. Research from (Flora, 2015; Lusardi & Mitchell, 2011; Taft et al., 2013) found that financial management has a significant relationship with a student financial literacy. A high level of financial management will lead the student to good financial well-being and free from financial problems so that there is a prosperous life in the future. Students financial literacy increases so students will be smarter in shopping, such as making comparisons on the price of goods to be purchased, controlling shopping and paying more attention to the response from goods that have been purchased. However, a small number of students are also sometimes unable to control their desires such as going to watching movies, buying designer clothes, and even traveling.

The results of the study are supported by the research of (Rachmiyantono, 2019) who found that the shopping behavior of a student has a positive influence on the financial literacy of the student. Research from (Thumma & Madhabattula, 2016) found that a student behavior in shopping has a positive influence on financial literacy. This is because a student understanding of financial literacy has the effect of improving a student knowledge and skills in shopping wisely. Research from (Shaari et al., 2013) found that a student behavior in shopping has a positive relationship with financial literacy. The findings of a similar study were also found by (Remund, 2010) who found that a student behavior in shopping has a positive influence on financial literacy. Several studies show similar study results to this study. (Abdul Rahman & Zulkifly, 2016) found that a student behavior in shopping has a positive relationship with financial literacy. Students' knowledge and understanding of financial literacy has a high impact on student's prudent budget planning practices. This is supported by (Widyawati, 2011) who found that a student shopping has a direct positive and significant impact on financial literacy. This is completely different from the findings of this study.

5. Conclusions

Financial literacy is a benchmark for students practicing knowledge, managing finances, planning budgets, and applying it in daily shopping for students at the graduate or postgraduate level. Financial literacy and financial management have a positive and significant relationship. However, financial literacy, financial management, and shopping behavior have not been significant. This study suggests that students manage personal finances, budget planning, and student behavior in shopping, whether students shopping according to necessities or personal will. The current student shopping plan is to identify student financial decision-making in the future. Moreover, the shopping planning done by the students does not seem to be able to give full responsibility to the students. Hence, the role of parents is important for the students in making financial decisions. Additional studies are needed to determine a more appropriate approach to

identifying financial literacy. Studies should focus on determining prudent financial management methods that enable students to increase their understanding to identify the impact of financial decisions made. Such information should improve students' behavior in shopping by frugally and prudently.

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