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The Effects of Financial Literacy, Self-Efficacy and Self-Coping on Financial Behavior of Emerging Adults*

Kok Fei CHONG[1], Mohamad Fazli SABRI[2], Amirah Shazana MAGLI[3], Husniyah ABD RAHIM[4], Nuradibah MOKHTAR[5], Mohd Amim OTHMAN[6]

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Abstract

This study examines the relationship between financial behavior, financial literacy, self-efficacy, and self-coping among emerging adults. The study population is 790 respondents from 11 Credit Counselling and Debt Management (CCDM). Statistical Package for Social Science (SPSS) was used to analyze Pearson Correlation and Multiple regression. It was used to determine the relationships and recognize determinants of emerging adults' financial behavior respectively. In this study, financial literacy, self-efficacy, self-coping, and financial behavior variables were entered into the regression. A total of 790 respondents aged 40 and below were selected. An independent sample t-test was administered to compare the financial behavior scores for females and males. The results reveal that there was significant difference in the mean of financial behavior scores for females (M = 87.20, SD = 18.00) and males (M = 89.70, SD = 16.80; t (765) = 2.010, p = 0.045, two-tailed). The multiple regression results indicate that the model explained 13.4% of the variance in financial behavior, which is predicted significantly by the model (F = 38.361, p = 0.000). This study will be beneficial to policymakers to improve living conditions and to promote good financial behavior, financial literacy, self-efficacy as well as self-coping especially for emerging adults in Malaysia.

Keywords: Financial Literacy, Self-Efficacy, Self-Coping, Financial Behavior, Emerging Adults

JEL Classification Code: D10, D12, D14, O15

1. Introduction

In Malaysia, the debt problems affecting emerging adults are alarming as the household debt service ratio is on an escalating trend. Bank Negara Malaysia (2010) has recently reported debts of over six million households in Malaysia, totaling RM653 billion, with RM108000 per household average. Statistics show that Malaysia's millennium or Gene Y, which is referred to in this study as emerging adults, has huge accumulated debt. Studies conducted by the Asian Institute of Finance (2015) reported that these young individuals face major financial stress in their early life, with many living beyond their means and being trapped in emotional expenditure (Wan Azmi et al., 2015). Moreover, over the years, the number of emerging adults faced with bankruptcy has been steadily increasing. The majority of emerging adults are dependent on high-cost loans, personal loans, and credit card borrowings (Asian Institute of Finance, 2015). The highest cases of bankruptcy among the youth were recorded in 2014 with a total of 13,098 cases, followed by 13,036 cases in 2013, based on the statistics from the Insolvency Department (The Star, 2018). This problem can be overwhelmed by the distinction between

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[1]First Author. Postgraduate Student, Department of Resource Management & Consumer Studies, Faculty of Human Ecology, Universiti Putra Malaysia, Malaysia. Email: desmondfocus@gmail.com
[2]Corresponding Author. Professor, Faculty of Human Ecology, Universiti Putra Malaysia, Malaysia [Postal Address: 43400 Serdang, Selangor, Malaysia] Email: fazli@upm.edu.my
[3]Department of Resource Management & Consumer Studies, Faculty of Human Ecology, Universiti Putra Malaysia, Malaysia. Email: amirahshazana90@gmail.com
[4]Senior Lecturer, Department of Resource Management & Consumer Studies, Faculty of Human Ecology, Universiti Putra Malaysia, Malaysia. Email: husniyah@upm.edu.my
[5]Researcher, Department of Resource Management & Consumer Studies, Faculty of Human Ecology, Universiti Putra Malaysia, Malaysia. Email: adib8994@gmail.com
[6]Senior Lecturer, Department of Resource Management & Consumer Studies, Faculty of Human Ecology, Universiti Putra Malaysia, Malaysia. Email: mohdamim@gmail.com

potential bankruptcies and related variables. Few people are bankrupt due to poor discipline and the failure to deal with their finances. Most bankruptcy cases are not caused by irresponsible expenses; individuals who experience financial distress may find themselves in a situation where their debt servicing costs are much more than their monthly income and in such cases, they are unable to cope with unexpected major costs, such as huge medical expenses.

About 84,805 Malaysians were declared bankrupt between 2015 and 2019. Based on the figure provided by the Insolvency Department, people below the age of 34 made up 26 percent of the bankruptcy cases (New Straits Times, 2020). Based on the studies reported by the Consumer Research and Resources Centre (2012) almost half of the young workers aged between 18 and 35 years old were in serious debt whereby those earning between RM 2,000 and RM 3,000 per month had the most serious debt problem and it was likely due to acquiring assets like a house, car or getting married, thus increasing their loan repayment obligations Despite the aggressive efforts by the government to provide financial counseling programs to educate Malaysians, especially young people, on debt and finance management, this indicates personal financial planning is a perpetual issue. In this situation, they had to draw up a proper financial plan to improve their financial well-being in the future (Sabri et al., 2020).

It appears that particularly emerging Malaysian adults have been overpowered by money, debt, and financial satisfaction. As a result, emerging adults are trapped in digital lifestyles that contribute to their financial burdens (Asian Finance Institute, 2015). Worse yet, in 2018, 47 percent of Malaysian youth had high credit card debt. Most of the bankruptcy cases were primarily due to the inability to sustain debt made of installment purchases, personal loans, and credit card debt. The life phase of emerging adulthood involves significant changes, including various social functions and roles. Change in adulthood, which is usually a time for a lifestyle choice, becomes much less frequent (Aiken, 1998, Rossow & Rise, 1993). Emerging adults, particularly between the ages of 20 and 26, start managing their money at a distinct time in their life. Many of these emerging adults are struggling with money management issues such as paying bills, maintaining a budget, and managing credit cards. These situations make them extremely vulnerable to financial shocks such as redundancies, long-term illnesses, or even a large unexpected bill.

The financial behaviors that emerging adults learn during these years due to the advancement of technology, use of Fintech, and social media are likely to influence the decisions they make in the future (Shim et al., 2009). With the increasing complexity and variety of financial and investment products, individuals take greater risks and responsibility for their own financial decisions. Research shows that positive financial behavior is linked to better financial well-being (Joo & Grable, 2004), decreased financial stress (Hayhoe et al., 2000), and increased self-esteem (Lange & Byrd, 1998). Because of the far-reaching consequences of financial behaviors, it is important to investigate which factors have a significant impact on them to increase their general quality of life in later years (Gutter & Copur, 2011; Xiao et al., 2008).

According to a survey conducted by the Credit Counselling and Debt Management Agency (AKPK), three out of 10 working adults had to borrow money to buy essential goods; 2 out of 10 Malaysian working adults were unable to save a single cent in the last 6 months. It appears that nearly 3 out of 10 had to borrow money just to buy essential items. In the survey that was conducted from May to August 2018, AKPK surveyed 3,540 people between the ages of 20 and 60. More than half, or 53% of those polled, earned less than RM2,000. They could not even afford RM1,000 emergency expenses. The survey also found that a high cost of living was the main reason why many working Malaysians were unable to save (AFBS, 2018).

AKPK's research also showed that another 2 out of 10 working Malaysians saved less than 5% of their monthly income. The research survey focused on two groups: the self-employed and those earning below RM2,000 monthly. According to AKPK, these two groups are the most vulnerable. This is because they are the most challenged groups in terms of financial wellbeing. Those who work in the agriculture sector, armed forces, police, and other law enforcement agencies were among those who scored the lowest in its financial security checks. They managed to save a minimal level of 5–10% of their monthly income.

The AKPK chief executive said that consumers who do not understand their personal finances and exhibited inappropriate financial behavior would continue to suffer financially in the future. He emphasized that financial education is important in producing good financial behavior. Therefore, Malaysians need to understand the current situation of consumer's erratic financial behavior (AFBS, 2018).

Around 85% of the participants of the AKPK debt management program earn less than RM5,000 a month. AKPK chief executive officer Azaddin Ngah Tasir said a majority of these indebted individuals in the program are aged between 30 and 50 years. 40% of indebted individuals admitted to poor financial planning on their part, with 57% of these cases involving credit card woes and 26% from personal loans. Since its inception in 2006 and up to Sept 30, 2018, a total of 817,851 individuals attended AKPK's counseling services and from that, 243,699 participants applied to enroll in its debt management program (AFBS, 2018).

Malaysian National Financial Literacy Strategy 2019–2023, aimed at increasing the levels of financial literacy, promoting responsible financial conduct, and healthy financial management attitudes. The Government hopes to see Malaysians live well and help build a resilient and inclusive economy productively. The National Strategy supports the government's aspiration for shared prosperity by ensuring Malaysians can take responsibility for financial decisions in all stages of their lives with the right knowledge and skills. Financial education is essential and can be achieved only through cooperation between the Malaysian people of all ages and stages of life. Financial education is essential and can be achieved only through cooperation between every person at all ages and stages of life.

Financially literate individuals make informed financial decisions throughout their lives, leading to continuous changes in their living standards. Financially competent households interact with financial service providers responsibly, thereby increasing financial resilience. By enhancing Malaysians' capacity, ability, and desire to handle their financial destiny, stronger communities are promoted to build a brighter future for everyone and not just some.

According to Sullivan et al. (1989), problems in debt begin when a person fails to handle the accumulated debt, which is often steadily increasing. Without using loans, it is nearly impossible for anyone to purchase a large number of assets such as a house or a car. An individual between thirty and forty years of age is normally more indebted than older people because of their loan, mortgage, children's expenses, and so on (Sophie, 2012). This could negatively affect the financial well-being of young workers in general. Besides, managing the debt is one of the key components to ensure the good financial management of individuals (Chong et al., 2010; Kim 2000).

There were very few research studies in Malaysia that explore financial behavior and the financial attitude and financial management of emerging adults (Mokhtar et al., 2015; Sabri & Falahati, 2003). The majority of the investigations focus on financial stress, working environment, productivity at work, and other issues. The objective of this study is therefore to determine the relationships between financial literacy, self-efficacy, and self-coping, and financial behavior of emerging adults. This research attempt to explore variables that have not been observed in previous studies, such as financial literacy, money, and debt management, and how these are linked to young people's economic well-being. Last, this research aimed to identify whether financial literacy, self-efficacy, and self-coping, predict the financial behavior of emerging adults.

2. Literature Review

2.1. Emerging Adults

Emerging adults, born from 1980 to 2000 are currently aged between 20–40 (in Malaysia, 11,834.7 million) (Department of Statistics Malaysia, 2019). The transition from high school to school, according to Arnett (2000) and Roisman et al. (2004), has challenged young adults to live independently, taking control of finance, maintain academic standards and integrity and adapt to a new social life. It also provided an opportunity to modify existing roles and to adopt new roles. The transition from adolescence into adulthood increased college students' vulnerability to stress (Towbes & Cohen, 1996). Contrary to expectation, major life transitions were associated with low and reducing levels of stress. Cross-sectionally, living independently, not being a student, being married, or being a mother was associated with the lowest stress. Normative transitions such as moving out of home, finding work, or motherhood was associated with no change in stress while marrying was associated with a decrease in stress. Three types of transition were associated with increases in stress: non-normative transitions to more "adolescent" statuses, no transition, and transitions occurring earlier than (Bell & Lee, 2008).

The goals of emerging adulthood are to explore and establish identity through salient (For example, friendships and academic) and emerging (For example, occupational and romantic) developmental tasks (Arnett, 2000; Roisman et al., 2004). Adult life, generally a period of adjustment into chosen lifestyles, and lifestyle changes have become much less frequent (Aiken, 1998; Rossow & Rise, 1993). The changes in the experimentation with new roles and choosing a lifestyle were assumed to lead to increased stress levels. A high risk of mental health problems is common in the young adult period (Hunt & Eisenberg, 2010; Zivin et al., 2009). It is also an important life transition characterized by an increase in financial accountability.

2.2. Financial Behaviour

The terminology of financial behavior can be defined as any human behavior that is relevant to money management. Common financial behaviors include cash, credit, and saving behavior. Poor financial behavior includes lack of budget planning and accumulation of excessive debt, which may lead to financial distress (Malaysian Financial Planning Council, 2016). One factor that can affect financial management behavior is financial attitude (Pankow, 2012). It can also be characterized as an individual's state of mind, opinion, and judgment on finances.

Financial management is a complex set of behaviors and decisions that can change as a function of the importance and difficulty of implementing the behavior, as well as of people's capabilities, skills, and opportunities to perform such behaviors (Parahiyangan, 2013). Financial behavior is based on expenditures, savings, retirement and investment, and debt management in the scope of this study. One of the efforts to shape the character of financial behaviors, according to Sina and Noya (2012), is by growing the behavior of personal financial management. Personal finance is a term that covers managing your money, saving, and investing. This encompasses budgeting, goal setting, savings, mortgage, insurance, retirement, and anything else having to do with your money. It is important at any age to learn how to manage your finances wisely, and the earlier you start, the better. Ida and Dwinta (2010) stated that five measures that are needed in terms of managing good financial behavior are controlling spending, paying bills on time, the preparation of plans for future finance, provision of money for self and family. Besides, Tham, Dastane, Johari, and Ismail (2019) also disclosed that consumers' perceived risk factors would affect consumer behavior.

Abdullah et al. (2019) stated that gender differences in financial affairs between men and women will affect the financial well-being of an individual. Beckmann and Menkhoff (2008) reported women are often referred to as risk-averse since they take a financial decision very carefully. Agata (2008) confirmed that men took risks because they saw it as a way of investing and multiplying money. Therefore, we can develop a hypothesis;

H1: *There is a significant difference in financial behavior between males and females.*

2.3. Financial Literacy

There are several widely used definitions of financial literacy in works of literature. Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing (Dowling et al., 2008). Lusardi and Mitchell (2014) defined financial literacy in their review article as... "*Peoples' ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt, and pensions*." On the other hand, OECD-INFE (2016) describes financial literacy as a "*combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing*." Thus, the concept of financial literacy is multidimensional, reflecting not just knowledge but also skills, attitudes, and actual behavior.

Enhancing financial literacy is essential for enabling people to have the necessary knowledge and skills to improve their financial well-being. It is thus, essential to our daily lives to make sound financial decisions and to meet the current and future financial demands (Braunstein & Welch, 2002). People from all aspects of life should have the capacity and be well prepared to manage personal savings and expenditure, to invest wisely, and to borrow responsibly according to their financial objectives and circumstances.

Improved financial literacy in all sectors of society requires a systematic, sustainable and coordinated approach to bringing about long-term behavioral change. However, inadequate financial literacy among emerging adults was high according to Mitchell (2011) and Poterba et al. (2007). The need for financial literacy is evidenced by the poor financial situation of individuals: drowning in debt without a budget plan and making misguided decisions about their money. Most of these poor financial behaviors stem from financial illiteracy. Lusardi et al. (2010) examined financial literacy among the young using the most recent wave of the 1997 National Longitudinal Survey of Youth. We showed that financial literacy is low; fewer than one-third of young adults possess basic knowledge of interest rates, inflation, and risk diversification. Financial literacy was strongly related to sociodemographic characteristics and family financial sophistication. Specifically, a college-educated male whose parents had stocks and retirement savings was about 45 percentage points more likely to know about risk diversification than a female with less than a high school education whose parents were not wealthy. The illiteracy about finance among emerging adults nowadays would make them live in a difficult situation once the retirement phase began. How emerging adults manage their money shapes their attitude towards money. The role of financial literacy affects one's money management (Zulfaris et al., 2020) as well as one's participation in the financial market (Nguyen & Nguyen, 2020). Sabri and Aw (2019) found that financial literacy has an impact on individuals' investment decisions and the likelihood of having a financial planner. Therefore, the formulated hypothesis is;

H2: *There is a significant positive relationship between financial literacy and the financial behavior of emerging adults.*

2.4. Self-Efficacy

Self-efficacy refers to an individual's belief in his or her capacity to execute the behaviors necessary to produce specific performance attainments (Akhtar, 2008). According to Lapp (2010), lower debt, fewer financial problems, lower financial stress, good savings management, and financial happiness have been associated with better financial self-efficiency. Emerging adults with a high degree of recognized financial self-efficiency are convinced with their ability to obtain information for financial decision-making, their ability to make smart choices, and their ability to have good financial control (Hadar et al., 2013). Furthermore, Xiao et al. (2011) noted the indirect positive connection between financial efficiency and financial satisfaction and financial well-being. Managing one's personal finances takes more than financial knowledge and literacy: an individual also needs a sense of self-assuredness, or 'self-belief', in their own capabilities. This personal attribute is known within the psychology literature as 'self-efficacy'. Farrell et al. (2016) examined the significance of an individual's financial self-efficacy in explaining their personal finance behavior, through the application of a psychometric instrument. Their findings revealed that women with higher financial self-efficacy – that is, with greater self-assuredness in their financial management capacities – are more likely to hold investment and savings products, and less likely to hold debt-related products. Besides, previous studies show a positive correlation to financial well-being in terms of financial efficacy (Shim et al. 2009). A hypothesis has therefore been derived as follows:

H3: *There is a significant positive relationship between self-efficacy and financial behavior of emerging adults.*

2.5. Self-Coping

Coping skills are activities or behaviors we have learned, or may do naturally, that we utilize at the moment to help manage stressful situations or overwhelming emotions. Self-coping is defined as a continuous effort to change people's cognition and behavior to deal with certain external or internal demands, such as financial stress that are measured to exceed the resources of the individual (Folkman et al., 1986). Based on the previous study, researchers rarely study coping strategies other than direct financial support, for financial strain and subjective well-being. The mechanism for self-coping is the strategy adopted by individuals in individual and environmental transactional events. Stress comes when people face higher demands which exceed the resources of individuals. Transactional events cause stress and lead to various types of self-control strategies, which entails reducing stress (Lazarus, 1993). Generally, health and psychology involve coping strategies when people experience stress due to medical problems or problems of mental health (Folkman et al., 1986; Wei et al., 2008). Low socioeconomic status (SES) is linked to greater use of emotion-focused financial coping and lesser use of problem-focused financial coping. Problem-focused and emotion-focused financial coping are differentially related to financial stress and general psychosocial distress. These results suggest that low SES may decrease one's control beliefs, which in turn decreases the likelihood of choosing effective financial coping processes, resulting in double disadvantage. (Alamgir et al., 2010; Caplan & Schooler, 2007). Extended periods of stress can take their toll on physical, mental, and emotional health, compounding the difficulties that many low- and moderate-income communities face during troubled economic times. As we think about ways to strengthen health and community development finance at the institutional level, we need to remember the impact that financial instability can have on health outcomes at the individual level (Choi, 2009). The self-coping mechanism refers to the way individuals manage stress, which exceeds the internal or external resources of each individual. Earlier coping studies focussed more on individual psychological issues (Chou & Chi, 2001; Ozier et al., 2008; Wei et al., 2008). Therefore, we can develop a hypothesis that:

H3: *There is a significant positive relationship between self-coping and the financial behavior of emerging adults.*

3. Methodology

3.1. Data and Sample

The sampling technique employed in this research is a systematic sampling. Systematic sampling is a probability sampling method in which researchers select members of the population at a regular interval (or k) determined in advance. Systematic was used to sample a total of 1,100 respondents from 11 Credit Counselling and Debt Management (AKPK) branches throughout Malaysia. Each branch was targeted to obtain 100 respondents. The respondents were Credit Counselling and Credit Management (AKPK) participants and walk-in customers, including those who seek credit counseling services, advice for debt management, and who attended financial education program. Respondents should age between 18 years and above. Every 3rd participants and walk-in customers will be chosen as a respondent. However, for this article, we have sub-sample respondents in the age group between 18–40 years old. The reason is that we want to understand what are the determinants of financial vulnerability among young employees.

3.2. Variable and Measurement

The questionnaire comprised six main sections. The first section captured respondents' demographic (e.g., gender, age, & marital status) and socio-economic profiles (e.g., job, saving-earning ratio, & the number of dependents). The following sections featured questions for each construct, namely financial behavior, financial literacy, self-efficacy, and self-coping. Financial behavior is manifested in five sub-dimensions with 24 items, namely cash management, credit management, retirement planning, estate planning, and risk management adopted from Rajna et al. (2011), measured in 5-point of Likert scale, "1 = Strongly Disagree" to "5 = Strongly Agree". Financial literacy was measured through 27 statements presented in true/false format. The questions covered several domains, including cash flow management, debt management, saving and investment, retirement planning, risk management, Islamic products, taxation and estate planning, and general questions on the Malaysian financial system. The measurement scale of self-efficacy was 12 items adopted from Chen et al. (2001), measured in a 5-point Likert scale, ranging from "1 = Strongly Disagree" to "5 = Strongly Agree". The self-coping instrument was obtained from Caplan and Schooler (2007) which measures household coping of financial strains. The four items were measured on a 5-point Likert scale, ranging from "1 = Strongly Disagree" to "5 = Strongly Agree".

3.3. Analysis

Table 1 shows the Cronbach's Alpha values for both the pilot test and actual data. The Cronbach's alpha values for the pilot test are considerably high between 0.689 to 0.909 while for the actual survey, the values are slightly higher with a range of 0.721 to 0.930. The alpha values exceeding 0.7 reflect the high reliability of the scales (Nunnally & Bernstein, 1994) used which are adapted from past studies. Thus, the scales have inter-related items for each construct and can measure the intended concept of the construct.

To analyze the data, the Statistical Package for Social Science (SPSS) version 22.0 (SPSS) was used. Descriptive univariate analyses were used to describe patterns of response. The demographic and socioeconomic profiles of the respondents are described in terms of frequency, percentage, mean and standard deviation. An independent sample t-test was performed to identify the difference in financial behavior based on gender. Pearson Correlation was used to determine the relationships for bivariate analyses. Finally, multivariate analysis such as multiple regression was implemented to recognize determinants of emerging adults' financial behavior. In this study, financial literacy, self-efficacy, self-coping, and financial behavior variables were entered into the regression.

4. Results and Discussion

4.1. Respondent's Profile

Among the emerging adult respondents, males (52.3%) were slightly more than females (47.7%), almost two-thirds of them (61.7%) were aged between 30 to 39 years old, married (63.8%), and possessed tertiary education (65.1%). Though two-third had tertiary education, they had an income of less than RM3,000 a month. The majority were Malays (76.5%), and the highest group were working in the private sector (43.6%) followed by the public sector (30.6%) and only a small portion was self-employed (13.1%).

4.2. Respondent's Financial Status

The financial status of the respondents is displayed in Table 3. In terms of savings, the highest group was those who did not save much from their income (1 to 10%) which is slightly more than half (51.3%) of the respondents. 49 percent of the respondents had negative net-worth and had debt more than their asset value, followed by those who had zero net-worth (29.7%) where debt is equal to the asset value. Only one-fifth of the respondents (21.3%) had a positive net worth.

Those who were able to save comprised the smallest group among them (17.2%) as compared to the highest group (37.4%). Consequently, this justified the low savings ratio among the majority of them. Since the respondents are among those who are less than 40 years old, which is considered as young, the majority of them may have automobile hire-purchase or mortgage loan. The debt service ratio was also in tandem with these possibilities with almost two-third (64.6%) having a ratio exceeding 20 percent from their net income. This can support the high debt as compared to asset value among these emerging adults.

4.3. Financial Behaviour by Gender

An independent sample t-test was administered to compare the financial behavior scores for females and males. Table 4 shows both males and females (emerging adults) were practicing good financial behavior (M = 88.5). The significance p-value indicates that the difference in the mean of financial behaviour scores for females (M = 87.20, SD = 18.01) and males (M = 89.70, SD = 16.80; t (765) = 2.010, p = 0.045, two-tailed) was significant. The mean score for males is higher than females, thus the alternate hypothesis, Ha1, for the difference based on gender can be supported.

Table 1: Reliability Analysis of Scales

Variables	Number of items	Cronbach's Alpha (Pilot) (n = 30)	Number of items	Cronbach's Alpha (Actual) (n = 790)
Financial behaviour	28	0.908	24	0.925
Financial literacy	27	0.689	27	0.721
Self-efficacy	15	0.909	12	0.930
Self-coping	4	0.725	4	0.753

It is concluded that males and females are different in their financial behavior. The significant result is consistent with Walczak and Kamieniecka (2018) who found that the financial behavior of men and women differ significantly because men more frequently use products and services available in the financial market and are more willing to take risks.

4.4. Relationship Among Variables

The results in Table 5 displays the correlation coefficient using the Pearson correlation for the variables in this study. Significant and positive relationships are revealed between financial literacy, self-efficacy, and self-coping with financial behavior among emerging adults participating in the study at the 95 percent and 99 percent confidence levels. Self-efficacy ($r = 0.350^{**}$; $p \leq 0.01$) resulted in the strongest positive relationship with financial behavior though the strength is weak according to Guilford Rule of Thumb. The other variables fell in the very weak and positive relationships group which are financial literacy ($r = 0.080^{*}$; $p \leq 0.05$) and self-coping ($r = 0.194^{**}$; $p \leq 0.01$) variables. Hence, the three alternate hypotheses, Ha2, Ha3, and Ha4 on the relationships between financial literacy, self-efficacy and self-coping and financial behavior were supported.

For financial literacy, higher knowledge and skills in managing financial matters will enable individuals to practice positive financial behavior. The result is consistent

Table 2: Respondent's Profile (n = 790)

Characteristic	***N***	**%**
Gender		
Male	409	52.3
Female	373	47.7
Age		
20–29 years	303	38.3
30–39 years	487	61.7
Ethnicity		
Malay	598	76.5
Chinese	85	10.9
Indian	44	5.6
Others	55	7.0
Marital Status		
Single	285	36.2
Married	502	63.8
Education Level		
Primary	17	2.3
Secondary	257	32.6
Tertiary	514	65.1
Income (RM)		
< 3,000	364	52.4
3,000 – 4,999	229	32.9
5,000 – 6,999	72	10.4
≥ 7,000	30	4.3
Employment		
Private sector	340	43.6
Public sector	239	30.6
Self-employed	102	13.1
Others	99	12.7

Table 3: Respondent's Financial Status (n = 790)

Characteristic	***N***	**%**
Savings Ratio		
No saving	206	27.2
1% – <10%	388	51.3
10% – <20%	130	17.2
≥20%	33	4.4
Asset to Debt Ratio		
Asset value < Debt	368	49.0
Asset value = Debt	223	29.7
Asset value > Debt	160	21.3
Income Adequacy		
Enough & able to save money	130	17.2
Enough for most of the things	170	22.5
Enough for basic needs	283	37.4
Not sufficient	173	22.9
Debt Service Ratio		
0%	128	20.7
1% – <20%	90	14.6
20% – <40%	279	45.2
≥40%	120	19.4

Table 4: Difference in Financial Behaviour by Gender

Domain	**Classification**	**Mean score**	***t*-value**	***p***
Managing money	Female	87.20	2.010	0.045
	Male	89.70		

with Akben-Selcuk and Altiok-Yilmaz (2014) who assessed financial literacy and its correlates among Turkish college students, with special emphasis on the role of formal education, learning approaches, and parental influences. Financial literacy was measured by the college student financial literacy survey, which assesses knowledge in four areas: general financial management, saving and borrowing, insurance, and investing. Regression results showed that formal finance education in college, a deep approach to learning, and direct financial teaching by parents were significantly associated with higher financial literacy scores. Higher self-efficacy refers to the belief in our abilities, to meet challenges and complete a task successfully (Akhtar, 2008). Self-efficacy will lead to more positive financial behavior. It also results in lower debt and more savings (Lapp, 2010).

Greater self-coping among the respondents will result in a better understanding of how financial behavior and financial practices activities are linked to improving the lives of emerging adults in Malaysia. Thus, higher self-coping mechanisms are important. As such, past studies for self-coping have been examined by Ahmad et al. (2017) on the mediating effect of self-coping mechanisms on the association between financial practices and financial security of female-headed households. It was found self-coping mechanisms mediated the relationship between financial strains and financial security.

Other relationships in the correlation matrix among the independent variables used in the multiple regression such as financial literacy, self-efficacy, and self-coping, though significant, gave low correlations among them. The low correlations suggest no issue of multicollinearity among the independent variables in the multiple regression for financial behavior.

4.5. Predictors of Emerging Adults' Financial Behaviour

The multiple regression results shown in Table 6 indicate that the model explained 13.4 percent of the variance in financial behavior which is predicted significantly by the valid model (F = 38.361, p = 0.000). The results of the coefficient b values and t values give positive and significant influences by financial literacy (t = 2.436*; $p \leq 0.05$), self-efficacy (t = 9.096**; $p \leq 0.01$), and self-coping (t = 2.280*; $p \leq 0.05$) on financial behaviour. Thus, the three independent variables are significant and positive determinants of financial behavior. An alternate hypothesis on the determinants of financial behavior, Ha5, is supported. Referring to the standardized coefficient (β), self-efficacy is the strongest (β = 0.328) determinant as compared to financial literacy (β = 0.085) or self-coping (β = 0.083) in the financial behavior model. These results are in line with Akben-Selcuk and Altiok-Yilmaz (2014), Akhtar (2008), and Lapp (2010).

Table 5: Pearson's Correlation Matrix

Variable	1	2	3	4
Financial behavior	1.000			
Financial literacy	0.080*	1.000		
Self-efficacy	0.350**	0.033	1.000	
Self-coping	0.194**	0.147**	0.291*	1.000

Notes: $p \leq 0.05$*; $p \leq 0.01$**

Table 6: Multiple Regression Results for Determinants of Emerging Adults' Financial Behaviour

Variable	b	Beta (β)	t	Sig.
(Constant)	55.49		10.318	0.0000
Financial literacy	0.480	0.085	2.436*	0.015
Self-efficacy	0.660	0.328	9.096**	0.000
Self-coping	0.515	0.083	2.280*	0.023

Notes: R = 0.371; R^2 = 0.137; Adjusted R^2 = 0.134; F = 38.361; Sig. F = 0.000; $p \leq 0.05$*; $p \leq 0.01$**.

5. Conclusion and Implications

This study examined financial literacy, self-efficacy, and self-handling from a behavioral perspective. The study showed that a lack of financial literacy and poor management practices affect a large number of emerging adults in Malaysians and that financial literacy is vital to guide their financial behavior. Further, it was found that self-efficacy is the strongest determinant as compared to financial literacy and self-coping in the financial behavior model. Findings emphasize that financial literacy must be introduced in schools and colleges as part of their curriculum. Besides, parents have a responsibility by being good role models which would shape their youngsters' financial behavior at the early stages of their lives. Further, authorities must ensure the availability and ease of access to financial experts and counselors for young working adults for them to receive proper advice. Findings on the importance and the influence of financial behavior on overall financial literacy, self-efficacy, and self-coping strategy must be well communicated to independent financial counselors and advisors to have an impact on their services.

Further, emerging working adults must be made aware of the importance of possessing the right financial behavior by budgeting, control over their spending, practice living within means, continuous monitoring of expenses, the practice saving and planning for old age and unexpected expenses. Families and educational institutes must encourage the young to save, train them not to be impulsive with unnecessary, unplanned buying, and be achievement orientated. For this purpose, they must be guided to consider alternative financial products, policies, and companies before making any final decision on financial matters. Further, they must be educated on the importance of expenditure monitoring and saving behavior. Hence, the study findings and implications apply to all Malaysians.

This study has several notable findings, but in future research, it has several limitations to address. First of all, this study is cross-sectional which limits its capacity to infer causation. For future research, a longitudinal study is suggested to examine the effects of the predictors presented in this study. Secondly, this study employed a subjective measurement of managing the money domain. Although valid, future research can supplement this study with an objective measurement that compares the two measurements of objective and subjective measurement. Such approaches would provide a successful direction for future research. Finally, psychological variables should be considered in future research, because these variables can closely associate a person's feeling, especially with a sense of managing money.

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