

**PEER INFLUENCES ON FINANCIAL LITERACY:
A STUDY OF ISLAMIC BANKING STUDENTS IN
UNIVERSITY MALAYSIA KELANTAN, CITY CAMPUS
DURING PANDEMIC ERA**

GROUP 15

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**FACULTY OF ENTREPRENEURSHIP AND BUSINESS (FKP)
2021**



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Business Administration (Islamic Banking and Finance) With Honours

**Faculty of Entrepreneurship and Business
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2021

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CHAPTER 1

INTRODUCTION

1.0 Introduction

The general information on peer influences on financial literacy was delivered in this chapter. The problem statement, research question, research objectives, significance and scope of the study, and definition of terms of variables are all covered in this chapter. Furthermore, these studies concentrate on Islamic Banking students at the University Malaysia Kelantan.

1.1 Background of the Study

In a rising economy, the quality of human capital must be continually strengthened, including expanding knowledge, and one of these competences is relevant to financial literacy. People's grasp of financial literacy appears to have become a necessity in daily life, and it has become a survival skill that every individual must acquire in order to live a good life in the long run. Individuals' financial control and judgment varies. According to the findings of Herawati (2015) and Agustina (2016)'s study, financial literacy has a strong favorable effect on financial behavior. Meanwhile, Octavio (2016) contends that raising one's financial literacy does not result in consistent improvements in financial conduct.

Many people lack the experience or competence to make financial decisions such as asset purchase, short-term investing, retirement planning, and spending. Children are an essential group of people in the household sector since they will be the future leaders and will contribute more to the expansion. As a result, understanding young people's financial behavior contributes to the economy's growth and development. Financial conduct has an effect on financial contentment, and financial satisfaction tends to increase gradually when an individual engages in favorable financial behavior (Coskuner, 2016). Good financial behavior leads to the

fulfilment of wants and goals by completing one by one specified financial goals, which leads to financial happiness (Yap et al., 2019).

Adolescents also have larger budgets and a greater willingness to spend. They make a lot of their own decisions. Such judgments are influenced more by peer groups, parents, teachers, and other adults. (Hanson, T.A., & Olson, P.M, 2018) conducted an online survey of 96 American students aged 18 to 26 to investigate the association between financial literacy and family communication styles. According to the findings, family interactions about financial difficulties provide vital information that should be considered when building any financial literacy programed. In support of these conversations, it was shown that students' attitudes toward financial goods influenced their level of financial literacy. Financial difficulties in the family reduce work productivity and have a physical, economic, and psychological influence on health. They rely mostly on family members for financial assistance, such as a monthly allowance. University students, on the other hand, take on more responsibility for their personal finances. They face several challenges, such as utilizing credit cards, paying monthly expenses, working, saving, and managing debt.

Furthermore, it aimed to provide the necessary evidence for administrators to motivate the inclusion of financial literacy in the According to Luqyan and Murniati (2018), there are a few parts in making financial decisions such as managing income; Revenue management (managing income) has been the most essential part in financial planning because financial planning as a good as anything will be in vain. There is a sense of control that allows us to easily reject expenditures that are purely impulsive desires. The purpose of this study was to benefit families and communities. Families could benefit from financial literacy education as well, allowing them to advise their college-bound children on responsible spending habits. Communities could benefit from this research by investing in financial literacy programmed to educate their residents, thereby assisting their student population and young people in making

better financial decisions. Young people must make a number of financial decisions when they pay for education and take out loans to fund such costs. It is difficult to make effective decisions in the absence of adequate counsel and modelling.

Additionally, a lack of financial understanding has far-reaching consequences because it is linked to a variety of other financial decisions. Those who are more financially educated are more likely to invest in stocks and pay attention to fees, to borrow at low interest rates, and to save for retirement. The definition makes it clear that financial literacy comprises attitudes, behavior, and abilities in addition to information. It emphasizes the significance of making decisions based on information and skills applied to real-life situations. According to PISA (2017), financial literacy is the knowledge and understanding of financial concepts and risk, as well as the skills, motivation, and confidence to apply such knowledge and understanding in order to make effective decisions across a variety of financial contexts, improve individual and societal financial well-being, and enable role in community life.

As a result, understanding the extent to which women comprehend basic financial concepts, as well as the extent to which financial abilities fall short, is crucial. According to numerous studies, women have lesser financial literacy and confidence than males, placing them at a disadvantage. Using data from the 2014 Standard & Poor's Ratings Services Worldwide Financial Literacy Survey (S&P Global FinLit Survey), we can raise current studies on the gender gap to a global level, making this paper the first to analyze and discuss the gender gap globally. We may explore global differences in financial literacy rates between men and women using the exceptionally thorough S&P Global FinLit Survey data set.

According to (Coşkuner, 2016), conducted a survey on the drivers of financial behavior on young people, discovering that colleagues advised individuals' attitudes and behaviors about financial matters. According to behaviorism, others learn best from those who are similar to them (Yap et al., 2019). As a result, engaging peer educators who have comparable

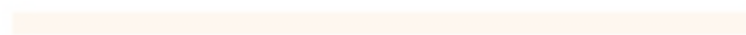
characteristics with students can have the most influence. Peer educators can also act as role models by navigating common experiences while striving to teach others (Nazley Sallie, 2015). The goal of this study was to look into the peer influences on young people's financial literacy.



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1.2 Problem Statement

Previous research in terms of peer impact in financial management during the Covid-19 pandemic are deemed wholly unexplored in the new period, the Covid-19 pandemic Era. Because students are the group that will be leaders in the future, the scope of this study is focused on the students-context. As a result, financial issues are one of the most common issues that students face when attending public schools and universities or vice versa. This demographic should be exposed to a variety of knowledge, particularly financial management, as many persons who have been declared bankrupt are among the young. As a result of the issue, most students do not know how to properly manage their spending, especially in these pandemic conditions. However, students continue to face financial difficulties in terms of income and spending allocation during their study period, particularly during an economic slowdown induced by one of the Covid-19 pandemics. This will become increasingly important as students often believe their needs are increasing at that time, as well as scholarships, loans, and allowances that do not always increase each year, resulting in an increase in their spending.

As a result, a high level of financial literacy is critical to ensuring one's own well-being. Savings, investments, and retirement are not terms that most students are familiar with. Many people may be unaware of how critical it is to begin these disciplines as soon as feasible. Yang and Lester (2016) released a comprehensive collection of statistics on whether or not students engage in these behaviors. They discovered that 91.3 percent of students had a savings account, 28 percent had stock investments, 21 percent had bank certificates of deposit, 9 percent had gold investments, 6.5 percent had real estate investments, and 6.5 percent had mutual funds. These figures may confound expectations when it comes to students investing their money. It is crucial to note, however, that while 91.3 percent of students have a savings account, this does not indicate actual savings activity. Yang and Lester discovered a link between savings and investing activity and student perceptions as well. Students were less

likely to save and invest their money as their predicted retirement age increased (Yang & Lester, 2016). Though students appear to be aware that they should plan for retirement, more research is needed to assess whether students are truly taking the necessary measures or if they will become one of the millions of seniors living in poverty (Koposko et al., 2016).

Both men and women may be inclined to comply to certain expectations and demands as they move through college. Environmental factors can influence children's ideas of relationships and gender roles. One possible explanation for why women are less knowledgeable about financial literacy than men is how students develop in this area of social identity. The following study will lay the groundwork for understanding the lack of financial literacy among college students and college women, and then look into how that outcome may be changed by a college student's progress. Farrell, Fry, and Risse (2016) used financial self-efficacy to explain women's personal finance behaviour. Financial self-efficacy is the self-perceived ability to deal with financial difficulties. Women with higher self-efficacy were more likely to use forward-thinking financial goods (e.g., investment, mortgage, or savings) than women with lower self-efficacy, who preferred to utilise debt-related financial products (e.g., credit card or loan).

Furthermore, there are students who are extremely financially literate and competent in financial management, the majority of whom do not make the best use of the knowledge and skills available in their financial management. In other words, many students do not know how to manage their finances correctly because they lack education. Until they use scholarship, loan, and allowance admittance money in each semester without allocating funds for academic or health needs. Not to mention that the majority of them spend their money on amusement such as watching movies, going on vacation with friends, and so on. Furthermore, technological advancements, particularly online purchasing portals where customers can place orders online and have their goods delivered to their door, have presented students with a new

shopping experience that is both convenient and interesting. This is because some students believe that when they are away from their families, they are free to do anything they want without being observed and are allowed to incur extraordinary daily expenses such as those mentioned in earlier comments. This is also referred to as a waste of money with irresponsibility owing to a lack of financial awareness among them.

What is more concerning, according to Rubayah et al (2015), is that some people utilize the money to pay off debts. This will indirectly cause debt problems, particularly among younger Malaysian adults, but it is undoubtedly related to the lack of financial knowledge, getting out of control on rather useless expenses or due to impulse buying, and sustaining affluent lifestyles that triggered them to resort to making loans to meet their needs. As a result, students are not adequately prepared to save and are challenged by financial spending once they begin working, in addition to the increase in living costs that is considerably more than it was when they were in university (Rubayah et al, 2015; Ahmad and Rhouse, 2016). This should be avoided since most students have a good perception and are aware of the need of systematic financial management, but they are unable to handle their personal finances adequately owing to a lack of drive and motivation. Non-formal financial socialisation agents, such as parents and peer groups, can also help to enhance financial capacity (Gerrans and Heaney 2016; Fan and Chatterjee 2018). Concerns have been made regarding the need to educate the youth about the need of saving for their future, particularly on the importance of starting early in order to provide a suitable income in retirement. As a result, the purpose of this study is to learn more about the nature of peer influence as well as to identify the degrees of financial awareness among Islamic Banking Students at UMK during the pandemic era.

1.3 Research Questions

Several research questions have been presented to determine the objectives of the study to be achieved which is used as the focus of this research:

RQ 1 How the nature of peer influences towards financial literacy among Islamic Banking students in UMK during pandemic Era?

RQ 2: What level of understanding about financial literacy exists among Islamic Banking students in UMK during pandemic Era?

RQ 3: Is there a relationship between peer influences and financial literacy among Islamic Banking students in UMK during pandemic Era?

RQ 4: Is the gender differences in understanding of financial literacy among Islamic Banking students in UMK during pandemic Era?

1.4 Research Objectives

The general objective of the study is to determine the relationship between peer influences and financial literacy among Islamic Banking Students in UMK during pandemic Era.

The specific objectives of the study are:

RO 1: To determine the nature of peer influences among Islamic Banking Students in UMK during pandemic Era.

RO 2: To identify levels of understanding about financial literacy among Islamic Banking Students in UMK during pandemic Era

RO 3: To examine there is relationship exist between peer influences on financial literacy among Islamic Banking Students in UMK during pandemic Era.

R0 4: To examine the gender differences in understanding of financial literacy among Islamic Banking Students in UMK during pandemic Era.

1.5 Scope of the Study

The scope of the study basically refers to the extent to which the subject matter being investigated is covered, and a proper explanation of the problem will serve as a beneficial guide in doing so. In other words, if the problem is defined correctly from the start, it naturally aids in determining the scope of the research.

This study focuses on all university students in UMK. The knowledge is important among university students because it can influence the student's actions with peers among students. This study focuses on all university students in UMK as respondents. The locations to be selected for this study are in UMK City Campus. Students as respondents can be any course in UMK. This choice was made because we can identify an individual need by understanding through factors. Efficient financial management is very important for every university student as it will enable students to be smarter in making expenses while at university.

In this study we can understand the influence of peers among these students can influence financial literacy either well or otherwise. Therefore, this study aimed to identify levels of financial literacy among Islamic Banking students in UMK during pandemic Era.

1.6 Significant of the Study

This research will aid in the extraction of research lessons that have the ability to change the organization, both objectively and subjectively. It is expected that and peer influences will have a favorable and considerable impact on financial literacy.

The outcomes of this study show that there are numerous obstacles in the Covid-19 epidemic era among university students regarding peer pressures on financial literacy in academic settings. Financial literacy is crucial because it provides us with the knowledge and skills we need to efficiently manage our money. Without it, our financial decisions and activities, whether taken or not, will lack a firm foundation for success.

The study may have there are students who are highly financially literate and knowledgeable in financial management but most of whom do not use the knowledge and skills available in their financial management. The knowledge is very important to all of students in Covid-19 pandemic era who doesn't know when it will end.

1.7 Definition of Terms

Below is the definition of each of the term.

1.7.1 Peer

Peers, or perhaps a group of people with similar interests, age, history, or socioeconomic standing, can be a valuable source of knowledge, feedback, and support for individuals as they build a sense of self. Peers assist in socialization by reinforcing or punishing behaviors or interpersonal interactions (Virgil Zeigler-Hill, Todd K. Shackelford, 2020).

1.7.2 Peer Influence

Peer influence refers to how the behavior of those around us influences our own behavior. Even though influence of peers on our conduct peaks around fourteen years old, people around us continue to influence our behavior throughout our lives (Colin Finkle, 2018). Peer influences are also defined from when you choose to do or do not do something because you want to feel accepted and respected by your friends. It is not always or only about want to do something against your will (Australian Parenting Website, 2019).

1.7.3 Gender

Gender refers to a person's personal perception of himself or herself as male or female (or rarely, both or neither). This concept is inextricably linked to the concept of gender role, which is defined as the external expressions of personality that reflect gender identity (Shuvo Gosh, 2020). Gender is defined as follows by the World Health Organization: "Gender refers to the socially constructed features of women and men, such as norms, roles, and connections of and between groups of women and men." It differs from one society to the next and can be altered" (WHO, 2017).

1.7.4 Financial Literacy

Financial literacy is the capacity to understand and effectively use various financial abilities, such as money management, budgeting, and saving (Sujaini, Retrieved 19 February 2021). Financial literacy, according to the Toronto Centre, is a mix of financial awareness, information, skills, attitude, and behaviors required to make sound financial decisions and, ultimately, attain individual financial well-being. This comprehensive definition goes beyond the more traditional definition of financial literacy, which focuses on awareness and knowledge of fundamental financial concepts needed for personal money management, such as numeracy (Toronto Leadership Centre, 2018).

1.8 Organization of the Research

This chapter has discussed the research topic that will be conducted. The main research objective is identifying the peer influences on financial literacy among Islamic Banking student in UMK. This chapter one has focused on the background on the study, problems statement, research question, research objective, definition of terms and significance of study. The background of the study discussed the main thing that is going to be studied by researchers. Problem statement describes the issue about the research topic. Meanwhile, the research questions are actually the research objectives written in question form. The research objectives explain what is going to be examined.

In chapter two, the relevant information is about key concepts from literature will be reviewed and a conceptual framework of this research will be developed. In this chapter, there will be discussed about independent variable, dependent variables, conceptual framework and hypothesis development. For hypothesis development, the independent must be related with the dependent variable.

In chapter three, the need to do some research to the student in University Malaysia Kelantan, City Campus. The research population and sample, research design, data collection method, research instrument (survey) and data analysis will be explained in this chapter.

1.9 Chapter Summary

This chapter provides an overview of the study, including the background, problem statements, research questions, research objectives, research hypothesis, definitions of words used, significance, and organizational structure. The following chapter will focus on the literature review, the underlying theory, the research framework, and the hypotheses that are relevant to this study.



CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter describes a research study which is about the scientific view to see peer influence on financial literacy among Islamic Banking student in UMK during Pandemic Era. The research is important in order to support concerns about the success peer influence on financial literacy among Islamic Banking student in UMK. This chapter is comprised of the past literatures that is related to the conceptual definitions of financial literacy, peer influence, gender, and supported by an underpinning theory, hypothesis statement, conceptual framework and chapter summary.

2.1. Dependent Variable

2.1.1 Financial Literacy

Financial literacy has undeniably received a lot of attention in recent years. However, there is no universally accepted definition of financial literacy. Kozina and Ponikvar (2015) define financial literacy as a component of human capital that is used in financial activities to improve an individual's financial well-being. Furthermore, Krechovska (2015) noted that the definition of financial literacy enables the capacity to secure gross income, the ability to make expenditure decisions, the awareness of the effects of personal decisions on current and future income, and job market orientation. Financial literacy is defined as the ability to evaluate financial opportunities, solve financial difficulties and concerns, plan for the future, and respond intelligently to life events that influence daily financial decisions, such as economic events. Financial literacy enables a person to manage a person's surplus and deficit of money,

especially among younger generations, in order to make better financial decisions for future planning and to consider saving for retirement days.

Financial literacy, on the other hand, is defined as the knowledge, skills, and values that affect attitudes and behaviors in order to improve the efficiency of decision-making and financial management in order to reach prosperity. Financial literacy will be defined in this analysis as the process of gaining financial awareness, financial attitudes, and financial attitude by integrating and categorizing the nature of this notion. Financial literacy is defined as an understanding of the terminology and fundamental financial principles required to function in today's society. This characteristic is related to having a basic comprehension of financial principles as well as the capacity to apply numerical skills in financial settings. This provides an overview of the topic in terms of the ability to efficiently handle revenue, spending, and savings.

Financial behavior is one aspect of financial literacy. This dimension is related to behaviors that support financial well-being, such as budgeting and building financial security, as well as behaviors that can undermine financial well-being, such as excessive credit use. The main aspects of financial behavior are the habit of spending money, keeping financial records, using savings, managing money in problems, financial services used, and the use of additional income. Good financial literacy is influenced by behavior, such as budgeting and saving. Another aspect of financial literacy is financial attitude. According to the literature, favorable attitudes are important for converting financial knowledge and skills into actual financial behavior or financial practice. For example, if they have negative attitudes toward future finance, it is likely that they will not prepare for such future finance.

2.1.2 Peer Influences

Peer influence, according to Colin Finkle, is how the behavior of those around us influences our own behavior. Though the influence of peers on our conduct peaks around fourteen years old, people around us continue to influence our behavior throughout our lives (Colin Finkle, 2018). Karunaanithy, Karunanithy and Santhirasekaram (2017) investigated the factors of youth saving behavior in war-torn parts of Sri Lanka's northern and eastern regions. Parental socialization, peer influence, financial knowledge, and self-control were the psychological elements that influenced saving behavior. Parental socialization, peer influence, and financial literacy all contributed 31.5 percent, 10 percent, and 6.5 percent of the variance in saving behavior, correspondingly.

Jamal, Mohidin, Osman, Ramlan, and Karim (2015) investigated the savings habits of students in higher education institutions in Kota Kinabalu, Sabah. According to their research, peer influence can influence a person's financial behavior and affect a student's ability to save. According to the survey, family participation is the most important factor in encouraging adolescents to save, followed by financial awareness and peer influence. Students' involvement in spending activities, leisure time, and discussing financial management difficulties with friends influenced their saving behavior.

According to Noor Zaihan (2016), exchange of ideas about financial management issues among peers, as well as their spending proclivity during social time, may influence their saving behavior. As a result, using peer educators who have similar characteristics as students may have the greatest impact. Peer educators can also serve as role models because they have similar experiences to overcome when attempting to teach (Nazley Sallie, 2015).

2.2 Moderating Variable

2.2.1 Gender

Gender is a grammatical term used to express a person's social identity (woman/girl, man/boy) as well as personality or behavioral traits such as masculine, feminine, androgynous, and transgender (Joan C. Chrisler, Sarah A. Lamer, 2016). According Filipiak and Walle (2015) studied in India the extent of the levels of financial information between men and women being influenced by the ways of being raised. The study was divided into two parts: one for individuals living in patriarchal environments and one for individuals living in matriarchal environments. According to the study, women knew less about financial literacy, instruments, and applications than men.

Besides, in a study conducted by Barboza, Smith and Pesek (2016) state the relation between gender, academic achievement and financial literacy level by using the data from 380 university students. They used a series of Profit model in their studies and measured the academic achievement with score average. As a result, they concluded that gender and academic achievement had significant effects on financial literacy. They claimed that men had higher levels of financial literacy than women, that those with higher score averages were more advantageous than those with lower score averages, and that women with low score averages had the lowest level of financial literacy.

2.3 Underpinning Theory

2.3.1 Self-Efficacy and Financial Knowledge Concept

Financial self-efficacy is one's belief in one's own financial decision-making and management abilities (Bandura, 1977; Farrell, Fry, & Risse, 2016). Higher levels of financial self-efficacy are associated with more productive financial behaviors and higher levels of well-being (Amatucci & Crawley, 2011; Danes & Haberman, 2007; Engelberg, 2007; Farrell et al., 2016). Regardless of financial literacy level, this concept is relevant to how people handle the ability to understand financial services, for being quite well with a variety of financing that are still prone to change rapidly.

Mastery insight is really achievement practice, which would also provide reliable proof of when anyone would be competitive. Excellence in financial management is essentially a manifestation of such strong financial knowledge (well-literate). The practice of the best ways to achieve would result in a consistency of trust with the use of monetary goods and services sector. Forecasting Individuals cannot always rely on past performance as a source of information about their abilities. Forecasting a person's success in handling funds would provide an incentive for people to demonstrate that it will produce successful results.

Meanwhile, verbal convincing is a technique for increasing an individual's confidence in his or her ability to achieve goals. In this sense, education and socialization are critical components of increasing a person's financial literacy. The based on the stated factor describes the positive effect that our phrases can have on somebody's self-efficacy; telling a child that she really is capable of facing any journey ahead of her can inspire and motivate her, while also contributing to her growing belief in her own potential to thrive. Individual capacity information is primarily obtained from the somatic and is then extended to the neurological and

affective. Individual somatic indicators are important in physical fitness, health quality, and stress management.

Stress will undoubtedly reduce an individual's self-efficacy if the individual's stress level is low, personality will be high if the individual's stress pressure is high, and self-efficacy will be low. Furthermore, Farrel (2016) states that if individuals want to manage their own finances, they must have good self-efficacy in order to face many other problems that can disrupt the financial management process. Several previous studies, particularly those on personal finance, have focused on verifying financial self-efficacy as well as studying the relationship between financial self-efficacy and psychological behavior. Those investigations yielded similar results: self-efficacy influences financial behavior (Farrell, 2016). Furthermore, broad self-efficacy measurements have been used to forecast saving behavior (Chatterjee, Finke, & Harness, 2011; Lown, Kim, Gutter, & Hunt, 2015).

2.3.2 Goal Setting Theory of Motivation

Smart Learning Way (2015) defined motivation as the process through which drives, drivers, desires, aspiration, striving, or needs direct, influence, or explain human behavior. The three essential components of this description are intensity, path, and persistence. Motivation is what pushes someone to do something, such as understand the various aspects of the financial industry's goods and services. Numerous research have been conducted to evaluate the relationship between motivation and performance in a specific task. The theory of needs, the theory of fulfilment, the theory of "ERG," the hypothesis of two variables, the concept of fairness, the principle of desires, the school of thought of target setting, the type of motivation and behavioral adjustment, and the theory of a relationship between remuneration and achievement are among these theories. A connection between poor families and a lack of

savings as a result of a lack of motivation (willpower) to do anything is an example of a relationship between motivation and financial literacy.

However, according to Evans and Boucher (2015), people are motivated in two ways: extrinsic motivation and internal motivation. As a result, the motivational variables in this study were classified as intrinsic and extrinsic motivation. To explain the difficulty to save, it may be considered that money can be efficiently set aside for saving by treating saving as an area in which motivation and action control are parts of a financially healthy lifestyle (Dholakia, Tam, Yoon and Wong 2016). This study aims to elucidate the function of behavioral control in saving as well as to validate motivational variables that activate intentions that manifest in the action of putting money aside for saving. Goal setting theory is a subclass of motivation theory that emphasizes the link between goal setting and subsequent success.

The essential idea is that an individual who understands the organization's intended intent has an impact on the organization's behavior. Goal setting is a cognitive process having functional implications; it is one of the characteristics of action that begins with a goal and continues until it is accomplished; once people start anything, they can keep pushing until it is finished. Goal setting consists of four components: goal determination, which refers to the amount of time spent on a goal, goal difficulty, mathematical accuracy of these aims, goal foster care, which refers to the mechanism of goal setting or trying to decide how to fulfill its mission, and goal challenge, ability level, or level of fulfilment. Goal engagement and goal precision are the most suitable target-setting procedures to the sense of financial behavior. Personal finance is described as the deliberate planning of monetary spending and saving while also taking into account the likelihood of future risk (Corporate Finance Institute, 2019). Paying for schooling, financing long-term assets such as real estate and autos, purchasing insurance, investing, and saving for retirement are all examples of personal finance. Personal

finance, according to Speedy Publishing (2015), may also include repaying a loan or other debt responsibilities.

According to the Financial Planning Standards Board, an individual will comprehend a potentially secure personal finance plan after having purchased insurance to protect toward unforeseen personal events, comprehending the effects of tax policies, subsidies, or penalties on personal finance management, comprehending the effects of tax policies, subsidies, or punishments on personal finance management, comprehending the effects of tax policies, subsidies, or penalties on basic financial management, comprehending the effects of tax policies, subsidies, or penalties on personal finance management, comprehending the effects of tax policies, subsidies, or penalties on personal finance (Kenton, Will, 2020).

2.3.3 Integration of Self-Efficacy and Goal Setting Theory of Motivation on Financial Literacy Strategy

As according self-efficacy concept and goal having to set theories of needs, the predicate proposed in this research is that self-efficacy theory, in this scenario the motivational construct (manage finances, use credit cards less, and control debt), may forecast an individual's level of financial literacy, whereas goal setting theories of motivation, in this case the constructs of achievement goals and goal scalability, may predict an individual's level of financial literacy. Self-efficacy is the belief that one has the ability to carry out his work effectively because he sees all of his actions as chances to produce achievements. Students who have a strong sense of self-efficacy are more likely to challenge themselves with tough assignments and to be naturally driven. These pupils will make a concerted attempt to meet their commitments and will explain failure to issues within their control rather than blaming external circumstances. Individuals with a strong sense of self-efficacy are self-assured in their

abilities to manage and arrange their finances properly and effectively. Their confidence inspires them to give their all.

Although target setting is the mechanism by which a goal is established, financial preparation is the process by which the goal is established in this situation. Goal selection has a significant impact on an individual's success when it comes to financial preparation. Individual financial planning as described by Sabah Karimi (2017), is assist an individual with their finances, but individuals can also establish their financial plan to reach short and long-term savings and investment goals. Individuals should use this preparation mechanism to gain control of their financial situation. Each person or family faces unique circumstances when it comes to financial preparation in order to meet basic needs and realistic goals. Additionally, it is clarified that financial preparation includes strategic steps in order to achieve the best returns. These measures include the following: To begin, ascertain individuals' current financial situation. Each citizen must assess their current financial situation, which includes their wages, expenditures, debts, and savings. By preparing individual financial statements that included current assets and liabilities, as well as cash balances that included cash earned and used throughout the time.

Second, establish personal financial targets. Individual financial objectives can be short-, mid-, or long-term of nature. Each individual's financial targets are special and not necessarily the same. Two people of the same generation do not always have the same financial aspirations. This is how financial abilities and lifestyles vary. Third, make certain strategic decisions that align with your personal financial priorities. Having alternate alternatives is important for decision-making. Numerous considerations affect the decision to make an alternative choice; certain alternative options may be classified as continuing a previously run scenario, expanding a previously run situation, modifying a previously run situation, and creating a new situation. Fourth, the assessment of each choice made. When considering each

potential option, we must take into account our current financial status, economic circumstances, and personal goals.

Each choice made resulted in alternate actions that some are unable to take. If someone decides to invest in stocks, he or she cannot be on holiday at the same time. The opportunity cost is the cost incurred as a result of making a decision. Fifth, put a financial preparation package in place. In the development process of a financial preparation package, an action plan is included that details the steps necessary to reach financial targets. Individual financial planning enables us to comprehend how each financial decision we make affects various facets of our overall financial situation. Could financial judgments must be weighed against the overall financial situation, including the purpose where these factors provide both short and long-term perspectives.

Financial preparation is very useful since it can be used to meet current and future financial needs. In its zenith, individuals and households will accomplish the aim of financial preparation, which is to be financially free (financial independence), debt-free, receiving guaranteed returns from investments, and most critically financially secured against any risk that might occur (well-literate).

2.4 Empirical Literatures

The researchers have studied financial management among students. The research that has been done or in other words this past study comes from many aspects and has very different perspectives, but they also complement each other in explaining this discussed issue where it is involved in financial management among students. Since there are many who are interested in the problem, researchers who may not be experienced in a financial point of view or in understanding attitudes as students in this issue try to work in providing various visible aspects so that future researchers can think more broadly about this aspect in addressing this issue and helping to consider themes for future studies. The perspectives offered and in this summary do not provide a complete set, but will help to some extent for a broader approach to thinking about these issues.

2.4.1 Financial Literacy

Financial literacy enables people to arrange their finances in such a way that they can manage their daily expenses, keep an emergency savings, plan for their child's schooling, and plan for their quick post-retirement years. Financial literacy encourages better financial inclusion, which benefits the actual economy (Grohmann, Klühs, & Menkhoff, 2018). According to (Grohmann, Klühs, & Menkhoff, 2018), financial literacy is a broad concept, and related research focuses on analysing financial literacy outcomes, assessing levels across various population cohorts, factors influencing financial literacy, and the impact of financial education on improving financial literacy. Financial illiteracy may also stymie reformist efforts and has significant policy implications in terms of the successful implementation of economic reforms (Fornero and Lo Prete 2019, p. 24). Furthermore, Lusardi et al. (2017) demonstrate, using a life-cycle methodology, that gaps in FL magnify discrepancies in wealth accumulation patterns, resulting in the persistence of wealth inequality.

Furthermore, this term was expanded to include financial competence, which means that a financially capable person understands credit, debt, budgeting, insurance, and all other financial characteristics. Positive financial behaviour has been discovered to be a culmination of financial literacy (Santini, Ladeira, Mette, & Ponchio, 2019), and such behaviour is also influenced by a number of unknown elements (Riitsalu & Pder, 2016). Furthermore, global research on financial literacy confirms the problem's existence, just as it did ten centuries before (De Beckker, De Witte, & Van Campenhout, 2019; Xiao & Porto, 2017). Poor financial behaviour has devastating repercussions not only for individuals but also for the global economy, as demonstrated by the mortgage bubble in the United States. The worldwide financial literacy survey conducted by S&P reveals the occurrence of financial illiteracy in both developed and emerging economies (Klapper & Lusardi, 2019).

Therefore, the global financial literacy survey reveals the presence of financial illiteracy in both rich and developing economies (Klapper & Lusardi, 2019). However, the majority of evidence on financial literacy comes from a single country. Stolper and Walter (2017) used the Big Three scale to analyse financial literacy among individuals in 22 single-country studies. Montalto, Phillips, McDaniel, and Baker (2019) also characterised financial wellness, literacy, and behaviour among college students.

2.4.2 Savings

Saving is a vital activity for both individuals and businesses. Saving is a vital stimulus for economic growth and development in developing countries such as Malaysia. Saving supports investment, which leads to continued growth in a national economy. Saving rate is the most often used metric as a source of economic development, according to a recent study by Dasmin and Fauzi (2016). Yiing (2016) found that low and seasonal income earners do not live within their means in a similar study on Malaysian savings behavior. The findings emphasize

the significance of saving. Saving is the portion of one's income that is not spent on current consumption. Nobody is able to predict what will happen in the future.

Therefore, some money needs to be put aside for emergencies. Without saving, it may lead to large financial burdens during unexpected events. Savings is one of the most important assets for every individual in everyday life. Savings can also be used during emergencies or for use in the old days after retirement and in the future. People who are able to save more, they have less financial stress and able to have good quality of life. Most people who have practiced saving money during complacent and hard time are more likely to survive in the future. As an example, student's university there is about 600,000 PTPTN borrowers who are yet to make their repayments (Joifin, 2016).

Besides, therefore, it is important to examine the determinants of saving behavior among university students. There are few studies that have been conducted on students saving behavior in Malaysia (Syahrom, Nasrudin, Yasin, Azlan and Manap, 2017; Nurul Shahnaz & Saleh, 2017). Previous studies have focused on family background, financial literacy and gender, yet few studies have included the students' education programed attribute (Bona, 2018). Thus, the study examines the influence of education level, gender, race, family background, education programed and financial literacy on students' saving behavior. In addition, the majority of students state that savings are the surplus income after deducting expenses. Therefore, such understanding is not accurate as savings should be done before spending.

2.4.3 Investment

Investment as a source of income is one of the most important means of shaping the future well-being of an investor. However, profits are not automatically realized due to the existing risk. As a result, the biggest challenge for investors is related to the development and

selection of an effective investment strategy. Investment strategy is a system of long-term investment goals of the company, which defines the set goals, the main directions of activity, the level of risk tolerance and assessment methods. There are many scientific researches examining financial behavior, highlighting the different factors and investment strategies used by individual investors and companies. Bhatnagar (2016) states that individual investors tend to take more risks than companies. Erel et al. (2017) show that company's capital investment depends on existing liquidity, Vo et al. (2017) examine how a company's investment in capital affects customer satisfaction with goods and services.

Additionally, there is a lot of scientific works in literature that examines the impact of company employees (Bolton et al. 2018), Chief Financial Officer (CFO) (Florackis and Sainani 2018) on a company's investment policy, the impact of the country's economic situation on the company's investments (Ademmer and Jannsen 2018). In addition, there are many other factors influencing the choice of the company's investment strategy, which must be analyzed in order to adapt or reject. Additionally, it is indicated that individuals do not always act fully rationally, and their decision-making is influenced by mood, beliefs, experience, and other psychological aspects (Park et al. (2017) say that corporate finance theory separates the roles of corporate executives and investors and seeks to explain their behavior through the choice of investment models or policies. In other words, investments have risks to bear and do not necessarily bring profit to investors. Therefore, to engage in this investment must provide a strong mentality for preparation in the event of an unsecured profit return.

2.4.4 Spending Patterns

Bona (2018) defines formalized according to the findings of the study, students chose the product that best meets their needs in terms of both product and price. According to the findings of the study, college students' spending habits are heavily influenced by their familial

background. Parents also have an important influence in molding their children's attitudes regarding financial management, as well as their overall life attitudes. Students must take the time to design specific strategies to assist them keep track of their costs in order to improve their financial habits. To begin, kids should construct their own budget and keep track of methods to enhance it. Keeping track of their costs will allow them to keep track of how much money they spend on apparel, entertainment, and devices. They should not neglect to set aside money for saves, as a good budget includes savings. Finally, they should have an optimistic mindset. Because it was more qualitative in character, this study was unable to measure student spending behavior in monetary terms.

However (Jeevitha, et al., 2019) With the cultural shift to westernization in India and the advent of malls, this study addresses the question of why, where, what, and how college students spend their money, as well as to analyze the numerous budgeting and spending avenues for university students and how they maintain the financial obligations with limited growth in income expenses in the city of Coimbatore. According to (Manju, 2016), keeping a close eye on your cash expenses and regulating your spending is not only a good habit, but it also leads to financial success, which is critical in the future. Because teenagers play a much more vital part in our country, it is critical to watch their financial activity.

Money management is a lengthy process that includes planning, saving, investing, spending, and tracking overall cash utilization. In terms of students, how they spend their money is a matter of social freedom, and they are always up to date on the current fashion trends. Furthermore, (Abawag et al., 2019) college students have a tough time adhering to and spending according to their budget. It may be inferred that gender, course, year level, and ethnicity are predictors of differences in management students' spending behavior, however socioeconomic position was found to be insignificant when comparing the same conduct.

2.4.5 Debt

Debt is defined as Al-Qard or in other words a loan where a person has to pay or return the borrowed goods. In terms of terminology, debt is a contract that transfers ownership to a person. Therefore, debt is obligatory to be paid off, paid, or settled. In Islamic teachings, this is emphasized by requiring the debtor to be prompt in paying the debt. The immediate action in paying the debt means that the debtor will not easily forget what they debt. Every Muslim who owes must repay all debts made. Islam strongly emphasizes debt repayment until the next of heirs are required to pay the debts if the individual has died.

Besides, Haryani et al (2015) state that rising debt in households can have a very big impact. Among them is the loss of income and the unemployment rate among the community will increase if there is high debt in households accompanied by the financial crisis. In addition, high debt exposes households to the risk of instability which is volatility in the economy. This is reinforced by the results from the study by Nur Aisyatul et al., (2015), the most widely used debt is to purchase vehicles. Furthermore, the purchase of vehicles without a deposit attracts students to tend to buy vehicles. The low level of financial literacy resulted in a lack of understanding about purchasing a car without a deposit. In short, these youths are said to be inclined to increase unnecessary debts to meet the demands of a materialistic and wasteful lifestyle. Some are also caught up in debt at a young age due to the high cost of living and the attitude of financial institutions that provide credit irresponsibly.

2.4.6 Financial Education

Financial education is being implemented in settings other than schools. As a process of recording and reflecting of the economic and financial crisis, as well as the trend of demographic ageing in all economies throughout the world, the subject of the insecurity and challenges to the sustainability of public pension systems is becoming increasingly important

(Rey-Ares et al., 2016). The geometry of the European age pyramid is changing as a result of increased life expectancy and continually low birth rates, resulting in a considerably older demographic structure. This adverse trend can be seen in several European countries, as well as the United States.

Furthermore, previous research has shown that retirement planning has significant implications for wealth accumulation, and thus financial education appears to be positively closely correlated with retirement planning, particularly in terms of having thought about the financial resources required for a sustainable retirement. Prast and Soest (2016) define formalised formal Financial literacy may have a good impact on other types of financial behaviour, which can lead to increased retirement resources, such as stock market investing (Prast & Soest, 2016). Individuals may refrain from seeking guidance because they are concerned about not receiving appropriate information from financial specialists (Calcagno & Monticone, 2015; Debbich, 2015). In terms of financial literacy, Belás et al. (2016) show that students' curiosity in the economic structure is rather low, and they are not sufficiently motivated to be proactive in gaining more financial knowledge. Financial understanding of the rate of return, car hire purchase investments, inflation, and risk management are all examples of financial knowledge or financial education.

2.4.7 Parental Influence

Parental influence has been included in the area of socialization because it is a process by which an individual learns to act and engage within their communities. Parents have a significant influence on the behavior of their children. From this vantage point, Coste (2015) acknowledges the work of Baumrind, a clinical and developmental psychologist best recognized for her research on parenting styles. Based on parental demandingness and responsiveness, Baumrind established three parenting styles: authoritative parenting,

authoritarian parenting, and permissive parenting. Juvenile delinquency is strongly related to the parenting style that parents use to raise their children (Coste, 2015).

Furthermore, parents are a component that most likely influences youth media usage through their own media use behaviors, attitudes, and norms (Vaala and Bleakley2015). Indeed, Vaala and Bleakley (2015) discovered that parent computer use and engagement in specific activities were associated to child computer use, highlighting the critical role of parents in youth computer use, namely that children's financial behavior mimics their parents' behavior. Finally, if parents practice effective financial management, their children will do the same.

2.4.8 Peer Influence

According to Olalekan (2016), the peer group has a significant influence on students. This is evident from the role of the peer group in a child's life and learning; evidence abounds that kids feel more comfortable and relaxed among their peers. A talented child who is surrounded by dull peers will lose interest in learning. A peer group that is prone to study, on the other hand, would have a good effect on a dull member's learning and increase his/her enthusiasm in studying. According to Katz in Olalekan (2016), the nature of a peer group influences its impact on the motivation and achievements of its members. He goes on to say that one organisation may have a bad impact on its members, whereas the other may have a beneficial impact on its members.

Furthermore, Bandura in Olalekan (2016) highlighted that by monitoring and imitating the conduct of others, learners can avoid much wasted random behaviour and come close to recreating the behaviours of which members are identified. A student may not be uninteresting, but rather amusing. If he is closely observed and falls into a group of intelligent students who are not playful, he will mimic them, which will transform his attitude toward learning for the better. In the same spirit, Bankole and Ogunsakin (2016) explored the impact of peer group on

student academic achievement. The findings revealed that pupils' academic performance is influenced by their peer relationships.

2.4.9 Attitude towards Money

Money attitude is a complex notion that has been researched in a variety of socioeconomic and cultural contexts. As a result, according to Isomidinova et al. (2017), pupils' attitudes regarding money can impact their financial literacy. As a result, money has been identified as a potent motivator, with attitudes about money forming individual financial knowledge (Albeerdy and Gharleghi, 2015).

Likewise, based on earlier research, Schwartz proposes five characteristics of values and adds two of his own (Schwartz, 1992, 2017): values are beliefs that are tied to affect, values refer to desirable aims, values stand above specific situations, and values serve as standards or criteria. Schwartz emphasizes that values underpin people's attitudes and assessments in this way, that values are ordered in relative importance, that the relative importance of numerous values drives behaviors, and that the impact of values on investment experiences is rarely conscious. People become conscious of their values only when they are directly asked about them or when they must make a decision in which two or more opposing values "battle" for priority in decision making (Schwartz, 2017). The findings indicate that views regarding money influence financial literacy, and the findings are consistent with those of a Hong Kong study (2016). Hong observed that a positive attitude about money influenced the spending habits of South Korean teenagers.

2.5 Hypothesis Study

The data from the present study will be used for the analysis of the following hypotheses:

H₁: There is a relationship between the nature of peers and financial literacy among student.

H₂: There is a relationship between the level of understanding about financial literacy among peers and financial literacy educations.

H₃: There is a significant positive relationship between peer influences and financial literacy.

H₄: There is significant moderating role of gender differences in understanding of financial literacy.

2.6 Conceptual Framework

The purpose of this study is to see if there is a link between peer influences and financial literacy among Islamic Banking students at UMK during the pandemic. This section delves into the proposed theoretical structure. According to Parrotta and Johnson (in Humaira, 2018), the financial attitude has a psychological inclination that can be exhibited while evaluating the financial management practice that has been proposed through an established agreement. According to Mien and Thao (2015), financial attitude influences an individual's economic management behavior. As a result, the authors find that the majority of hypotheses place a premium on social or behavioral elements, with less focus on cultural or intrapersonal impacts. A theoretical framework is a philosophical model that demonstrates how one theory or makes abstract sense of the correlation between the numerous variables regarded as relevant to the topic.

As outlined in Figure 2.6.1, the research system is composed of two critical components: peer control and financial literacy. The independent variable is peer influence, while the dependent variable is financial literacy.

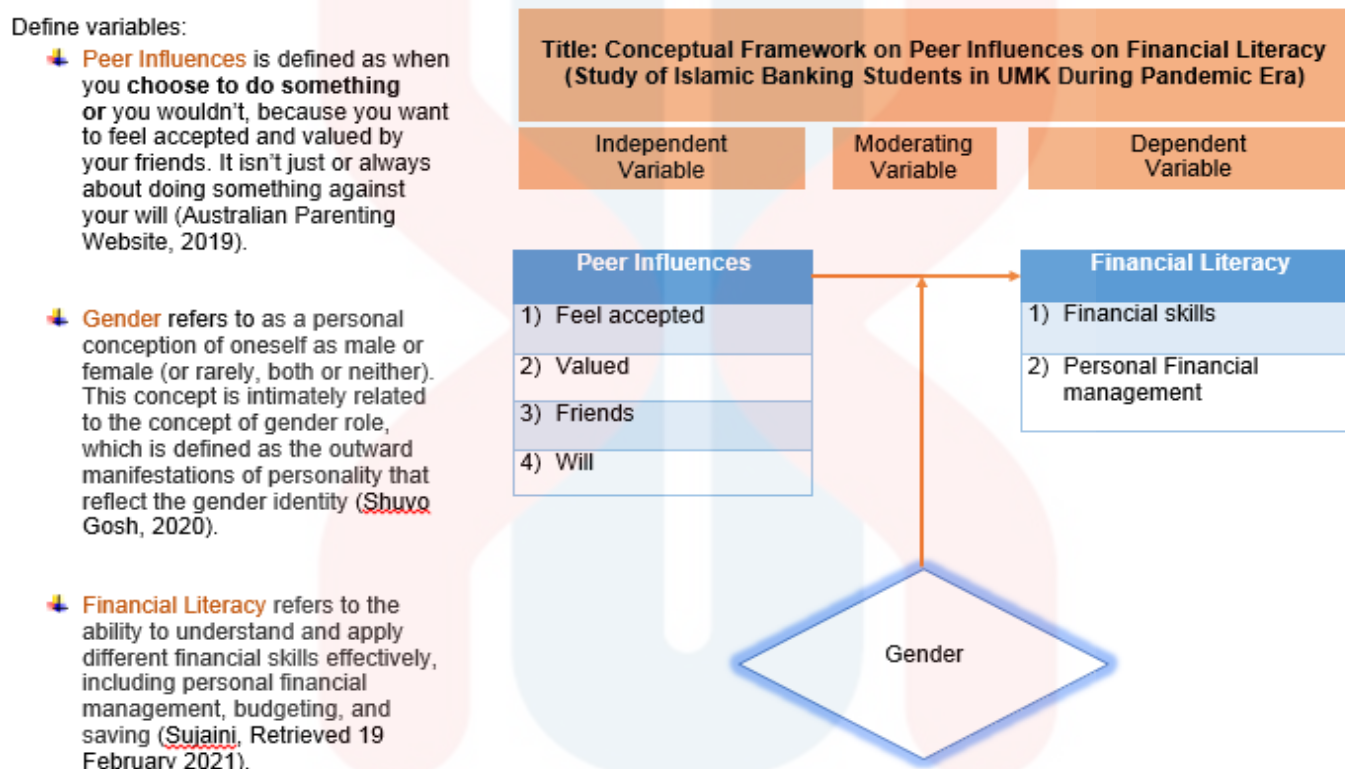


Figure 2.6.1: Conceptual Framework on Peer Influences on Financial Literacy
(Study of Islamic Banking Students in UMK during Pandemic Era)

According to the paradigm, peer influence and how peers act affect learning about money and financial decision-making. . The outcomes of this study reveal that how people manage their money is influenced by their friends' and peers' backgrounds, which are founded on experiences that have impacted their views on money. Students must make a significant financial decision when choosing a college and the effect of friends in that decision indicates that the peer behavior model is correct in saying that young people can be affected by others. Gender has a key role in exposing college students to financial literacy, as guys are more likely

to work while in school. In the process of managing money, the influence of others is equally crucial.

2.7 Research Gap

A study by Homan (2016) found the influence of parental financial teaching on saving and borrowing behavior showed that parental financial teaching leads to more saving and less borrowing. Hence, this shows how family has a great influence on the financial behavior of individuals. According Manchanda (2015) parents influence their children's financial behavior, parents should teach their children (later becoming young adults and possibly students) about money management to ensure that they do not accumulate too much debt . Teaching financial literacy between infancy and adolescence is a successful method. Controlling personal costs, leading and discussing financial concerns in the family, and providing guidance enhances the propensity to save for children in the future.

As parents substantially influence the responsible financial behavior of young adults by using different financial socialization techniques (Jorgensen, Rappleyea, Swweichler, Fang & Moran, 2016:9; Shim, Serido, Tang & Card, 2015:35; Shim et al., 2009b:720). As mentioned by Naradin, Ismail, Harun, & Khamis (2017) parents are seen as having the biggest role in influencing behavior of a student and study by Batty, Collins, and Odders-White (2015) also discovered parental socialization influences particular financial behavior of their children. Parental budgeting instruction and encouragement influenced young individuals' future direction. Individuals who were encouraged preferred to save rather than spend, were more diligent, and saved more. Norwegian research found that parental wealth or education had little effect on economic socialization practices.

Parental habits had no relationship with wealth or education. Children have piggy banks and access to bank savings accounts. They had a higher likelihood of having bank accounts and receiving pocket money. Karunaanithy, Karunanithy, and Santhirasekaram (2017) investigated the factors of youth saving behavior in war-torn parts of Sri Lanka's northern and eastern regions. Students' involvement in spending activities, leisure time, and discussing financial management issues with peers all had an impact on their financial literacy behavior. Jamal, Ramlan, Karim, and Osman (2015) discovered student's savings ability is very much influenced by their peers'. This is supported by Alwi, Amir Hashim, and Ali (2015) where the findings found many decisions made by Generation Y is influenced by peer force. Abdul Jamal and Amer Azan (2015) agreed that individuals' financial behavior could be motivated by peer pressure other than parenting factor. As a result, our study found that when peers were surrounded by their friends rather than their parents, they had more savings accounts.

This is because of the competitiveness that exists among peers, where they may see if their friends can manage their money well. Peers with a better degree of education and financial experience receive good feedback on their savings. Hallingstad and Johansen (2017) investigate using surveys the differences in financial knowledge between men and women and to what extend this effects how individuals choose to save. The survey found there exists gender differences in financial knowledge for the Norwegian population, and that men on average have a higher perception of financial decision-making.

Students stated that they learned about financial literacy primarily from the internet, such as search engines, Ted speeches, Zillow.com, and Turbo Tax software. At the moment, the media plays a significant part in the peer influences of youth, and the theory must incorporate the media as a socializing agent. This data implies that students felt a strong desire to learn more about financial matters after attending the financial literacy session. In order to learn more about financial literacy, they accessed various online resources, such as websites and Ted

presentations, to get answers to their inquiries. Technology had a vital role in increasing their financial understanding and contributing to the students' consumer socialization.

2.8 Chapter Summary

The research framework which also serves as the conceptual framework of this study that illustrates the relationship between Peer Influences and Financial Literacy for Islamic Banking Students in UMK during Pandemic Era has been described. The researcher also elaborates the variables involved in this study by the dimensions, elements, and definitions of Peer Influences and Financial Literacy.



CHAPTER 3

RESEARCH METHODS

3.0 Introduction

Research methodology refers to the operational "how" of any piece of research. It is concerned with how a researcher structures a project in order to produce accurate and trustworthy findings that address the study's aims and objectives. The introduction is followed by the research design in the second section of this chapter, which has ten (10) sections. The data collection methods are the first topic in the third section. The research population is discussed in the fourth section, and the sample size is discussed in the fifth section. The sixth and seventh sections, respectively, cover sampling techniques and research instrument creation. The calculation of the variables and the method for data analysis used in this study are defined in sections eight and nine. Finally, section ten concludes this chapter with a summary.

The relevant methodology to be used in this study on, first, peer influences among Islamic Banking Students and Financial Literacy in UMK during the pandemic period, and second, the relationship between Peer Influences and Financial Literacy in UMK will be discussed. The aim of this study's design is to solve the issues that have been identified. This chapter also covers the initial study's phase from start to finish, including data analysis. The most suitable way of conducting research and evaluating the most successful technique for solving the research problem is to use the methodology of the analysis.

3.1 Research Design

The research design of a researcher serves as the foundation for the methods and techniques that will be used. Because of the design, researchers can focus on testing procedures that are suited for the topic matter and set up their studies for success. The design of a research subject explains the method of study (experimental, survey, correlational, semi-experimental, review) as well as its sub-types (experimental design, research issue, and descriptive case study).

The purpose of this study is to provide a greater understanding in how peer influence have a relationship with Financial Literacy. The present study is designed as a cross sectional survey of Islamic Banking Students in UMK as its population. It will be descriptive correlational in that it seeks to determine the relationship between Peer Influence and Financial Literacy of Islamic Banking Students in UMK.

The cross-sectional sample architecture would be included in this study. The data is only obtained once in a cross-sectional sample so that the researcher can answer the query. Around the same time, all of the research factors are evaluated. As a result, cross-sectional research entails examining evidence from a population at a single point in time.

The researcher will create a Google form questionnaire, which will then be sent to students for them to respond. It is a formal, objective, and structured method in which numerical data are used to describe variables, analyses relationships between variables, and assess cause-and-effect interactions. Due to financial and time limitations, this analysis used a cross-sectional style.

3.2 Data Collection Methods

Forms and questionnaires, interviews, analyses, and experimental data collection are the four most common data collection techniques used in research. However, the experimental approach is still scarcely used in most study, particularly where it involves social research, with the exception of research in the field of education, where the research entails the development of techniques that will be tested to determine the research's efficacy and limitations.

Regardless of how many techniques are used, the researcher must adhere to and observe those protocols in order for the data collected to aid in the production of appropriate and useful studies that are accurate and in line with the field of study's nature. Researchers may also benefit from careful preparation during the data collection process to better control the time and expense of the study. Data collection methods that work are determined by the research objectives. Researcher's claims must first determine the goals and types of research to be conducted. Failure to use effective data collection methods will result in unreliable, ambiguous, and therefore negative potential study outcomes, as well as higher research costs.

As a result, the researcher has chosen to conduct quantitative analysis, which entails the use of tools like Google Forms and questionnaires. This method is particularly timely for data collection in research, particularly in the era of the Covid-19 pandemic, which is rapidly multiplying and thus limiting the use of other methods. One of the testing methods used as a more realistic and efficient measurement tool is the questionnaire method, which can help minimise data collection time, energy, and cost. Many researchers frequently use questionnaire approaches to finish their study by gathering data against researchers' questions based on the research goals to be reached. The questionnaire will calculate the characteristics or variables to be calculated from the broad sample size when the sampling method is used to study the population involved in the research. The ability of questionnaires to use large samples would improve the precision of survey statistical estimates for estimating population parameters.

Furthermore, in this study, this research question is used to obtain all information necessary to complete all four objectives by simply going through the established research questions, which are "What is the nature of peer influences towards financial literacy?" "What levels of understanding about financial literacy?" "Is there a relationship between peer influences and financial literacy?" and "What is the role of peer influences towards financial literacy?" and "Is the gender differences in understanding of financial literacy?" During the pandemic period, Islamic Banking students at University Malaysia Kelantan (UMK) were asked all of these research questions. As a result, this questionnaire will be divided into four parts based on research questions and the goals that must be met. Each of the four questions will be grouped together into a single line. This makes it simpler for researchers to double-check the findings after the questionnaire has been circulated and answered. This questionnaire, not to be overlooked, will be distributed to Islamic Banking students at the University Malaysia Kelantan (UMK) as respondents. This approach ensures that 100% of the questionnaires are returned and saves time in retrieving the questionnaires filled out by respondents.

Respondents will be given instructions about how to respond to the questionnaire's questions before beginning to fill it out. Respondents are often told that all information they give is private and will only be used for testing purposes which it is not a test, and all questions answered correctly are considered accurate. The questions posed are personal in nature and are focused on the respondents. This is due to the fact that respondents are more informed and aware of their own lives. To prevent the outcomes of irrational, invalid, and low levels of reliability, respondents were asked to answer frankly and honestly. To prevent respondents feeling compelled to reply, the researchers will give them a few days to complete the questionnaire before a sufficient number of people have filled it out. This can assist researchers in achieving the research's goals in an indirect manner.

1. Questionnaire

The questionnaire some self-created while the other was being adopted and modified from other several researches that conduct research regarding the financial literacy.

The format use:

I. Multiple Choice

There are just one part of questionnaire that using a multiple choice question and answer which is part A that contain the demographic profile. The question in part A is to gain the data regarding the self-service acceptance.

II. Likert Scale

There are two part which is part B and part C using this Likert Scale in getting the data. Part B's question seeks data on various financial teaching tactics such as advice and discussion, habit building and independence, and peer impact socialisation, as well as comparison of financial situation, spending time with peers, and discussion of financial topics. Involvement in financial problems with peers promotes young people's saving behaviours. The respondents can only respond to the 5 scales that being providing in the questionnaire. The respondent only need to choose the answer given and answer all the question, there are 5 scales to measure level of agreements or disagrees respondents toward the peer influences on financial literacy in University Malaysia Kelantan.

The 5 point of Likert Scale in questionnaire is with 5= Strongly agree, 4= Agree, 3= Neutral, 2= Disagree and 1= Strongly disagree.

STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
5	4	3	2	1

Table 3.1: Likert Scale Value

3.3 Study Population

A population is a community of individuals, things, or items from which samples are taken for measurement, and it refers to the whole group of people who share the same characteristics as the research subject. The target population for this study was Islamic Banking Students at the University Malaysia Kelantan (UMK) in Pengkalan Chepa, ranging from first to final year. The population of Islamic Banking Students in UMK Campus Kota was estimated to be 1552 new students at the September Semester intake 2019/2020 Academic Session in this report.

As a result, a rough estimate puts the total number of students at over 6000. This research will be distributed to all Islamic Banking students who must meet the quota set to complete the questionnaire, and the respondents who complete it will be used as a sample of the study based on the population and sample. The location chosen is University Malaysia Kelantan (UMK) in Pengkalan Chepa because it meets the data collection criteria, is easy to acquire data, and coincides with the researchers' target location in this study.

3.4 Sample Size

The population is a subset of the sample size. Sample size implementations, according to Sekaran and Bougie (2010), are intended to assist researchers in obtaining more reliable results. The researcher devises a different strategy to deal with the limited sample size of Islamic Banking students at UMK. For study, some samples are taken from the general population. Furthermore, samples can be taken from a population in a random or non-random manner.

The quota sampling approach was used to collect data for this analysis. Researchers will choose subjects for this sampling method based on categories that are thought to exist in the population. Islamic Banking students from the University Malaysia Kelantan (UMK) Faculty of Entrepreneurship and Business were sampled for this study (FEB). The subject category will be sampled using quotas.

As a result, the respondents in this study are carefully chosen subjects. In other words, samples are chosen based on quotas established by researchers. This procedure selects the subject in an ordered and orderly manner until the quota number of the four categories based on the four parts of the questionnaire exceeds the prescribed criteria are met, and then this procedure selects the same subject but in different categories until all categories are met on one subject.

The number of population observations chosen for research purposes is referred to as sample size. To address the research goals for this report, the researchers concentrate on respondents who are enrolled in an Islamic Banking course. The researcher chose a sample size of 384 students as respondents at random for this study. They must respond to all questions asked in Google type questionnaires.

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
"S" is sample size.

Source: Krejcie & Morgan, 1970

Table 3.2: Sample size of Krejcie & Morgan, 1970

Table 3.2 show to determine the sample size of this study and the correct number of respondents to the research. The table 2 also shows the sample size according to the overall population given.

3.5 Sampling Technique

Sampling is the process of selecting a subset of a selected sampling framework or the entire population studied. The sample selected for this study represents the population to allow the researcher to draw conclusions and generalizations from the sample statistics to the population. This research will conduct a sampling technique that is simple random sampling. Simple random sampling is a type of sampling that gives each element of the population an equal chance of being selected in the sample (Sanjoy Datta, 2018).

The sample of this study includes participants from year 1 to 4 students of the Islamic Banking course of University Malaysia Kelantan (UMK). Research will find out the influence

of peers on financial literacy among Islamic banking students in UMK through the non-probability sampling techniques which is convenience sampling method are define in this analysis. This technique is more effective because important segments of the population are well represented and valuable information and differences can be provided from each group. To get a delegate sample, this study will envelop the entire population.

3.6 Research Instrument Development

We conduct this research by distributing the questionnaire to collect data. The questionnaire is designed and will be blast by using Google form. Using this method, we can save a lot of time by transferring answer and data into Excel. It can also save more money when the questionnaire is distributed in the form of WhatsApp and URL links. Respondents can respond in Google form by completes the questionnaires being distributed.

This questionnaire will help researchers to obtain accurate research results on the peer influence on financial literacy among Islamic banking students in UMK during pandemic Era. The researcher selects close-ended question designs for distribution of the questionnaire. The main purpose of distributing the questionnaire is to gather as much information as possible from the respondents and compare it to the observations. The time allotted for each respondent to answer the questionnaire was estimated at between 5 to 8 minutes and the results of the questionnaire will be recorded and can be analyzed. Despite that, the researcher will assist the entire respondent while they answer the questionnaire.

The questionnaire in part B and part C that focuses on independent variables and dependent variable is designed using advanced measurement technique which is non-comparative scale. In non-comparative scale, the researcher using itemized rating which is Likert scale to measure the variables in questionnaire. Measurement scale that has been using by researchers meets the tests of validity and reliability. The researcher constructs content

validation by literature review as well as adopted and adapted support by other journals or articles. Reliability assesses the repeatability and internal consistency of the questionnaire to make sure all section in questionnaire measure the similar concept.

3.6.1 Pilot Test

To determine the accuracy of the results of the questionnaires, the authors use the alpha of Cronbach to assess the result's quality. If the Cronbach alpha level is 0.6 and greater, it will be considered acceptable. Although the answer excluded from the test if the Alpha is lower than 0.6. The frequency of interaction with respect to the alpha coefficient scale of the Cronbach was seen in Table 3.3 below.

Alpha Coefficient Range	Strength of Association
< 0.6	Poor
0.6 to < 0.7	Moderate
0.7 to < 0.8	Good
0.8 to < 0.9	Very Good
0.9 >	Excellent

Table 3.3 Rules of Thumb about Cronbach's Alpha Coefficient by Hair et al., 2015

The magnitude of the interaction involving the alpha coefficient range of the Cronbach had been clearly stated in Table 3.3. The alpha value of the questionnaire's accuracy by the Cronbach should be no less than 0.6 as it is perceived to be low quality

To ensure that the questionnaire can be used for the research, a pilot test was conducted to test the validity and reliability of the questionnaire. The researcher distributed 30 set of questionnaires for pilot test.

3.6.2 Reliability

To test the reliability, researchers use SPSS to analysis to ensure the acquired results. It is to indicate the consistent measurement of the research proposal. It is common for researchers be using Cronbach's Alpha to get the reliability results.

The reliability assesses repeatability and internal consistency of the questionnaire and making sure that all items within the questionnaire measure the similar concept of research. Measures of reliability include stability and Cronbach Alpha. The stability of a measure refers to extend to which the same results are obtained on repeated administrations of instrument. For the questionnaire, it using test-retest by administering the questionnaire same test twice and measure the result given to a group of individuals.

3.6.3 Validity

Reliability quality was a basic of any test, regardless of whether it was a composed test, an exhibition evaluation or a casual perception or question. It was a technique of consistency of test scores starting with one estimation then onto the next. It also defined the scores consistency gained by a same procedure of examination takers when given a similar examination on various time.

The researcher construct content validation by the literature review as well adopted and adapted support by other journal or articles. Pilot test was conducted among Islamic Banking students in University Malaysia Kelantan and the sample size which was randomly consisting of 384 respondents was chosen in order to run the Pilot test so that the researcher knows the reliability and validity of each item in questionnaire to be distrusted to target population. The Pilot test result was analyses using SPSS to calculate the reliability of each item.

3.7 Measurement of the Variables

In this study, the researcher used a quantitative approach to analysis. The questionnaire was created to collect data on peer influences on financial literacy among Islamic Banking students at University Malaysia Kelantan in order to conduct this research. This query will be formulated in Google form with the goal of determining whether peer impact on financial literacy among teenagers is true.

The study's questionnaires are bilingual, with Malay and English versions. Since English is a foreign language, it is permissible to communicate with respondents from all over the world, and Malay is Malaysia's official language. The questionnaire is divided into three sections which are section A, section B, and section C. In the survey questionnaire, the researcher used closed ended questions. The questionnaires were used to gather information from respondents about the research that was carried out in the defined region. To obtain data interpretation, this study used a Likert Scale and multiple choice as calculation of the variables.

The number of people who can participate in this study has been reduced to 100. The respondent must be selected from among the respondents in the sample size of Islamic Banking students at UMK. For part A of the questionnaire, the researcher will use a nominal variable with a closed-ended form, such as a multiple choice answer. The researcher will use the ordinal variable with Likert Scale for parts B and C. The respondent will choose a scale from 1 to 5 on a scale of 1 to 5.

3.8 Procedure for Data Analysis

The data is collected using a questionnaire. In interpreting the primary data, researchers will use computer software which is Statistical programmers for Social Science (SPSS) version 24.0. This will help in reducing time and easier to calculate the data which simplify quantitative analysis faster and easier. The data collection will be analyses with support of table of outline.

3.8.1 Descriptive Statistic

Descriptive statistic is to provide a sample description and to clarify the amount of data in the analysis. Thus, descriptive statistic can be provided an analysis about the responds, which will help to achieve the objectives of the study. In this study, researcher will be measure in statistic or data that will be show in Pie Chart at part A.

3.8.2 Pearson Correlation

Pearson correlation analysis is a statistical technique that can be used to measure which determines co-relationship or association of two variables. So, in this research, the questionnaires result will be interpreted into excel. This study is applied to find a numerical value expressing the relationship between variables. The data will be taken by the respondent of independent variables which is about peer influences is gathered information of dependent variables about financial literacy among Islamic Banking students in UMK.

3.9 Chapter Summary

In conclusion, this chapter has explained about the research design. This chapter also describes population and sample study before discussing the research methodology. The researcher will address all the elements of the research methodology in this chapter. In collecting data, questionnaire will be used. Reference to the above statements was randomly consisting of 384 number Islamic Banking students as a respondent will be used. These responses will be evaluated using the above technique to test the hypothesis and to establish the results.

CHAPTER 4

DATA ANALYSIS AND FINDINGS

4.0 Introduction

In Chapter 4, the data were analyzed using the Statistical Package for the Social Science (SPSS) software program. The data analysis was used in order to test the questions in the questionnaire that was given to the respondent for this research. This research adopted an online survey and questionnaire to study the “Peer Influences on Financial Literacy: A Study of Islamic Banking Students in University Malaysia Kelantan, City Campus during Pandemic Era”. This data was collected by Google form. There are 518 sets of data from questionnaires was gained. This chapter would be discussed on preliminary analysis, demographic profile of respondents, descriptive analysis, validity and reliability test, normality test and hypothesis testing. Lastly, this chapter is concluding with a summary on the hypothesis findings.

4.1 Preliminary Analysis

Preliminary analysis is known as reliability analysis and pilot test was conducted by distributing questionnaires to the total number of 30 respondents. In other words, pilot test is a preliminary gathering of information to distinguish weakness in structure, instrument, and give intermediary data for selection of a probability sample. Table 4.1.1 showed the pilot test result and its coefficient of Cronbach’s alpha by each variable from 30 respondents at University Malaysia Kelantan, City Campus among the Islamic Banking students.

Cronbach's Alpha	N of Items
0.944	30

Table 4.1.1: Reliability Statistic

Based on the Table 4.1.1, it shows the result of reliability statistic. Cronbach's Alpha show a value of 0.944 which is a high scale. The result of the pilot test is indicated the questionnaire is very appropriate and can be used to collect data from respondent that is from Islamic Banking and Finance student in UMK for this research paper.

4.2 Demographic Profile of Respondents

This section is to explain the demographic data of the respondents which include gender, age, marital status, race, year, are you familiar with the term of financial literacy and have you ever attended a talk about financial literacy. All the questionnaire has been answered with 518 respondents.

4.2.1 Number of Respondent Based on Gender

	Frequency	Percent
Male	274	52.8
Female	244	47.2
Total	518	100.0

Table 4.2.1: Gender of Respondent

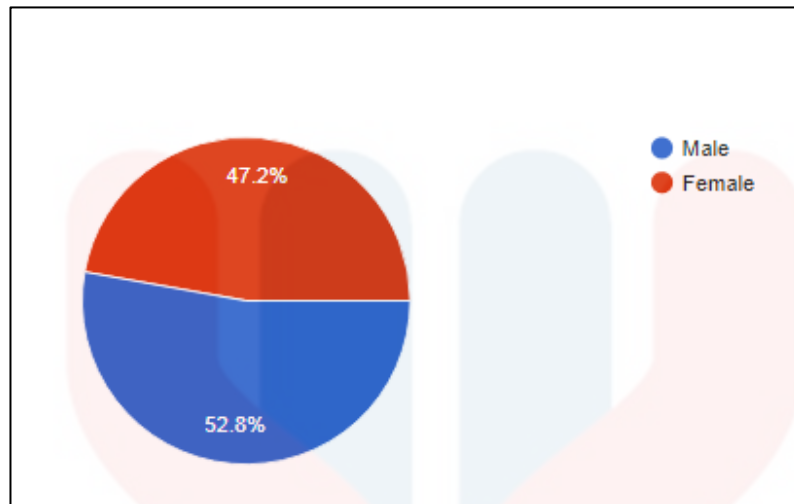


Figure 4.2.1: Percentage of Gender

Table 4.2.1 and Figure 4.2.1 above shows the genders of the respondents that involved in this survey. Most of the respondents are male with percentage of 52.8% while the percentage of the female respondents is 47.2%. From total number of 518 respondents, 274 of them are male while 244 of them are female.

4.2.2 Number of Respondent Based on Age

	Frequency	Percent
18-20 years	61	11.8
21-23 years	356	68.7
24-26 years	92	17.7
27 years above	9	1.8
Total	518	100.0

Table 4.2.2: Age of Respondent

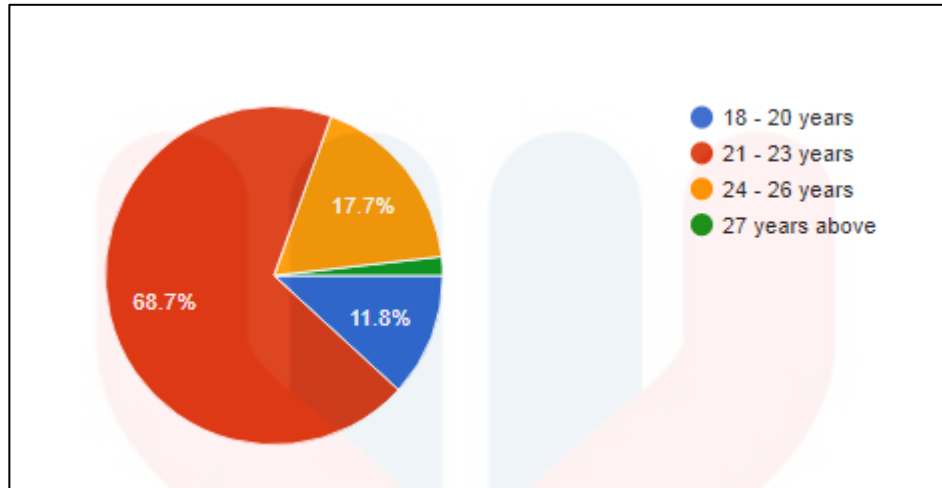


Figure 4.2.2: Percentage of Age

Table 4.2.2 and Figure 4.2.2 above shows the age of the respondents that involved in this survey. The result shows that 518 respondents have been grouped into four categories of age range. Most of the respondents are from 21-23 years old age group with percentage of 68.7% and frequency are 356 respondents. Next, 17.7% equivalent 92 respondents consist of the 24-26 years old age group. Then, 11.8% which is 61 respondents from the 18-20 years old age group. For 27 years above group, there are lowest percentage of respondents which is 1.8% which 9 respondents.

4.2.3 Number of Respondent Based on Race

	Frequency	Percent
Malay	511	98.7
Chinese	3	0.5
Indian	3	0.5
Others	1	0.3
Total	518	100.0

Table 4.2.3: Race of Respondent

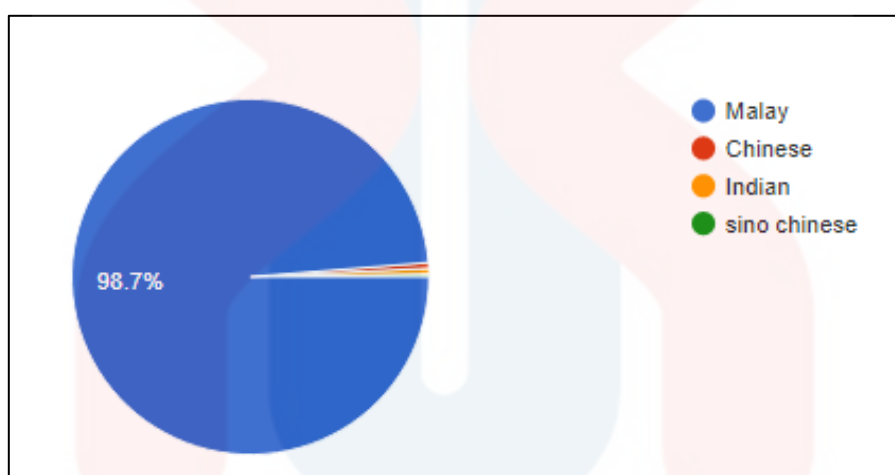


Figure 4.2.3: Percentage of Race

Table 4.2.3 and Figure 4.2.3 above shows the race of respondents in this survey. We were analyze the respondents into 4 group which are Malay, Chinese, Indian and others. Most of our respondents is Malay with percentage of 98.7% and 511 respondents. The respondents from others is 0.3% which only 1 respondents. For Chinese and Indian, the percentage of respondents are same which is 0.5% which only 3 respondents.

4.2.4 Number of Respondent Based on Marital Status

	Frequency	Percent
Single	441	85.1
Married	77	14.9
Total	518	100.0

Table 4.2.4: Marital Status of Respondent

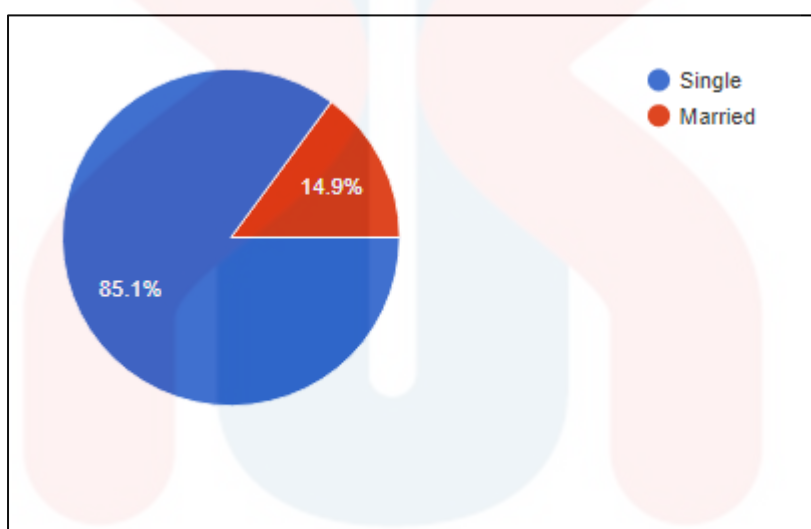


Figure 4.2.4: Percentage of Marital Status

Table 4.2.4 and Figure 4.2.4 above shows the marital status of respondents in this survey. Most of our respondents is single with 85.1% percentage which 441 respondents. Meanwhile, 14.9% and 77 respondents are married.

4.2.5 Number of Respondent Based on Year

	Frequency	Percent
Year 1	92	17.7
Year 2	64	12.3
Year 3	121	23.3
Year 4	236	45.6
Total	513	98.9
System Missing	5	1.1
Total	518	100.0

Table 4.2.5: Year of Respondent

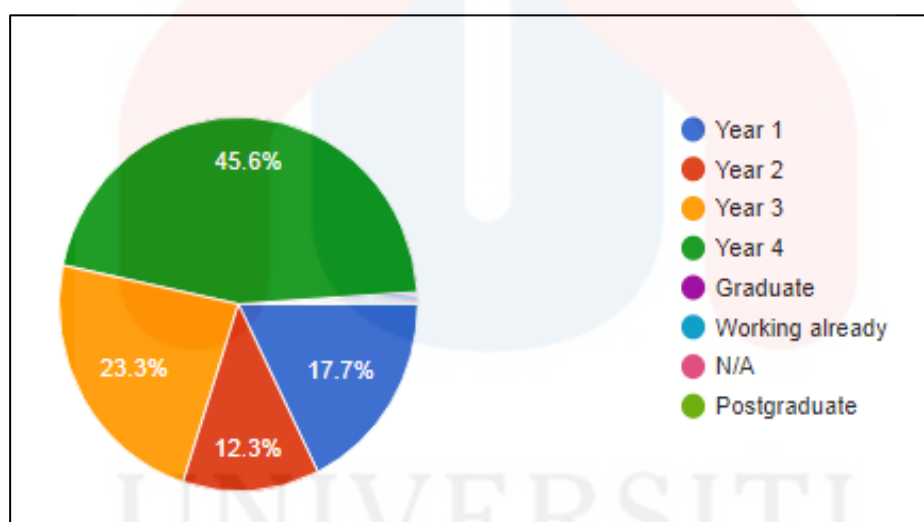


Figure 4.2.5: Percentage of Year

Table 4.2.5 and Figure 4.2.5 above shows the year of respondents which divided to 4 groups which are Year 1, Year 2, Year 3 and Year 4. The highest respondents is from Year 4 with 45.6% which 236 respondents. Second, the Year 3 with percentage of 23.3% which 121 respondents. Then, the Year 1 with percentage is 17.7% with 92 respondents. Meanwhile, the lowest of percentage is 12.3% which 64 respondents from Year 2.

4.2.6 Number of Respondent Based on Familiar with Term Financial Literacy

	Frequency	Percent
Yes	254	49
Not sure	135	26.2
No	129	24.9
Total	518	100.1

Table 4.2.6: Familiar with Term Financial Literacy of Respondent

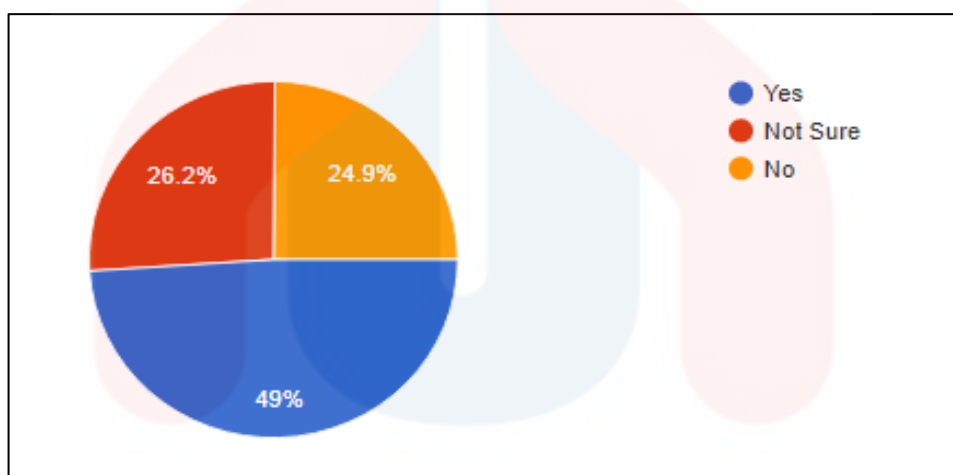


Figure 4.2.6: Percentage of Familiar with Term Financial Literacy

Referring Table 4.2.6 and Figure 4.2.6, we had analyzed the respondents that familiar with term financial literacy. We divided 3 answer for the respondents which are Yes, Not Sure and No. Based on the result, the highest answer is Yes with 49% which 254 respondents. So, we can see that most of our respondents familiar with term financial literacy. Meanwhile, 26.2% which 135 respondents were answered Not Sure. Then, the percentage of the respondents were answered No is 24.9% which 129 respondents.

4.2.7 Number of Respondent Based on Attend a Talk about Financial Literacy

	Frequency	Percent
Yes	214	41.3
Not sure	129	24.9
No	175	33.8
Total	518	100.0

Table 4.2.7: Attend a Talk about Financial Literacy of Respondent

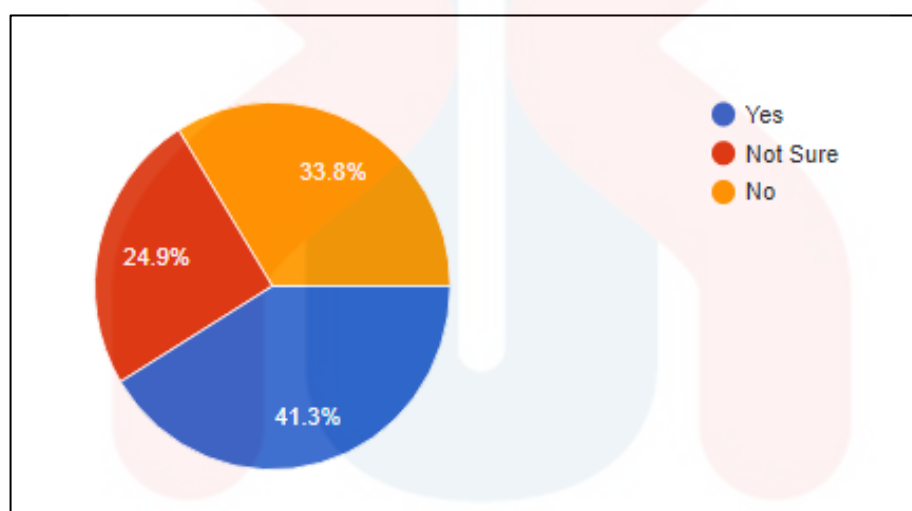


Figure 4.2.7: Percentage of Attend a Talk about Financial Literacy

Referring Table 4.2.7 and Figure 4.2.7, we had analyzed the respondents that attend a talk about financial literacy. We divided 3 answer for the respondents which are Yes, Not Sure and No. Based on the result, the highest answer is Yes with 41.3% which 214 respondents. So, we can see that most of our respondents attend talk about financial literacy. Meanwhile, 33.8% which 175 respondents were answered No. Then, the percentage of the respondents were answered Not Sure is 24.9% which 129 respondents.

4.3 Descriptive Analysis (N=518)

The essential aspects of the data in research are described using descriptive statistics. Descriptive statistics deliver good summaries and descriptions of the sample and the measures. This type of analysis was commonly used to create a table of mean and quantiles, as well as measures of dispersion such as variance and standard deviation. The responses to 5-point Likert scale questions were used to construct descriptive statistics using frequency, percentage, and means. The mean answer for each construct variable item was computed and interpreted following the guidance given in table below.

Ranges	Level
0.00 – 1.50	Very low
1.51 – 2.50	Low
2.51 – 3.50	Moderate
3.51 – 4.50	High
4.51 – 5.00	Very high

Table 4.3.1: Analysis of Likert scale (mean score)

Source: Latif and Abdul (2017)

Variable	Minimum	Maximum	Mean	Std. Deviation	Measure
Nature of peer influences (IV 1)	1.00	5.00	3.5655	0.7845	High level
Level of understanding (IV 2)	1.00	5.00	3.7101	0.5887	High level
Peer influences and financial literacy (DV)	1.00	5.00	3.6995	0.5909	High level

Table 4.3.2: Results of Descriptive analysis

Based on table above, the level of understanding has the highest mean score with the value of 3.7101 and then followed by nature of peer influences (3.5655), and peer influences and financial literacy (3.6995). For standard deviation, the highest standard deviation score was nature of peer influences with the value of 0.7845, while the lowest standard deviation score was level of understanding (0.5887). Thus, the level peer influence and the level of understanding about the financial literacy education among peers can be classified as high with minimal variance.

I. Nature of peer (IV 1)

Descriptive Statistics			
IV 1		Mean	Std. Deviation
Q1	My friends are a good example for me when it comes to money management.	3.62	0.931
Q2	My friends give me advice about what to do with my finances.	3.58	0.905
Q3	My friends encourage me to save money.	3.60	0.974
Q4	My friends try to teach me how to do budgeting.	3.59	0.961
Q5	My friends told me that financial literacy gives more benefit to me.	3.62	0.968
Q6	My friends showed me their financial planning plan throughout being a student.	3.49	1.053
Q7	My friends shared their experience of poor management a long time ago.	3.52	1.019
Q8	My friends took me to a program that was knowledgeable in managing finance wisely.	3.49	1.031
Q9	My friends encouraged me to make a 3te on every financial withdrawal against daily or monthly expenses.	3.57	1.000
Q10	My friends always remind me of limiting financial use so as not to overdo it when doing expenses.	3.65	0.916
Q11	My friends give me a book on financial literacy.	3.46	1.101
Q12	My friends revealed the best alternatives in savings to me as they were able to purchase all the requirements and needs without any wastage or limitations.	3.53	0.984
Q13	My friends challenged me to limit withdrawals in financial consumption for a certain set period of time.	3.51	0.993

Q14	My friends invited me to participate in the financial management club held by the relevant parties.	3.51	0.989
Q15	My friends show purchase receipts collected at each time while spending to make it easier to make calculations in their financial management.	3.54	0.938

(Note: Total sample 518, maximum value is 5 and minimum value is 1)

Table 4.3.3: Nature of peers towards financial literacy (IV 1)

The table 4.3.3 discusses about the independent variable which is the nature of peer on financial literacy. There are fifteen items for these independent variables. The highest mean is IV1Q10 which is 3.65. This indicates that most respondents agree that friends always remind to limiting the financial use so not to overdo when doing expenses. Therefore minimum means from this independent variable is IV1Q11 which 3.46.

Meanwhile, the standard division for the above table, highest standard division is IV1Q11 which is 1.101 and the minimum is 0.905 which is IV1Q2. This indicate that most respondent agree that nature of peer to some extent influencing peers in managing money. Therefore, it was indicated that respondent agreed with the question that ask in the questionnaire.

II. Level of understanding (IV 2)

Descriptive Statistics			
IV 2		Mean	Std. Deviation
Q1	My friends and I know how to maintain financial records for income and expenditure.	3.75	0.862
Q2	My friends and I know how to prepare our own budget weekly and monthly.	3.69	0.877
Q3	My friends and I know that spending less than income is a good thing to do.	3.79	0.863
Q4	My friends and I already know financial literacy education like savings, debts, investments and others.	3.78	0.845
Q5	My friends and I know that financial literacy education can be used anytime and anywhere.	3.75	0.842
Q6	My friends and I already know about financial literacy that can make it easy to divide my money to needs and interests.	3.75	0.841
Q7	My friends and I save because it is a good thing to do.	3.77	0.831
Q8	When my friends and I get money, we always spend it immediately.	3.56	0.899
Q9	My friends and I already know that to save, we need to follow a careful monthly budget.	3.76	0.834
Q10	With the help of PTPTN loan can ensure stable financial management throughout the title of a student.	3.58	0.869
Q11	Savings are not necessarily started with a high value but must be fixed and consistent on a monthly basis.	3.82	0.839
Q12	Credit card ownership reduces a person's purchasing power.	3.53	0.977
Q13	Do excess expenses when using savings to purchase daily needs.	3.64	0.924
Q14	Spending on goods in debt will reduce purchasing power in the future.	3.56	0.983

Q15	Rising prices of goods reduce purchasing power.	3.76	0.854
Q16	The money saved can be worth more than double after 10 years.	3.72	0.847
Q17	The interest rate charged will affect the value of the savings in the future.	3.73	0.838
Q18	All forms of investment always provide profit.	3.62	0.886
Q19	A person should apply for life insurance to protect self from financial burdens.	3.77	0.852
Q20	Families should have emergency savings as a precaution in which savings of at least 3 months income from the family.	3.81	0.844

(Note: Total sample 518, maximum value is 5 and minimum value is 1)

Table 4.3.4: The level of understanding about financial literacy education among peers (IV 2)

The above table discusses about the last independent variable that has range of mean score from 3.53 to 3.81. The highest mean score is 3.81 which is IV2Q20. It shows that most respondents agree that the question contribute to the level of understanding about financial literacy. The minimum mean is 3.53 which is IV2Q12.

Meanwhile, the highest standard deviation for this variable is 0.983 which is IV2Q14. The minimum standard division is 0.831 which is IV2Q7. It shows that the most respondents agree that with the question. So, it shows that the respondents agree with all the question ask in questionnaire that contribute to the level of understanding on financial literacy among peers.

III. Peer influences and financial literacy (DV)

Descriptive Statistics			
DV		Mean	Std. Deviation
Q1	I always spend my leisure time with my peers.	3.68	0.936
Q2	I provide the best financial protection for myself with my friends.	3.60	0.859
Q3	I put needs above wants with my peers.	3.78	0.833
Q4	I always set financial goals about how to spend money and discuss it with my peers.	3.73	0.815
Q5	I always compare the prices when purchasing with my peers.	3.83	0.835
Q6	I enjoy talking to my peers about money management issues such as taxes, investing, credit cards and others.	3.71	0.865
Q7	I always read and search the information with my peers to increase financial knowledge.	3.69	0.896
Q8	I and my peers always make initial preparations to buy taking into account the amount required.	3.77	0.872
Q9	I often consider the real necessity with my peers before making a purchase.	3.75	0.820
Q10	I am always involved in finance activities with peers.	3.64	0.890
Q11	I always compare the amount of savings and spending with peers.	3.56	0.949
Q12	I always see some of my peers regularly do savings with a savings account.	3.67	0.859
Q13	I and my peers are literate in making good financial decisions and can indirectly improve financial well-being.	3.76	0.833

Q14	I and my peers partly spend part of the income and partly to save.	3.73	0.831
Q15	Students will be more easily influenced if financial literacy is promoted through peers.	3.77	0.817

(Note: Total sample 518, maximum value is 5 and minimum value is 1)

Table 4.3.5: Peer influences on financial literacy

From the table 4.3.5 above, it discusses the dependent variable which is the peer influences on financial literacy. The mean score is between 3.56 to 3.83 and the standard deviation from 0.815 to 0.949. The highest mean is 3.83 which DVQ5 and the minimum is 3.56 which DVQ11. This indicates that most of respondents agree that peer influences on financial literacy.

Next, the range of standard deviation of this dependent variable is from 0.815 to 0.949. The highest standard division is DVQ11 which is 0.949 and the lowest is 0.815 for question DVQ4. So, it indicates that the respondents agree that this variable has relationship with peer influences on financial literacy.

4.4 Validity and Reliability Test (CRONBACH'S ALPHA)

The validity involved in this study is convergent validity. Convergent validity refers to the degree to which two theoretical construct indicators are currently associated, which is also used in sociology, psychology, and other conduct sciences. Convergent validity is a substructure of validity along with discriminant validity.

The two instruments involved are Google forms and questionnaires and variables measuring the high concept of correlation. For discriminant validity to be defined, we need to

prove that measures not associated are in fact unrelated. However, in this case, three things will be measured in the financial literacy of Islamic banking students at the University of Malaysia Kelantan, City Campus. Our theoretically expected relations between these three variables can be seen since we have discriminating validity if we have low or no correlations at all. In psychology, discriminating tests on validity are not linked to definitions or measurements.

The consistency with which a technique measures something is referred to as its reliability. The measurement is regarded reliable if the same result can be consistently obtained by using the same procedures under the same conditions. The reliability coefficient evaluates the overall consistency of the scale, with Cronbach's Alpha being the most often used measure. Cronbach's alpha is a statistic that is used to evaluate the reliability, or internal consistency, of a group of scale or test items.

In other words, the reliability of any particular measurement relates to the amount to which it is a consistent measure of a notion, and Cronbach's alpha is one method of determining the strength of that consistency. Cronbach's alpha is calculated by comparing the variation for all individual scale items to the overall score for each observation (typically individual survey respondents or test participants). The Cronbach's alpha level of reliability for each construct variable item was calculated and interpreted according to the instructions in the table below.

Cronbach's Alpha Score	Level of Reliability
0.0 - 0.20	Less Reliable
>0.20 – 0.40	Rather Reliable
>0.40 – 0.60	Quite Reliable
>0.60 – 0.80	Reliable
>0.80 – 1.00	Very Reliable

Table 4.4.1: Cronbach's Alpha Level of Reliability

Variable	Cronbach's Alpha	N of Items	Comment
Nature of Peer Influences (IV 1)	0.965	15	Very Reliable
Level of Understanding (IV 2)	0.954	20	Very Reliable
Peer Influences and Financial Literacy (DV)	0.939	15	Very Reliable

Table 4.4.2: The Result of Reliability Coefficient Alpha for the Independent Variable and Dependent Variable

The table above shows the Cronbach's alpha for the three variables, which are the nature of peer influences, level of understanding, and peer influences on financial literacy. Those three variables show high internal consistency, which means they are very reliable for this research. This is because the Cronbach's alpha score ($>0.80 - 0.90$) indicates that a strong relationship exists between the targeted variables. We are going to introduce those three one by one. Firstly, the Cronbach's alpha for the 15 items on the nature of peer influences is 0.965, suggesting that the items are very reliable. When compared to the other variables, this one received the highest score. Secondly, the level of understanding in this research was recorded at 0.954 on 20 items. That score shows that variable is also very reliable. Next it will be the peer influences and financial literacy variables. A total of 15 items were found at a Cronbach's Alpha score of 0.939. This variable has the lowest score of the other variables.

4.5 Normality Test

A normality test is used to determine if the data obtained from respondents was normally distributed or not. The degree of skewness (the symmetry of a distribution) and the amount of kurtosis (the clustering of scores towards the centre of a distribution) for all measured variables was one of the important assumptions in assessing normality of the variables. An acceptable value of skewness and kurtosis fall were between -3 and $+3$ in order to prove a normal distribution (George & Mallery, 2010). According to Pallant (2016), the normal value for skewness and kurtosis must be within -2 and $+2$ to be adequate as a normal distribution.

Variable	Skewness	Std. Error	Kurtosis	Std. Error	Decision
Nature of peer influences (IV 1)	-0.306	0.124	0.278	0.247	Normal
Level of understanding (IV 2)	-0.522	0.124	3.307	0.247	Normal
Peer influences and financial literacy (DV)	-0.173	0.124	2.028	0.247	Normal

Table 4.5.1: Skewness and Kurtosis Value

The skewness values for all variables are fall within the acceptable range of normality where the skewness value for Nature of peer influences (IV 1), Level of understanding (IV 2) and Peer influences and financial literacy (DV) are -0.306 , -0.522 and -0.173 , respectively. The skewness and kurtosis values for all variables used in this study were range from -3 to $+3$, suggesting that all data are normally distributed.

4.6 Hypothesis Testing

A hypothesis is a precise guess (statement) concerning a trait of an interesting population. A hypothesis should be intriguing to the audience and worthy of testing. A null hypothesis is a particular baseline assertion that must be tested, and it often takes the form of "no effect" or "no difference." Denial of the null hypothesis is an alternative (research) hypothesis. Researchers often, but not always, anticipate that evidence will support the alternative theory. A hypothesis might be one-tailed or two-tailed. A two-tailed test takes into account both the left and right extremes of a probability distribution.

A good hypothesis should be specific enough to be falsifiable in order to be properly tested. Second, a hypothesis is an educated guess about a population (parameter) and not a sample (statistic). Finally, a valid hypothesis is not predicated on the sample that will be employed to test it. This tautological reasoning generates no useful information.

Hypothesis testing is a scientific method that determines whether or not a hypothesis is reasonable. In general, the following five phases are followed during hypothesis testing:

- i. Clearly state a null and alternative hypothesis (one-tailed or two-tailed test).
- ii. Determine the test size, which is the significance level. To achieve the proper critical value and rejection area, consider whether a test is one-tailed or two-tailed.
- iii. Depending on the testing method, compute a test statistic and p-value or generate a confidence interval.
- iv. Making a decision: reject or do not reject the null hypothesis by comparing the subjective criteria in 2 with the objective test statistic or p-value derived in 3.
- v. Make a decision and interpret it substantively.

Step	Test Statistics Approach	P-Value Approach	Confidence Interval Approach
1.	State H_0 and H_a	State H_0 and H_a	State H_0 and H_a
2.	Determine test size α and find the critical value	Determine test size α	Determine test size α or $1 - \alpha$, and a hypothesized value
3.	Compute a test statistic	Compute a test statistic and its p-value	Construct the $(1 - \alpha)$ 100% confidence interval
4.	Reject H_0 if $TS > CV$	Reject H_0 if p-value $< \alpha$	Reject H_0 if a hypothesized value does not exist in CI
5.	Substantive interpretation	Substantive interpretation	Substantive interpretation

Table 4.6.1: Three Approaches of Hypothesis Testing

** TS (test statistic), CV (critical value), and CI (confidence interval)*

Based on table 4.6.1, which shows three approaches to hypothesis testing. Each strategy requires distinct subjective criteria and objective data but yields the same result. The traditional test statistic technique generates a test statistic from empirical data and compares it to a crucial value. The null hypothesis is rejected if the test statistic is greater than the critical value or falls inside the rejection zone.

The p-value technique requires researchers to calculate the p-value based on a test statistic and then compare it to the significance level, which is a test size. Researchers reject the null hypothesis if the p-value is less than the significance level. A p-value is defined as the amount of risk that researchers must accept while rejecting the null hypothesis. Finally, the confidence interval technique creates a confidence interval and checks to see whether a postulated value fits inside it. If the hypothesis value does not exist inside the confidence range, the null hypothesis is rejected.

4.7 Relationship Analysis

The correlation analysis is to assess whether there is a relationship between the independent variables and dependent variables of this study that is Nature of Peer Influences (IV 1), Level of Understanding (IV 2) and Peer Influences and Financial Literacy (DV) of Islamic Banking Students in University Malaysia Kelantan during Pandemic Era. Correlation analysis was being used.

		AVE_PI (DV)	AVE_NP (IV 1)
AVE_PI (DV)	Pearson Correlation	1	0.582**
	Sig. (2-tailed)		0.000
	N	518	518
AVE_NP (IV 1)	Pearson Correlation	0.582**	1
	Sig. (2-tailed)	0.000	
	N	518	518

**. Correlation is significant at the 0.01 level (2-tailed)

(Note: Total sample 518, Peer Influences (PI, DV) , Nature of Peers (NP, IV 1), Level of Understanding (LU, IV 2))

Table 4.7.1: Correlation coefficient between Peer Influences and Nature of Peer

Based on the table, the results indicate that knowledge ($r = 0.582$) which is moderate positive correlate between Peer Influences (DV) and Nature of Peer (IV 1) which ($r = 0.582$, $N = 518$, $p < .001$). The moderate value of Pearson correlation between Nature of Peers and Peer Influences indicates that the changes in level of Nature of Peers regarding the Peer Influences significantly changing the Peer Influences on Financial Literacy among Islamic Banking Students in UMK during Pandemic Era Thus, the variables of NP and PI is moderate positive correlate with each other.

		AVE_PI (DV)	AVE_LU (IV 2)
AVE_PI (DV)	Pearson Correlation	1	0.728**
	Sig. (2-tailed)		0.000
	N	518	518
AVE_LU (IV 2)	Pearson Correlation	0.728**	1
	Sig. (2-tailed)	0.000	
	N	518	518

**. Correlation is significant at the 0.01 level (2-tailed)

(Note: Total sample 518, Peer Influences (PI, DV), Nature of Peers (NP, IV 1), Level of Understanding (LU, IV 2))

Table 4.7.2: Correlation coefficient between Peer Influences and Level of Understanding

Based on the table, the results indicate that Level of Understanding ($r = 0.728$) which is strong positively correlate between Level of Understanding and Peer Influences ($r = 0.728$, $N = 518$, $p < .001$). The high value of Pearson correlation between Level of Understanding and Peer Influences indicates that the changes in level of Understanding regarding the Peer Influences significantly changing the Peer Influences in Financial Literacy among Islamic Banking Students UMK during Pandemic Era. In fact, the value of Pearson correlation for Level of Understanding with Peer Influences is the highest compare with Nature of Peers with Peer Influences. It can be concluded that Level of Understanding is the most closely related with the Peer Influences in Financial Literacy among Islamic Banking Students UMK during Pandemic Era. This is maybe due to the Peers concern regarding the importance and benefits of Financial Literacy. Therefore, it resulted with the strongly positive between Level of Understanding and Peer Influences.

4.8 Summary

In this chapter, the researcher had described the data analysis which conducted an analysis of A Study of Islamic Banking Students in University Malaysia Kelantan, City Campus during Pandemic Era. Other than that, descriptive analysis, reliability test, normal test, and Pearson correlation are carried out to get result of data analysis for the relationship between the two independent variables namely Nature of Peer Influences (NP), Level of Understanding (LU) and dependent variable Peer Influences and Financial Literacy (PI) of Islamic Banking Students in UMK.

CHAPTER 5

DISCUSSION & CONCLUSION

5.0 Introduction

In this chapter, the outline of the descriptive and correlation analysis will be further discussed after obtaining the outcome for analysis in chapter 4. The following is more focused about on major findings that how independent variables give an impact on the dependent variable of this study that is Nature of Peer Influences (IV 1), Level of Understanding (IV 2) and Peer Influences and Financial Literacy (DV) of Islamic Banking Students in University Malaysia Kelantan during Pandemic Era. In addition, this chapter will also discuss of the shortcomings that limit this research and provide some recommendations for future research. An overall conclusion has been provided a clear picture and summarized the whole research study.

5.1 Key Findings

The general objective of the current research is to determine the relationship between peer influences and financial literacy among Islamic Banking Students in UMK during pandemic Era. Furthermore, the current study also tries to determine the nature of peer influences among Islamic Banking Students in UMK during pandemic Era, to identify levels of understanding about financial literacy among Islamic Banking Students in UMK during pandemic Era and to examine there is relationship exist between peer influences on financial literacy among Islamic Banking Students in UMK during pandemic Era. Hence, there are several findings in this study:

Nature of peer influences

In terms of the nature of peer influences, the study found that the majority of the respondents agree that friends always remind to limiting the financial use so not to overdo when doing expenses. And supported by findings from Alwi, Amir Hashim, and Ali (2015) stated that Generation Y is always influenced by peer force when making any decisions. Social influence with closer peers has the most important influence on the bad or good attitude of Gen Y in terms of physical and social distance. Jamal, Ramlan, Karim, and Osman (2015), also stated that peer influence could also affect persons' financial behaviour. Therefore, these studies indicate that's nature of peer influences play an important role in managing money of Islamic Banking student UMK.

Level of understanding

The study found most respondents agree that the question contribute to the level of understanding about financial literacy among peers. There is a relationship between the level of education and understanding of financial literacy, in line with the opinion of Puby (2015), which explains that education is a very important commodity that someone needs to have. The wisdom of the person making the decision will be determined by their level of education, as well as their expertise with financial understanding. It is true that the more education one pursues, the better one's financial situation will become as compared to someone with little financial understanding. Someone who has attended a higher education course must have a broad financial knowledge and comprehend how to act. This indicates Islamic Banking student UMK have high level of understanding about financial literacy.

Peer influences on financial literacy

The study found most of respondents agree that peer influences on financial literacy because with peers students always compare the prices when purchasing and compare the amount of savings and spending. Supported by findings from Noor Zaihan (2016) found that despite the fact that the parents or guardians have formed positive financial behaviour in their children, peer socialization angle still exist in children's saving's behaviour since saving behaviour of students could be influenced by association in spending exercises during social time and exchanging ideas about financial management matters among their peers. This study indicates peers play important roles in influencing individual's financial literacy as a result they influence the knowledge in financial literacy, especially among the young generations.

5.2 Discussion

5.2.1 Hypothesis 1

H₁: There is a relationship between the nature of peers and financial literacy among students. From the results, it's evident that most respondents agreed that they are reminded by friends to limit their economic uses to avoid overspending. Some peers have excellent financial management while others cannot spend sparingly. Instead, they do impulse buying.

In addition, other respondents agreed that the nature of peers greatly influences them in financial management. If one's peers are spendthrift in luxurious substances, then it was agreed that they make their peers become extravagant too and end up spending money without limits. According to the study done by, Ergün, K. (2018) on financial literacy among university

students, financial literacy about personal finance is essential as most students are easily influenced in their spending by other students. In particular male students, living in rental houses, whose parents or guardians have high monthly income, get financial management advice from their friends who did financial courses before. They advised them on the best spending methods and protected them from impulse buying, which may render them bankrupt in a few days.

5.2.2 Hypothesis 2

H₂: There is a relationship between the level of understanding about financial literacy among peers and financial literacy educations.

Some students study financial management and acquire more information about economic issues from their university education which later on is put into action by advising their peers once in their company. This means that extra financial courses should be offered in the university education programs to help more students handle their economic issues without much struggle. It was agreed that the question contributes to the level of understanding about financial literacy. Most respondents agreed that most of the questions asked in the questionnaire contributed to the level of knowledge on financial literacy among peers. Financial literacy is an investment in human capital, and it can therefore be essential in making decisions concerning university loans, first salary, pension, savings, and other financial decisions. At present, young people are growing in a community where the economic scenery is complex, and the financial errands of the citizens are pretty substantial. Financial education in universities schools may help in addressing such challenges. Amagir et al., 2018, in the research on, A review of financial-literacy education programs for children and adolescents its well explained that the knowledge together with understanding on financial concepts, risks, skills, motivation, and confidence apply such knowledge make to the right decisions across various economic contexts. Such a move

enables students to improve their financial well-being among individuals in society. Students with proper financial management skills can participate actively in economic life, (Garg & Singh, 2018).

5.2.3 Hypothesis 3

H₃: There is a significant positive relationship between peer influences and financial literacy.

From the findings, it was noted that most of the respondents agreed that peer influences financial literacy. Their peers' financial Literacy influences most banking students among Islamic Banking Students UMK during Pandemic Era. This is maybe due to the Peers concern regarding the importance and benefits of Financial Literacy. Therefore, it resulted in a strongly positive between the Level of Understanding and Peer Influences. The respondents agreed that this variable has a relationship with peer influences on financial literacy. Financial literacy in schools is essential in improving students' knowledge of personal finance (Isomidinova et al., (2017). Social environments can affect individuals financial behaviours. Some students obtain financial roles from their parents at an early age. Parents play a significant role in the socialization of their children. Most students learn financial management from parents or older siblings in the family. However, the financial control of parents over their children starts to weaken when peers are introduced in their lives, after teenage or in colleges or high schools. At this point, students learns or copy most of their financial management from their peers. Students have more opportunities to discuss and observe their financial issues from their peers when they meet in social forums. At this point, they copy how their peers spend their finances and improve their peer communication to learn more. Strong peer influence exists mainly in the youth's

involvement in gambling behaviour (Isomidinova et al., 2017). Peers play a significant role in saving retirement decisions in most individuals, (Stolper & Walter, 2017). Therefore, when surrounded by financially literate peers, the individual may automatically respond and educate them to emulate their peers.

5.3 Implications of the Study

The implication of the study is another important aspect to consider when conducting research. Without such importance to the related parties, there is no point in conducting the research. From this study, the result is to highlight the importance of peer influence on financial literacy. There are few factors also influencing financial literacy such as family, attitude, saving and spending behaviour.

5.3.1 Managerial Implications

Based on this study, it can be concluded that the financial literacy of Islamic Banking students UMK is influenced by peers. This can be proved from the result of this study the mean value for the Q10 under nature of peer influences is 3.65. According (Heri Yanto, Norashikin, Kiswanto, Nurhazrina & Niswah Baroroh, 2021) found that peers play a strong role in changing financial behaviour. That's found is in line with the results of it research in the field of marketing showing that communication with peers can change individual behaviour. Individual word of mouth between peers has the potential to change individual behaviour. The success in improving the quality of students' financial behaviour is largely influenced by social media, their financial attitude and peer influence. Since financial literacy is so important for young people in managing

their finances, universities must provide extensive financial literacy education using a variety of methods, including social media learning and maximizing the role of peers.

In this study, the result of financial literacy is consistent with financial knowledge. Islamic Banking students UMK have high level of understanding towards financial knowledge. This indicates that Islamic Banking students UMK have high financial literacy. According (Mitali Dhoke,2018) Financial knowledge will lay a strong foundation for money habits, to effectively manage your personal finances with budgeting exercise, implement saving strategies, effective debt management, and awareness about the various asset classes that comprise of investment avenues to suit your financial goals. Meanwhile, according to a report published in the New Straits Times on November 17, 2015, about 23,000 Malaysians from Generation-Y who are under the age of 35 have been declared bankrupt in the last five years. Hence, students' financial awareness must be improved. For example, the Agensi Kaunseling dan Pengurusan Kredit (AKPK) should collaborate with universities to organize more seminars so that students can learn more about financial management.

According (J.M.E. Alekam, Salleh & Mokhtar, 2018) found that Behaviour, Family/Parental, and Peer Influence among Young generation in Malaysia are significantly related to Financial Literacy. Peer is one of references for an individual to consider, perceive and behave. Peers play a crucial part in the learning process for an individual engaged. One of the important roles of peers is to help friends solve learning problems (Wentzel, 2017). Individuals who enjoy positive relationships with their peers will reap the benefits, namely increased academic accomplishments (Wentzel, 2017). The strong role of peers in providing information and knowledge to individuals is used as the basis for collaborative learning. Research conducted by Erkens and Bodemer (2019) founds that collaborative learning is a feasible method for

sharing knowledge. It is possible that peers will play important roles in increasing financial knowledge. If students have positive peer towards money, they can control their money wisely. On the other hand, students with negative peer towards money are unable to manage their money properly because they will be influenced by their peers' wasteful attitudes. Thus, students require good peers in order to maintain good financial control and learn financial knowledge. Students must remember that saving and planning are important for their future.

5.4 Limitations of the Study

Limitations are happened in any study as the challenge to conclude an excellent research process and it is same as this research. It is critically important for researchers to be striving to minimize the range of scope of limitations throughout the research process. There were a few limitations in this study and one of that is the data collection method. As all know in this year (2020), Malaysia and other countries are suffering from covid-19 disease. All peoples are only encouraged to sit at home and be less outdoors. Because of that, researchers face problems in distributing questionnaires face to face to respondents of students in Islamic Banking and Finance in UMK. Researchers can only distribute questionnaires online through Google forms.

Respondents will not get so much information about this study because of researcher cannot explain in more detail the content in the questionnaire. Many respondents are lazy to read carefully the content in the questionnaire because of that, they will just tick the answer without understanding the question. Therefore, it was quite difficult to communicate with respondents to explain more about this research while conducting the survey. Other than that, it is also difficult to get 384 respondents through Google forms. Most respondents don't want to answer the questionnaire because they feel inconvenient to answer it through online. They also feel that answering the questionnaire is a waste of their time. Moreover, using online survey will take a

lot of time for the respondents to answer the questionnaire and this will make the process of data collection delayed. Respondents also seem like not read the question carefully and answer it well.

The sample size of this research can be said small compared to the number of students in Islamic Banking and Finance in UMK. There are 518 respondents in this study passed the target 384 respondents. The researcher has opened up to more respondents to get more accurate results and get results up to 518 respondents after opening to more respondents. Other than that, it was lack of previous studies on this study. The researcher find it difficult to get more information regarding this topic.



5.5 Recommendations

The previous studies about financial literacy only consists a small number of respondents that cannot be generalized for a large population in the area. Thus, caution need to be taken when generalizing the results to the entire peer's population in Malaysia. Therefore, our study finds that all the variables which is nature of peers, the level of understanding about financial literacy education among peers and peer influences on financial literacy can be suggests being include in the next research. So that, the future research can be better understanding about the peer influences on financial literacy among Islamic banking and finance student or maybe after this for someone else even though this research will take a long time to finish a research. Then, it can be a guideline to the new researchers to make the new one of research about the financial literacy. This research will provide more perspectives and can be as a new reference to next research about peer influences on financial literacy among Islamic banking and finance student.

Besides, for the future study, the researcher who wish to conduct the similar research should consider the entire factor to achieve more exact and valid results. One of the suggestions for next study is maybe can choose the independent variable that can be easily to understand by respondents about financial literacy. Indirectly, it can add some knowledge of financial literacy to respondents.

Next, for the future study, the researchers can expand the scope of the study from Islamic banking students at UMK, City Campus to others student or students from other university to ensure the result that the researchers find can increase the level of understanding about financial literacy education among peers. This is because, they already use financial literacy in their life, but they do not have enough knowledge's and quite not aware about it. So, through this research can increase the level of understanding about financial literacy education among peers.

Moreover, the future of study also can be on large samples and over a longer period in

order to get more respondents. The analysis will be more accurate in determining peer influences on financial literacy. By having the institutions that involve with financial literacy need to actively approach the society such as increasing the campaign to ensure any misunderstanding or unclear about financial literacy can be avoid and closely explain. Most of the users in this country had used the financial literacy such as savings even they did not clear about financial literacy.

Last but not least, this study investigates peer influences on financial literacy by quantitative method which is through distribution of questionnaires. Future study can expand this research by conducting the other method of research such as qualitative method which is interviews. By conducting the interview methods, the researcher can get more in depth information that can be gathered to examine the level of understanding about financial literacy education among peers. In addition, qualitative method also enables the researcher to get the answer directly from the respondents. Therefore, it can save time of researchers to gathers information because it can get direct through interviews. Moreover, this is also able the collection of data is more accurate because it is directly from target respondents compared to questionnaires that can be the non-target respondents that answers it.

5.6 Conclusion

This research study is it aim to find out and examine peer influences on financial literacy among Islamic Banking Students in University Malaysia Kelantan, City Campus during pandemic era. In this study, a total of 518 respondents were collected through questionnaire method. The data was evaluated using SPSS software and methods of Descriptive Analysis, Validity and Reliability Test and Multiple Linear Regression Analysis are used. As stated in Chapter 4, the reliability analysis was excellent for the independent variables and dependent

variables. The reliability analysis for Nature of Peer Influences, Level of Understanding and Peer Influences on Financial Literacy were 0.965, 0.954, 0.885 and 0.939 respectively. The results shows it was excellent in strength of association according to the Rules of Thumb about Cronbach's Alpha Coefficient size. This shows that the result could be accepted.

Moreover, the research study aimed to identify the mean of nature of peer influences, level of understanding and peer influences on financial literacy among Islamic Banking Students in UMK was accepted as the research objectives was fulfilled. The results obtained can be used in future for further studies and hopefully will have new studies over time about the subject. Therefore, others researchers can conduct a thorough study of this topic because is very important and it can help Islamic Banking and Finance student learn the important of financial literacy in life. This topic also help student in enhancing more knowledge about financial literacy for their future.

In conclusion, the researcher can study the relationship between independent variables towards depend variable. This research also can define the real way to analyse the data. Some of limitation of the study can give chance to researcher to give more recommendation to improve the quality of the research.

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APPENDIX A



PEER INFLUENCES ON FINANCIAL LITERACY:
A STUDY OF ISLAMIC BANKING STUDENTS IN
UNIVERSITY MALAYSIA KELANTAN, CITY
CAMPUS DURING PANDEMIC ERA.

Dear Respondent,

We are undergraduate students from University Malaysia Kelantan (UMK). Faculty of Entrepreneurship and Business, pursuing degree in Bachelor of Business Administration (Islamic Banking and Finance) with Honors currently conducting the study on “The Peer Influences on Financial Literacy among Islamic Banking and Finance Students in University Malaysia Kelantan, City Campus for our final year project. Financial Literacy which help people to manage their money wisely (Example: Investments, Savings, Debts and other more)”. We are welcoming you to complete the questionnaire, which is expected take about 5-10 minutes only. Thank you for your attention and participation to help this research. For any inquiries, please kindly contact us.

Responden yang dihormati:

Kami adalah pelajar sarjana muda dari Universiti Malaysia Kelantan (UMK). Fakulti Keusahawanan dan Perniagaan, mengikuti Ijazah Sarjana Muda Pentadbiran Perniagaan (Perbankan Islam Dan Kewangan) dengan Kepujian yang sedang menjalankan kajian mengenai "Pengaruh Rakan Sebaya Terhadap Pengurusan Kewangan dalam Kalangan Pelajar Perbankan dan Kewangan Islam di Universiti Malaysia Kelantan, Kampus Kota" untuk projek tahun akhir kami. Pengurusan Kewangan membantu individu menguruskan kewangan mereka dengan betul (Contoh: Pelaburan, Simpanan, Hutang dan lain-lain lagi)". Kami mengalu-alukan anda untuk melengkapkan soal selidik, yang dijangkakan mengambil kira-kira 5-10 minit sahaja. Terima kasih atas perhatian dan penyertaan anda untuk membantu penyelidikan ini. Untuk sebarang pertanyaan, sila hubungi kami.

- | | |
|--|-------------|
| 1. Muhammad Syafiq Aizat Bin Muhamed Abdan | 013-9568398 |
| 2. Nor Farzana Binti Johari | 017-4498570 |
| 3. Nor Hanani Binti Mat Noor | 017-9110671 |
| 4. Nor Hassyikin Binti Hasbullah | 017-7940419 |

Section A: Demographic Profile. Please tick (/) the answer in the box provided.

Bahagian A: Profil Demografi. Sila tandakan (/) pada jawapan dalam kotak yang disediakan.

1. Gender / *Jantina*:

☐ Male / *Lelaki*

☐ Female / *Perempuan*

2. Age / *Umur*:

☐ 18-20 years / *18 – 20 tahun*

☐ 21-23 years / *21 – 23 tahun*

☐ 24-26 years / *24 – 26 tahun*

☐ 27 years above / *27 tahun ke atas*

3. Marital status / *Status*:

☐ Single / *Bujang*

☐ Married / *Berkahwin*

4. Race/ *Bangsa*

☐ Malay / *Melayu*

☐ Chinese / *Cina*

☐ Indian / *India*

☐ Others / *Lain-lain*:

5. Year/*Tahun*

- ☐ Year 1/ *Tahun 1*
- ☐ Year 2/ *Tahun 2*
- ☐ Year 3/ *Tahun 3*
- ☐ Year 4/ *Tahun 4*

6. Are you familiar with the term of Financial Literacy? *Adakah anda biasa dengan istilah Pengurusan Kewangan?*

- ☐ Yes/*Ya*
- ☐ Not Sure/ *Tidak Pasti*
- ☐ No/ *Tidak*

7. Have you ever attend a talk about Financial Literacy? *Adakah anda pernah menghadiri ceramah mengenai Pengurusan Kewangan?*

- ☐ Yes/*Ya*
- ☐ Not Sure/ *Tidak Pasti*
- ☐ No/ *Tidak*

Section B: Please choose one answer to the degree to which you agree or disagree with each statement by putting (/) in the box provided.

Bahagian B: Nyatakan satu jawapan bagi menunjukkan darjah persetujuan anda pada kenyataan yang diberikan dengan menandakan (/) di kotak yang disediakan.

Strongly disagree	Disagree	Slightly Agree	Agree	Strongly agree
1	2	3	4	5

1. Nature of peers towards financial literacy.

Kefahaman rakan sebaya terhadap ilmu pengurusan kewangan.

No.	Statement/ <i>Penyataan</i>	1	2	3	4	5
1	My friends are a good example for me when it comes to money management. <i>Rakan-rakan saya adalah contoh yang baik bagi saya dalam soal pengurusan wang.</i>					
2	My friends give me advice about what to do with my finances. <i>Rakan-rakan saya memberi saya nasihat mengenai apa yang harus dilakukan dengan kewangan saya.</i>					
3	My friends encourage me to save money. <i>Rakan saya menggalakkan saya untuk menyimpan wang.</i>					
4	My friends try to teach me how to do budgeting. <i>Rakan saya cuba untuk mengajarkan saya cara untuk menguruskan wang.</i>					
5	My friends told me that financial literacy gives more benefit to me. <i>Rakan saya memberitahu bahawa pengurusan kewangan memberikan banyak faedah kepada saya</i>					
6	My friends showed me their financial planning plan throughout being a student. <i>Rakan saya menunjukkan pelan perancangan kewangan mereka sepanjang menjadi sebagai seorang pelajar.</i>					

7	My friends shared their experience of poor management a long time ago. <i>Rakan saya berkongsi pengalaman terhadap pengurusan mereka yang teruk pada suatu ketika dahulu.</i>					
8	My friends took me to a program that was knowledgeable in managing finance wisely. <i>Rakan saya membawa saya ke program yang berunsurkan ilmu dalam bijak menguruskan kewangan.</i>					
9	My friends encouraged me to make a note on every financial withdrawal against daily or monthly expenses. <i>Rakan saya menggalakkan saya untuk melakukan catatan pada setiap pengeluaran kewangan terhadap perbelanjaan harian atau bulanan.</i>					
10	My friends always remind me of limiting financial use so as not to overdo it when doing expenses. <i>Rakan saya sentiasa mengingatkan saya dalam menghadkan penggunaan kewangan supaya tidak berlebihan ketika melakukan perbelanjaan.</i>					
11	My friends gave me a book on financial literacy. <i>Rakan saya memberi saya buku berkenaan celik kewangan.</i>					
12	My friends revealed the best alternatives in the savings to me as they were able to purchase all the requirements and needs without any wastage or limitations. <i>Rakan saya mendedahkan alternatif yang terbaik dalam penabungan kepada saya seperti mana mereka dapat membeli segala kehendak dan keperluan tanpa berlaku pembaziran atau pengehadan.</i>					
13	My friends challenged me to limit withdrawals in financial consumption for a certain set period of time. <i>Rakan saya memberi cabaran kepada saya untuk menghadkan pengeluaran dalam penggunaan kewangan selama beberapa tempoh yang telah ditetapkan.</i>					
14	My friends invited me to participate in the financial management club held by the relevant parties. <i>Rakan saya mengajak saya untuk ikut serta dalam kelab pengurusan kewangan yang diadakan oleh pihak yang berkenaan.</i>					
15	My friends show purchase receipts collected at each time while spending to make it easier to make calculations in their financial management. <i>Rakan saya menunjukkan resit pembelian yang dikumpul pada setiap kali ketika berbelanja bagi memudahkan untuk</i>					

	<i>membuat pengiraan dalam pengurusan kewangan mereka.</i>					
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2. The level of understanding about financial literacy education among peers.

Tahap kefahaman mengenai ilmu pengurusan kewangan terhadap rakan sebaya.

No.	Statement/ <i>Penyataan</i>	1	2	3	4	5
1	My friends and I know how to maintain financial records for income and expenditure. <i>Saya dan rakan saya tahu bagaimana untuk menyimpan rekod kewangan untuk pendapatan dan perbelanjaan.</i>					
2	My friends and I know how to prepare our own budget weekly and monthly. <i>Saya dan rakan-rakan saya tahu bagaimana menyediakan anggaran sendiri setiap minggu dan bulanan.</i>					
3	My friends and I know that spending less than income is a good thing to do. <i>Saya dan rakan saya tahu bahawa berbelanja kurang daripada pendapatan adalah perkara yang baik untuk dilakukan.</i>					
4	My friends and I already know financial literacy education like savings, debts, investments and others. <i>Saya dan Rakan saya sedia mengetahui bahawa ilmu pengurusan kewangan merangkumi simpanan, hutang, pelaburan dan lain-lain.</i>					
5	My friends and I know that financial literacy education can be used anytime and anywhere. <i>Saya dan rakan saya tahu bahawa pengurusan kewangan dapat digunakan pada bila-bila masa dan di mana sahaja.</i>					
6	My friends and I already know about financial literacy that can make it easy to divide my money to needs and interests. <i>Saya dan rakan saya sedar bahawa pengurusan kewangan yang betul memudahkan untuk saya membahagikan wang kepada keperluan dan kepentingan.</i>					
7	My friends and I save because it is a good thing to do. <i>Saya dan rakan saya menyimpan wang kerana merupakan satu amalan yang mulia.</i>					

8	When my friends and I get money, we always spend it immediately. <i>Apabila saya dan rakan saya memperolehi wang, kami terus membelanjakannya.</i>					
9	My friends and I already know that to save, we need to follow a careful monthly budget. <i>Saya dan rakan saya sudah tahu bahawa untuk berjimat, kita perlu mengikuti anggaran bulanan yang teliti.</i>					
10	With the help of PTPTN loan can ensure stable financial management throughout the title of a student. <i>Dengan bantuan pinjaman PTPTN dapat menjamin pengurusan kewangan yang stabil sepanjang bergelar seorang pelajar.</i>					
11	Savings are not necessarily started with a high value but must be fixed and consistent on a monthly basis. <i>Simpanan yang dilakukan tidak semestinya bermula dengan nilai yang tinggi akan tetapi harus tetap dan konsisten pada setiap bulan.</i>					
12	Credit card ownership reduces a person's purchasing power. <i>Pemilikan kad kredit mengurangkan kuasa beli seseorang.</i>					
13	Do excess expenses when using savings to purchase daily needs. <i>Melakukan lebihan dalam perbelanjaan apabila menggunakan simpanan untuk membeli keperluan harian.</i>					
14	Spending on goods in debt will reduce purchasing power in the future. <i>Membuat perbelanjaan barangan secara berhutang akan mengurangkan kuasa beli pada masa hadapan.</i>					
15	Rising prices of goods reduce purchasing power. <i>Kenaikan harga barang mengurangkan kuasa beli.</i>					

16	The money saved can be worth more than double after 10 years. <i>Wang yang disimpan boleh bernilai lebih daripada dua kali ganda selepas 10 tahun.</i>					
17	The interest rate charged will affect the value of the savings in the future. <i>Kadar faedah yang dikenakan akan mempengaruhi nilai simpanan pada masa akan datang.</i>					
18	All forms of investment always provide profit. <i>Semua bentuk pelaburan sentiasa memberikan keuntungan.</i>					
19	A person should apply for life insurance to protect self from financial burdens. <i>Seseorang perlu memohon insurans nyawa bagi melindungi diri sendiri daripada bebanan kewangan.</i>					
20	Families should have emergency savings as a precaution in which savings of at least 3 months income from the family. <i>Keluarga perlu mempunyai simpanan kecemasan sebagai langkah berjaga-jaga di mana simpanan sekurang-kurangnya 3 bulan pendapatan daripada keluarga.</i>					

3. Peer influences on financial literacy.

Pengaruh rakan sebaya terhadap pengurusan kewangan.

No.	Statement/ <i>Penyataan</i>	1	2	3	4	5
1	I always spend my leisure time with my peers. <i>Saya selalu menghabiskan masa lapang dengan rakan sebaya.</i>					
2	I provide the best financial protection for myself with my friends. <i>Saya memberikan perlindungan kewangan terbaik untuk diri saya dengan rakan-rakan saya.</i>					
3	I put needs above wants with my peers. <i>Saya meletakkan keperluan melebihi kehendak dengan rakan sebaya.</i>					
4	I always set financial goals about how to spend money and discuss it with my peers. <i>Saya selalu menetapkan matlamat kewangan mengenai bagaimana membelanjakan wang dan membincangkannya dengan rakan sebaya.</i>					
5	I always compare the prices when purchasing with my peers. <i>Saya selalu membandingkan harga ketika membeli dengan rakan sebaya.</i>					
6	I enjoy talking to my peers about money management issues such as taxes, investing, credit cards and others. <i>Saya senang bercakap dengan rakan sebaya mengenai masalah pengurusan wang seperti cukai, pelaburan, kad kredit dan lain-lain.</i>					
7	I always read and search the information with my peers to increase financial knowledge. <i>Saya selalu membaca dan mencari maklumat dengan rakan sebaya untuk menambah pengetahuan kewangan.</i>					

8	I and my peers always make initial preparations to buy taking into account the amount required. <i>Saya dan rakan sebaya selalu membuat persiapan awal untuk membeli dengan mengambil kira jumlah yang diperlukan.</i>					
9	I often consider the real necessity with my peers before making a purchase. <i>Saya sering mempertimbangkan keperluan sebenar dengan rakan sebaya sebelum membuat pembelian.</i>					
10	I am always involved in finance activities with peers. <i>Saya selalu terlibat dengan aktiviti kewangan dengan rakan saya.</i>					
11	I always compare the amount of savings and spending with peers. <i>Saya selalu membandingkan jumlah simpanan bersama rakan saya.</i>					
12	I always see some of my peers regularly do savings with a savings account. <i>Saya selalu melihat sebilangan rakan sebaya saya melakukan simpanan dengan akaun simpanan.</i>					
13	I and my peers are literate in making good financial decisions and can indirectly improve financial well-being. <i>Saya dan rakan sebaya celik dalam membuat keputusan kewangan yang baik dan secara tidak langsung dapat meningkatkan kesejahteraan kewangan.</i>					
14	I and my peers partly spend part of the income and partly to save. <i>Saya dan rakan sebaya menghabiskan sebahagian pendapatan dan sebahagian untuk menabung.</i>					

15	<p>Students will be more easily influenced if financial literacy is promoted through peers.</p> <p><i>Pelajar akan lebih mudah terpengaruh sekiranya pengurusan kewangan dipromosikan oleh rakan sebaya.</i></p>					
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APPENDIX B – Gantt Chart

RESEARCH TIME LINE FINAL YEAR PROJECT 2021/2022

Month/ Research Activity	March			April				May				June				October				November				December				January	
	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2
Proposal/ Draft for research																													
Literature Reviews																													
Research Method																													
Data collection																													
Data analysis																													
Discussion for Research																													
Report writing / Revision																													
Report Submission (Part 1)																													
Discussion within research																													
Distribute questionnaire																													
SPSS analysis																													
SPSS Result and discussion																													
Data and information analysis																													
Discussion for research result																													
Report writing																													
Draft Report Submission (Part II)																													
Overall report proposal																													