FACTORS AFFECTING SAVINGS AND INVESTMENT DECISIONS OF MALAYSIAN YOUTH

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DECLARATION

We hereby declare that:

(1) This undergraduate FYP is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.

(2) No portion of this FYP has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

(3) Equal contribution has been made by each group member in completing the FYP.

(4) The word count of this research report is 15753 words.

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LIST OF ABBREVIATIONS

FL   Financial Literacy

LOC   Locus of Control

PI   Peer Influence

PS   Parental Socialization

SAID   Savings and Investment Decisions

SPSS   Statistical Package for the Social Sciences

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ABSTRACT

The objective of this study is to explore the factors affecting the savings and investment decisions of Malaysian Youth. Furthermore, the four independent variables, which are financial literacy, peer influence, parental socialization and locus of control, have been chosen to see whether they are associated with the savings and investment decisions, which is the dependent variable. In this study, 386 copies of the Google Form survey were distributed to Malaysian Youth. IBM SPSS Statistics 26 was used to analyze and interpret the data collected from the Google Form survey. The data were analyzed using descriptive analysis and inferential analysis. The results of this study showed that savings and investment decisions were affected by financial literacy, peer influence, parental socialization and locus of control. Last but not least, limitations and recommendations for future research were discussed in later chapters.

CHAPTER 1: RESEARCH OVERVIEW

1.0 Introduction

This chapter is the research overview of this study. It includes the summary of researchers through a few subtopics, which are the background of the study, problem statement, research objectives, research questions, and significance of the study.

1.1 Background of the Study

Over the years, most people have been suffering from the COVID-19 pandemic. There have always been unexpected situations in Malaysia, such as Movement Control Orders (MCO) and political unrest. Due to the pandemic COVID-19, most people who decide to invest and save have been influenced by it. After this happened, people began to pay attention and understand the importance of savings and investing for the future. Savings play a critical role in economic development and growth. In other words, savings can also be a factor in boosting a country's economic growth. According to Domar (1946), the rate at which a country's economy grows depends on the ability of its people because as people save more, the rate of investment increases, boosting the country's economic growth. When the amount of savings increases, the investment rate also increases. Therefore, this will help the country's economic growth. In addition, many youths are spending more than savings. Because if their savings are too low, they cannot cope with emergencies. It will cause people's health problems when youth cannot solve crises due to insufficient emergency savings (Prawitz et al., 2006).

However, schools and parents have been in the habit of savings from an early age. Unfortunately, in CEIC data surveys conducted by Malaysians over the past few years, the results indicate that the savings rate of Malaysians has declined. The highest value was 37.7% on 3rd January 2011, and the lowest value was 22.8% on 3rd January 2020 (CEIC Data, 2021a). In Malaysia today, this is not just because Malaysians lack the knowledge to save money. Other factors include Malaysians' over-reliance on credit cards, lack of expectation of daily expenses, overspending, low salary, and lack of money knowledge. These factors will lead them to take on more and more debt and loans. According to the Malaysian Department of Insolvency (2019), about 60 people are declared bankrupt every day, most youth aged 18 and 35. The most important factor that causes teenagers to fail to save is that their savings have been used to cover their daily living costs and other economic chains, such as household, business, and government savings (EPF and Perkeso). Many students borrow money for their education, such as PTPTN. Because there is no deposit, there is a lack of funds, and it is easy to fall into debt that youth cannot repay. Although these expenditures may seem insignificant, they are closely linked because they all consume the money that has been saved.

When savings fall, the government does not have enough money to invest in social programs and physical infrastructure. The government would use these financial assets to invest and enrich the country by increasing productivity and economic growth. According to Mahdzan and Tabiani (2013), high savings can help governments respond to economic recessions or financial crises, avoid shocks, and improve well-being in significant ways. In addition, savings can improve one's living standard and cope with new opportunities. In short, personal savings benefit families and the country as a whole. Therefore, it is essential to understand the factors that influence individual savings behaviour, which is critical to sustaining economic growth.

Moreover, an investment is a fund and refers to the hope of making profits in the future. People can choose to invest in the long term or the short term. The long-term investment is to invest in materials or assets such as land, property, vehicles, and capital for the long term. Short-term investments are liquid assets such as cash,

accounts receivable, inventories, and securities (Kusumaningrum et al., 2019). Before investing and choosing long-term investments, investors should consider some issues that may affect the investment results. For example, never finance with emotions because people may make illogical decisions due to their feelings when they make decisions. Many youths cause significant losses due to their impulsive decision-making (Suhaimi et al., 2016). At the same time, many factors need to be considered in selecting investment projects because differences will also affect the investment results. Whether the information investors look for when investing is generally applicable to all industries or whether the information they investigate is correct. The channels through which youth invest also play a crucial role. Therefore, when youths invest in this aspect, they must research enough accurate information to minimize risks. In Malaysia, the investment share of Nominal GDP data is an average ratio of 25.3 from March 1991 to September 2021 (CEIC Data, 2021b).

1.2 Problem Statement

Malaysia has reported that bankruptcy has a negative impact on individuals, partnerships and companies not being able to pay or meet their debts. Otherwise, many companies and businesses face debt recovery problems as those debtors still delay their outstanding payments due to the economic effects (Wong & Fung, 2020). Moreover, bankruptcy negatively impacts individuals because youths who have just started working cannot commit to many monthly car instalments after the Movement Control Order (MCO) is over (Welsh & Cheng, 2020). If the individuals lack some knowledge in managing their debt, there is not sufficient income to cover their debt.

With proper money management by an individual, they know how to manage their money well in terms of savings and investment. According to Ismail et al. (2020), if individuals do not manage their money well and fail in managing their money, they will face some problems such as bankruptcy. According to Bernama (2020), about 945 youths in Malaysia are facing bankruptcy. Most bankruptcy cases involve

individuals aged between 18 and 35 years old. This is because the youth did not have proper financial planning and due to the MCO at the same time. Regarding the Prime Minister's Department (JPM), Datuk Seri Azalina Othman, individuals under the age of 25 where all the bankruptcy cases happened are due to the failure to settle vehicle purchase loans, personal loans, education loans and housing loans. About 84,450 Malaysians were declared bankrupt between 2015 and 2019. From the Insolvency Department's figure, people below 34 years old make up 26% of bankruptcy cases (Athirah, 2020). Moreover, the Assistant Governor, Nazrul Hisham Mohd Noh from Bank Negara Malaysia, concluded that in 2018, around 47% of youth had high credit card debt, which indicates that they might not have enough savings. Hence, they need to use a credit card to overcome their cash flow in daily life. As a result, it is significant that financial literacy among Malaysian youth is still lacking. Lack of financial literacy will lead to poor financial decisions, such as not having savings and investment decisions. Moreover, being hit by an unpredictable event such as COVID-19 will significantly impact Malaysians in the economy.

Moreover, the educational loan, which is PTPTN, was introduced in 1997 in Malaysia where PTPTN is to provide more opportunities to more students, and the repayment problem for the PTPTN loan is still huge where more than half of the borrowers are defaulting currently. Based on the current percentage of the loan repayment, about 49% had paid back their debt, while 51% are still not paying back their debt. Otherwise, only 32.5% of the RM56 billion that was disbursed by PTPTN has been repaid in full by the borrower (Syahirah, 2019). As the problem mostly comes from youth below the age of 30, this is alarming that the level of financial literacy among Malaysians is still lacking. In order to help youth to manage their financial problems, the factors that affect the savings and investment decisions of Malaysian youth should be determined first. Some factors may influence the savings and investment decisions of Malaysian youth. Hence, this study examines the factors that significantly affect the savings and investment decisions of Malaysian youth.

Furthermore, it is considered Malaysian youth aged from 15 to 30 years old (Yunus & Landau, 2019). According to "Youth Societies" (2019), the explanatory statement stated that the bill seeks to amend the Youth Societies and Youth Development Act 2007 [Act 668] to lower the maximum age limit in the definition of "youth" from forty years old to thirty years old. Most researchers have reported that financial literacy can influence financial behaviour in terms of individuals' savings and investment decisions (Lusardi & Mitchell, 2014). On the other hand, some research has found that individuals with a higher knowledge of finance will have better savings and investment decisions (Potrich et al., 2015).

Through this project, it may contribute to better financial planning for youth in Malaysia, as they will understand the factors that potentially influence savings and investment decisions. After they thoroughly understand the potential factors, it is believed that the youths may manage their financial planning and debt well. This research chooses to study the Factors Affecting Savings And Investment Decisions Of Malaysian Youth to focus on the dependent variable, which are the savings and investment decisions of Malaysian youth. This study wants to investigate what are the factors that affect it. Moreover, financial literacy, peer influence, parental socialization and locus of control are the utmost factors that affect the savings and investment decisions of Malaysian youth. Hence, this research would like to investigate whether there is a significant relationship between the dependent variable and independent variables.

1.3 Research Objectives

1.3.1 General Research Objective

The general objective of this research is to identify the relationships between the factors towards savings and investment decisions of Malaysian youth.

1.3.2 Specific Research Objectives

i. To determine the relationship between financial literacy towards savings and investment decisions of Malaysian youth.

ii. To analyze the relationship between peer influence towards savings and investment decisions of Malaysian youth.

iii. To investigate the relationship between parental socialization towards savings and investment decisions of Malaysian youth.

iv. To identify the relationship between locus of control towards savings and investment decisions of Malaysian youth.

1.4 Research Questions

1.4.1 General Research Question

The general question of this research is what are the relationships between the factors towards savings and investment decisions of Malaysian youth.

1.4.2 Specific Research Questions

i.   What is the relationship between financial literacy towards savings and investment decisions of Malaysian youth?

ii. What is the relationship between peer influence towards savings and investment decisions of Malaysian youth?

iii. What is the relationship between parental socialization towards savings and investment decisions of Malaysian youth?

iv. What is the relationship between locus of control towards savings and investment decisions of Malaysian youth?

1.5 Significance of Study

This research focuses on the determinants that influence the savings and investment decisions of Malaysian youth. This research explores the relationship between the factors, which include financial literacy, peer influence, parental socialization as

well as locus of control, and the savings and investment decisions of Malaysian youth.

According to The Malaysian Insider (2015), a survey by the Asian Institute of Finance reflected that Malaysians who range from 20 to 33 years old have been suffering from financial stress, with many of them living on the financial edge and borrowing from loans. In addition, the financial literacy rate among youth below the age of 35 in Malaysia falls below the average (Kuek, 2020). This reveals that even though the majority of youth are technologically savvy, however, they may lose control of their spending due to the lack of awareness of financial planning. Thus, this research may act as a reference for youth to understand the elements influencing their savings and investment decisions. It is believed that this research is able to contribute to better financial planning and well management of debt from the youth after they have a thorough understanding of the potential factors that affect savings and investment decisions.

Besides, this study also may assist policymakers in figuring out appropriate schemes or incentives to enhance savings and investment activities from the youth. The policymakers can focus on the elements discussed in this research that potentially impact the savings and investment decisions in order to accelerate more savings and investment activities. For an illustration, policymakers may increase Malaysian youths' pocket money by providing incentives in monetary terms to enhance more investment activities from them. This may aid in economic growth due to the high liquidity of funds in the market. Not only that, but Malaysia's GDP also can be improved, as the debt of youth may reduce due to their better financial planning.

Additionally, this study may give valuable insight to the Ministry of Education on the road to promoting financial literacy among youth. Nazrul Hisyam Mohd Noh, Assistant Governor of Bank Negara Malaysia, pointed out that 47% of Malaysian youth faced high credit card debt (Athirah, 2020). This may result from the lack of financial literacy among youth, leading them to overspend and make poor financial decisions. Therefore, the relevant government department may consider adding the related personal financial planning courses into the syllabus to prepare students to

be able to develop proper financial planning in the future after taking this study as a reference.

1.6 Conclusion

This chapter gives readers a clear view of the potential factors that might influence the savings and investment decisions of Malaysian youth. The research plans to contribute to better financial planning for Malaysian youth since the youths may have less awareness about savings and investment decisions. As a result, this research explains the background of this study and the Factors Affecting Savings And Investment Decisions Of Malaysian Youth.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

This chapter contains a few relevant theoretical models related to the dependent variable (savings and investment decisions) and the independent variables (financial literacy, peer influence, parental socialization, and locus of control). Furthermore, this chapter also review the literature on each variable. Lastly, the proposed conceptual framework and hypothesis development of this research have been included as well.

2.1 Review of Relevant Theoretical Model

2.1.1 Theory of Planned Behaviour

According to Asare (2015), Icek Ajzen is the person who developed the theory of planned behaviour. Moreover, the theory of planned behaviour is considered a type of cognitive theory (Brookes, 2021). The cognitive theory is a theory that focuses on human thought to explain human behaviour (Fritscher, 2020). In general, the purpose of the theory of planned behaviour is to predict and explain human behaviour across a wide variety of different types of behaviours (Ajzen, 2011). In the theory of planned behaviour, three variables are used to explain human behaviour, including personal attitudes, subjective norms and perceived behavioural control (Brookes, 2021). In this study, the theory of planned behaviour is adapted to explain how three independent variables, namely financial literacy, peer influence and parental socialization, influence savings behaviour (Kamarudin & Hashim, 2018).

It is known that there are three components under the theory of planned behaviour, which are personal attitudes, subjective norms and perceived behavioural control. In terms of financial literacy, perceived behavioural control is suitable for explaining how financial literacy affects investment and savings decisions. Perceived behavioural control refers to a person's feeling about whether it is easy or difficult for them to perform a behaviour (Ajzen, 1991). In other words, whether an individual has the ability to perform a particular behaviour. An individual will tend to perform a task when they know how to perform it and are able to control the controllable situation. The same goes for investment and savings decisions. It is believed that when an individual has fundamental knowledge of economic concepts such as interest rate, time value of money, or inflation which reflects that individual possesses a certain level of financial literacy, they tend to engage in investment and savings activities. This is because they can predict the outcome of behaviour, respond to the changing market situation, and take preventive action to prevent loss. For instance, a person with a high financial literacy level may understand what factors influence the interest rate movement. In turn, they can predict the interest rate movement in the future and know what action should be taken for their best interests.

Furthermore, peer influence is under subjective norms of theory of planned behaviour. It is used to explain the influence of the thoughts and actions of the majority of people around you on one's beliefs. Beliefs about whether a person's plan of action is approved or opposed to such action can be changed by the opinions of those around them. According to this theory of planned behaviour, peer influence affects savings and investment decisions of Malaysian youth. It has to do with a person's beliefs about whether his partner and significant other think he or she should engage in this behaviour (Boston University, n.d.). According to the Elisabeth (2021), theory of planned behaviour has a strength with peer influence and is a significant in both initiation and maintenance of behaviour.

Last but not least, since the theory of planned behaviour uses subjective norms to explain human behaviour, the theory of planned behaviour is adapted to explain how parental socialization influences savings behaviour. Subjective norms refer to how people perceive others' thoughts about a particular behaviour (Brookes, 2021). Hence, this study can use the theory of planned behaviour to explain how parental socialization affects Malaysian youth's savings and investment decisions. According to Alekam et al. (2018), parental behaviour significantly affects children's awareness, attitudes and financial behaviour. If parents show good role models to their children from a young age, they are more likely to behave well because children will tend to observe and replicate their parents' behaviour. For example, suppose parents usually make wise savings and investing decisions. In that case, their children will perceive their parents' thoughts about savings and investing behaviour. They are more likely to make smart savings and investing decisions because children will tend to observe and replicate their parents' behaviour.

2.1.2 Behavioural Life-cycle Theory

The behavioural life-cycle theory is one of the theories that will be applied in this research. This theory was developed by Franco Modigliani and his student Richard Brumberg in 1957 (Deaton, 2005). The behavioural life-cycle theory talks about the process of increasing and decreasing assets throughout the lifetime. It emphasizes the importance of mental accounting and self-control in savings decisions. Furthermore, Shefrin and Thaler (1988) stated that an individual's financial behaviour in their daily life is determined by their ability to control and the costs connected to existing exercises such as self-control on their financial behaviour. This is applied to researchers as they investigate that people with low self-control as they are likely to be involved with credit problems and debt issues (Stromback et al., 2017).

Otherwise, the essential motive for behavioural life-cycle theory is individuals putting their money into savings and using it in the future for retirement. The hypothesis of behavioural life-cycle theory starts with the observation of unequal consumption needs and income in an individual's life cycle ("Life Cycle," 2022). The behavioural life-cycle theory has certain stages in which individuals will decrease the number of their assets because they will spend more on things such as education or family needs than they receive in the first stage. However, when individuals' income has risen, and at the same time, their expenses remain the same or do not rise so much in the middle of the stage. In the last stage, they can make a savings and investment decision for retirement in the future (Juneja, n.d.). Hence, self-control or locus of control has been included in the behavioural life-cycle theory because it gives the individual choice of how they save money in different stages.

The behavioural life-cycle theory is vital to this study. This theory needs to be applied on one of the independent variables which is the locus of control. As mentioned above, locus of control has been included in the behavioural life-cycle. By applying this theory in this research is to know whether the locus of control is significant to this study.

2.2 Review of the Literature

2.2.1 Dependent Variable - Savings and Investment Decisions

The keyword "savings" had a variety of meanings and explanations. According to Ismail et al. (2020), savings refers to the balance of the amount from an individual after having deducted their cost of spending from the disposable income. Otherwise, savings also can be defined as a net surplus of the money from an individual, which is the amount after deducting all the expenses that have been paid out (Chalimah et al., 2019). Savings will occur if the individual can set aside some money from their income rather than

overspending the money. Furthermore, savings also means sacrificing the current consumption of an individual for the purpose of raising living standards in the future (Ismail et al., 2020). Hence, savings behaviour will be the combination of the perceptions of future needs, perceptions of savings decisions, and perceptions of savings action.

Moreover, many individuals will have savings behaviour for the major source of their retirement funds because if individuals never have the savings action during their golden years, it will lead to poor retirement satisfaction (Joulfaian, 2018). Hence, retirement planning will motivate the individual to make some savings and investment for their future life. The higher the level in terms of savings, the means it will encourage the level of investment (Ribaj & Mexhuani, 2021).

The higher the level in terms of savings, the means it will generate the investment where the investment can be in terms of capital, stock market, insurance or mutual funds (Chitra & Aruna, 2019). Capital is to be used by individuals by lending to others in the future where the individual will buy the house in the current year and sell it in the future (Chitra & Aruna, 2019). Making an investment such as a stock market, insurance, or mutual fund is much better as the money that has been invested can earn back the return. According to Chitra and Aruna (2019), every individual or investor's major objective is an investment where their current savings today will have been used to pay for the future when they have invested.

People will invest to earn more money from the gain of the return on investment (Syed et al., 2017). Hence, when the individual has saved money as an investment or purchased the capital as an investment, they will use the earning income or the capital appreciation in the future to create wealth. Hence, people are likely to make a savings by investing by putting their money into the bank account, earning some extra return. In short, investment contrasts with savings, where you usually will get your money back with some interest when you invest.

Savings behaviour and investment decisions is a very important role for all individuals in retirement and avoiding bankruptcy (Farrar et al., 2018). Bankruptcy will happen due to the individuals still lacking financial planning in terms of savings and investment behaviour. Individuals who have no proper savings and investment planning will have difficulties in the future (Farrar et al., 2018). According to Bernama (2020), about 945 of the youths in Malaysia aged between 18 and 35 years are facing bankruptcy. This is because the youth did not have proper financial planning and due to the MCO at the same time.

Since Malaysia's youth are still lacking financial planning in terms of savings and investment behaviour. Hence, Malaysia's government needs to implement the savings and investment decision for all individuals, especially the youth, about the importance of savings money so they can manage financial management issues before going into bankruptcy.

2.2.2 Independent Variable - Financial Literacy

By definition, financial literacy refers to one's understanding of economic concepts, which are interest rate, risk diversification and inflation (Lusardi & Mitchell, 2011). According to Mokaya (2018), the degree of understanding of these economic concepts determines people's ability to make an investment decision and is reflected through practices. For instance, if one is able to analyse the impact of interest rate on investment decisions indicates that they have a thorough understanding of the basic economic concept.

Oteng (2019) opined that financial literacy and investment decision are positively correlated to each other. Oteng (2019) concluded that one's capability to make good investment decisions depends on the financial literacy level. The same result from Fong et al. (2021), their findings also

found that financial literacy is positively correlated with investment skills. On the other hand, Murendo and Mutsonziwa (2017) found that financial literacy and savings behaviour are positively correlated to each other. According to their econometric results, the increase in the financial literacy level increases the tendency of people from both urban and rural areas to save. According to Pangestu and Karnadi (2020), the empirical result showed that financial literacy is positively correlated with savings decisions. This can be explained as when an individual possesses proper financial knowledge and able to perform appropriate action in reality tend to save more money.

The empirical result from Lee et al. (2019) found a positive and significant relationship between financial literacy and personal financial planning, which is in line with the empirical result from past researchers. According to the multiple regression model result, the p-value of the independent variable that is less than 0.05 indicates that the model is significant. Results demonstrated that financial literacy has a p-value of 0.043, which is less than 0.05, reflecting that financial literacy is significant and positively correlated to financial planning.

However, in the study conducted by Grohmann (2018), the research did not find out any significant relationship between financial literacy and investment. According to the empirical result, Grohmann (2018) opined that income level and assets are more likely to be the main drivers of stock market participation.

Individuals with a certain level of financial literacy will be concerned about the movement of interest rate when making investment and savings decisions as they clearly understand it will affect their cash flow and return. Thus, the interest rate will have an impact on investment and savings decisions. According to Mushtaq and Siddiqui (2017), the interest rate positively correlates with bank deposits in the long and short run. Furthermore, Latsos and Schnabl (2021) found out that the monetary policy through the interest rate channel has a positive impact on household savings

rates. The finding revealed that the household savings rate as percent of GDP decreases by 0.43 percentage points when the interest rate decreases by one percentage point. They believed that the return from the deposit would reduce when the interest rate decreases, leading to the incapability of the household to save more due to the decrease in return. Additionally, a decrease in interest rate will discourage savings since the falling interest rate pushes the depositor who depends on interest payment to withdraw their deposit.

Meanwhile, Mushtaq and Siddiqui (2017) stated that interest rate has an insignificant relationship with bank deposits in Muslim countries. This is due to the reason that the interest rate is prohibited in Islamic law, so the people in Muslim countries would not take into consideration of the interest rate movement when depositing.

2.2.3 Independent Variable - Peer Influence

According to Danial et al. (2020), except for parental influence, peer influence also significantly impacts the savings behaviour of youth. According to the research of Bristol and Mangleburg (2005), peer influence refers to the degree to which peers influence a person's psychology, thoughts, and behaviour. In the process of social communication, peers' communication on financial issues and consumption tendency will also influence their savings behaviour and decisions. Besides that, according to Cassandra's research, 93% of parents today claim their children affect family and household expenditures, implying that these youths account for a considerable share of overall market spending. The research from Jamal et al. (2018) has mentioned that families and peers play an important role in influencing personal financial literacy because they influence knowledge about financial literacy, especially for the younger generation. This can

directly affect their understanding of finance and financial planning, sustainable wealth accumulation and better financial decisions.

Moreover, Team GD Ideas (2021) also stated that social media also influence youths and listen to the different worldviews and perspectives of social media influencers. By observing their comments, people can save money and avoid lousy spending simultaneously. For example, by discussing money management issues, spending their leisure time, and engaging in consumer activities, they will become less rely on their parents and more oriented toward the peer and adult world (Juliana et al., 2021). Furthermore, Fromm (2018) has stated that the main element affecting the behaviour of Generation Z are the influence formed by their closest peers and parents. There is evidence that peer influence affects children's savings behaviour (Kamarudin & Hashim, 2018).

On the contrary, according to a survey from Juliana and Amirul (2020), the results showed that parental socialization, financial knowledge and peer influence significantly affect students' savings behaviour. In 2018, Malaysian household debt was 83% of gross domestic product (GDP). Hence, most households are unprepared for retirement, they do not save enough. Meanwhile, young people in emerging countries are reported to be the leading group in financial trouble. Based on the theory of planned behaviour, peer influence can also affect an individual's propensity to save due to differences in financial knowledge and self-control. However, the peer has some similarities, such as age, status, and working experience. Their actual investment parameters and ability to tolerate change are unique to them, and their investment, savings plan, and portfolio should be designed to refer to their background (Dangol & Maharjan, 2018).

Similarly, according to Dangol and Maharjan's (2018) study, parents' financial education has a significant relationship with savings behaviour. Parents' encouragement of savings has a substantial influence on savings

behaviour. Therefore, receiving financial education from parents can lead to good savings behaviour.

In conclusion, the results showed that savings behaviour, parental socialization and peer influence were positively correlated with financial literacy. Higher education sectors such as the Ministry of Education can do this by increasing personal finance management and encouraging more savings rather than spending too much money on unnecessary items. Parents have always played a central role in encouraging their children to save or invest, as Rahim et al. (2017) explained. Additionally, Robin and Djanuarko (2021) stated that savings behaviour plays an essential role in promoting community economic growth. The community's strong savings culture will create capital in the official banking system and encourage access to fresh capital to help power the community's economy. The money gathered gives business development financing to other communities in need of cash through credit channels. According to their research results, peer influence and other independent variables significantly positively impact dependent variable savings behaviour. Peer influence was statistically significant and positively correlated with financial literacy (Jamal et al, 2018). Moreover, social communication with peers discussing money management and economic issues help in making better financial decisions and perfect results because two heads are better than one.

2.2.4 Independent Variable - Parental Socialization

In practice, parental socialization does not refer to a specific set of parenting practices but is defined as an emotional context or atmosphere. It means that each parent's personal practices, such as affect, communication, strictness, and so on, will shape a different emotional context or atmosphere, which will have different implications for their children so that children may interpret different meanings (Axpe et al., 2019). According to Dangol and

Maharjan (2018), parental socialization is a factor that will influence the savings behaviour of the youth. Empirical evidence shows that parents can develop good savings behaviour in their children (Kamarudin & Hashim, 2018). The same result from Junaid et al. (2018), their research found that parents can develop their children's skills that are imperative for savings. Moreover, Chalimah et al. (2019) found a significant positive relationship between parental socialization towards savings behaviour.

Dharmarathna and Kumari (2021) stated that the first teacher of a child is the parent because the child is in contact with the parent every day, and every gesture and behaviour of the parent, and even every word the parent says, will be the first knowledge the child gets. Therefore, the children will have a strong impression and usually learn the habitual patterns from their parents. There is practical evidence that parents play a significant role in encouraging their children to save (Junaid et al., 2018). According to Dangol and Maharjan (2018), parents' educational backgrounds and children's savings and investment behaviours are also closely related because different types of parental educational backgrounds reflect different parental socialization, which in turn affects children's savings and investment behaviours. Highly educated parents are more likely can educate their children about the right way of savings and investment behaviours because they are more likely to know how to deal with financial problems (Manfrè, 2019).

In the research conducted by Dangol and Maharjan (2018), they found that different methods of parental financial teaching will shape different parental socialization. Parental financial teaching consists of parental modelling, discussion and coaching, habit formation and providing independence. Junaid et al. (2018) stated that there are two types of parents. The first type of parent is always trying to protect their children from different financial difficulties and responsibilities. This type of parent does not involve their children in different financial issues discussions. The second type of parent is always trying to educate their children about different financial issues

because they think it is essential for them to know about different financial problems. Hence, the children are more likely to manage their budget and increase their savings to have the ability to deal with financial issues. Moreover, Junaid et al. (2018) stated that parents' discussion and guidance on financial issues would influence the savings behaviour of their children. Therefore, parents should educate the right way of financial teaching to their children to help them improve their financial awareness and develop good savings behaviour.

Furthermore, Juliana et al. (2021) discovered children tended to observe and replicate their parents' behaviour, so parental socialization was more effective than financial literacy. The empirical result from Alvarez and Tippins (2019) found that individuals who have experienced parental socialization through a set of good parental financial teaching during childhood will establish wise savings and investment behaviours and reduce the likelihood of making wrong savings and investing decisions. Therefore, those individuals would be more assertive in savings and investment decisions. However, the individuals who experienced parental socialization through poor parental financial teaching during childhood, youth, and adult life may lead to financial issues at later stages of the life cycle (Legenzova et al., 2019). There is practical evidence that parental socialization through good parental financial teaching increases an individual's willingness to save in adulthood (Angela & Pamungkas, 2022). Last but not least, Sari and Isnurhadi (2021) stated that parental socialization has a significantly positive effect on savings behaviour.

2.2.5 Independent Variable - Locus of Control

Locus of control is a phycological construct introduced and originated over 50 years ago from a social learning theory. Locus of control can be counted as one of the most researched psychological concepts. It indicates that it

significantly impacts how individuals decide their choices in any situation (Francis & Ambilikumar, 2021).

According to Rotter 1966 (as cited in Francis & Ambilikumar, 2021), reinforcement depends entirely on a personal decision. It is always perceived as the product of luck, different circumstances, destiny, or unforeseen situations due to forces surrounding him. When an individual interprets an experience in this manner, we refer to this individual as a belief in external control. The individual believes that all the events that happen are beyond his control. On the contrary, researchers addressed an individual as an internal control if his actions determine the outcomes.

Julian B. Rotter initially developed a locus of control in the 1950s (Francis & Ambilikumar, 2021). Locus of control is significant to individuals as it explains a positive individual belief to ensure the goals are being achieved. Therefore, locus of control may indirectly affect savings behaviour through different motives (Bucciol & Trucchi, 2021). In research from Bucciol and Trucchi (2021), locus with control can be related to savings and investment decisions. On the one hand, individuals with an internal locus of control may have specific targets and planning, such as buying a brand-new car or just having a general target such as being financially independent. On the other hand, individuals with an internal locus of control believe that they will be controlled for future event outcomes and less exposed to uncertain events.

According to Radiant et al. (2021), the higher the locus of control of an individual, the more they can show the right financial attitudes such as savings and investment decisions. As a result, when individuals can make savings and investment decisions and are responsible for managing their finances, they are more likely to portray good financial attitudes and behaviours. This individual can control their expenses, and they can control themselves well too. Moreover, if an individual has a higher ability to overcome financial obstacles, they have better thinking in making appropriate financial decisions such as savings and investment decisions for

themselves. In short, locus of control is important for individuals to achieve their long-term goals (Piotrowska, 2019).

According to Salamanca et al. (2020), internal and external control can be measured based on the exact measurement. The measurement for the locus of control included seven items from the subscale developed by Furnham (1986). The questions were measured on a 7-point Likert scale from completely disagree (1) to completely agree (7).

Moreover, research from Rasyid et al. (2018) mentioned that locus of control can affect investment decisions. Based on the results of the hypothesis testing in this study, the locus of control has a positive and significant relationship with investment decisions. The result was in line with the research of Arifin et al. (2018), who also concluded that locus of control has a significant relationship with financial management behaviour. Furthermore, Peetz et al. (2021) also stated that locus of control predicted the savings decision among individuals.

Masdupi and Rasyid (2020) discovered that the relationship between locus of control and financial behaviour such as savings and investment decisions remains inconsistent. Thus, this study attempts to provide an alternative to fill the research gap, which is the relationship between locus of control and savings and investment decisions remains inconsistent.

2.3 Proposed Conceptual Framework

Sources: Development for the research

Figure 2.1. Proposed Conceptual Framework

The figure 2.1 displays the factors that influence the savings and investment decisions. Based on figure 2.1, the study's theoretical framework showing the relationship between dependent variable and independent variables. The dependent variable is savings and investment decisions while the independent variables are financial literacy, peer influence, parental socialization and locus of control.

2.4 Hypothesis Development

Below is to present the relationships between the dependent variable which is savings and investment decisions of Malaysian youth and independent variables which include financial literacy, peer influence, parental socialization and locus of control.

2.4.1 Financial Literacy (FL)

H0: There is no significant relationship between financial literacy and savings and investment decisions.

H1: There is a significant relationship between financial literacy and savings and investment decisions.

2.4.2 Peer Influence (PL)

H0: There is no significant relationship between peer influence and savings and investment decisions.

H1: There is a significant relationship between peer influence and savings and investment decisions.

2.4.3 Parental Socialization (PS)

H0: There is no significant relationship between parental socialization and savings and investment decisions.

H1: There is a significant relationship between parental socialization and savings and investment decisions.

2.4.4 Locus of Control (LOC)

H0: There is no significant relationship between locus of control and savings and investment decisions.

H1: There is a significant relationship between locus of control and savings and investment decisions.

2.5 Conclusion

According to the theoretical models and literature reviews of each variable, the independent variables used to test the savings and investment decisions in this research are financial literacy, parental socialization, peer influence, and locus of control. The proposed conceptual framework is built based on the understanding of past researchers.

CHAPTER 3: METHODOLOGY

3.0 Introduction

This chapter discusses the research method. The period of the collection of data for this research is on June 2022. The collection method of this research is to conduct online questionnaires to respondents. Besides, this chapter includes 5 subtopics.

3.1 Research Design

This study has used the method of quantitative research to describe, test and investigate the Factors Affecting Savings And Investment Decisions Of Malaysian Youth within a target population as it allows researchers to better identify the target population by measuring their varied reactions and behaviour. The quantitative method is that researchers need to process by surveying the respondents, and the data may need to convert from words to numbers, and researchers can use statistical analysis to answer the research questions (Bhandari, 2020). Hence, quantitative research methods can be developed by using the ordinal scale ("Collecting Primary Data," 2021). This research can be collected by using primary data (Hox & Boeije, 2005). The self-administered survey questionnaire will be used in primary data research since it is easy to administer (Jong, 2016).

For this research, Multiple Choice Questions will be used in questionnaires where the survey is given to the respondent with multiple answer options. There are two types of multiple-choice questions, either single answers or multiple answers ("Multiple Choice Questions," n.d.). Multiple Choice Questions can be giving the respondents answer questionnaires with a limited answer of the options that we have

provided where the result will not be out of the topic research ("Multiple Choice Questions," n.d.).

Besides that, the Five Likert scales also will be used in questionnaires for this research. The Likert scales can measure many variations, including the importance, frequency, and likelihood of measuring the statements of an agreement by the respondent (McLeod, 2019). Respondents will have to show their level of agreement in five levels which are from strongly disagree to strongly agree, based on the statement that has been given (Vinney, 2019). The Likert scale is simple to construct from the perspective of participants as it is easy to read and complete the survey for the respondents (Taherdoost, 2020).

3.2 Sampling Design

3.2.1 Target Population

Since this study focuses on examining the factors that significantly affect Malaysian youth's savings and investment decisions, the target population for this research is Malaysian youth. In addition, Malaysian youth is considered aged 15 to 30 years old (Yunus & Landau, 2019). Therefore, the target population must be Malaysians aged 15 to 30.

3.2.2. Frame and Location Sampling

In this research, the target population is the Malaysian youth. It indicates that the target population will be selected from across Malaysia. For illustration, Malaysia consists of 13 states and three federal territories. The

13 states in Malaysia comprise Perak, Selangor, Negeri Sembilan, Perlis, Kedah, Johor, Pahang, Kelantan, Terengganu, Sabah, Melaka, Sarawak, and Pulau Pinang. Moreover, the three federal territories in Malaysia comprise Kuala Lumpur, Labuan, and Putrajaya (Lockard & Ahmad, n.d.). In short, no matter whether the Malaysians aged 15 to 30 live in which particular state and federal territory in Malaysia, they are eligible to be the target population.

3.2.3. Technique of Sampling

Since Malaysian youth is a large target population, simple random sampling is more suitable for this study's sampling technique. For illustration, the simple random sampling technique enables the researchers to select target respondents easily and accurately represent the large target population, Malaysian youth (Thomas, 2022). Therefore, the target respondents in this study were selected randomly from the target population. It indicates that everyone in the target population has an equal chance of being selected. In short, every Malaysian aged 15 to 30 has the same chance of being chosen.

3.2.4 Size of Sampling

Table 3.1:

Table for Determining Sample Size from a Given Population

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380

190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Sources: Krejcie & Morgan, 1970

Note: N is population size & S is sample size & Assume Standard Error = 0.05

The National Statistics Department stated that there were 9,000,000 Malaysian youth aged 15 to 30 in 2019 (Ahmad, 2019). This data indicates that the target population, Malaysian youth aged 15 to 30, will be around 9,000,000 persons in 2022. Moreover, the Krejcie and Morgan table shows that if the population size is 1,000,000 or more, the sample size will be 384 (Krejcie & Morgan, 1970). It indicates that the sample size for this research can be 384 people because the population size of this study is over 1,000,000. Hence, this research decided to have 384 target respondents.

3.3 Data Collection Method

Data collection is the process of gathering and analysing information on the particular variables in an existing framework (Dudovskiy, n.d.). Data collection methods can be classed into primary or secondary. Therefore, this study uses it as primary data in collecting data for this research. Primary data means that the researcher has collect or gather the information by personally (Surbhi, 2020).

It contains few ways to collect or gather the information by using the primary data. For instance, the researcher can conduct some online surveys, questionnaires and personal interviews to collect the information from the respondents. By using primary data, this research can be considered as self-administered survey questionnaires as self-administered surveys may provide some convenience to the respondents to conduct the survey. The respondents will not feel too stressful as they have to answer short and simple questions through the self-administered

survey (Formplus, 2021). Otherwise, respondents do not need to fill out and submit the questionnaire immediately.

Besides, the self-administered survey can help the researcher save some time in conducting the survey as there will be no appointments are needed to the respondents. The collection of results will be faster collected from the respondents (Bondine, 2022). Furthermore, a self-administered survey also can be considered as a low-cost way of surveying with a large sample size as researchers will conduct the online questionnaires by sending out to respondents through email invitations, which is another example of a self-administered survey (Formplus, 2021).

3.3.1 Pilot Test

A pilot test often is conducted before the actual testing and is a smaller-sized study to assist in the main study modification (In, 2017). Its main purpose is to test the feasibility and validity of the research before the main study. Besides, the pilot test is conducted to evaluate the safety of the treatment and provide an approximate sample size needed. According to Teijlingen and Hundley (2002), a pilot test provides the advantage to the researchers in which it warns of the potential risk where a project may fail as well as assess if the proposed instruments are appropriate. In short, before the questionnaire is distributed to the target population, a pilot test will be conducted on a small group of samples first in order to test the feasibility and validity of the research.

3.3.2 Pilot Test Result

Table 3.2:

Summary of Reliability Statistic for Pilot Test

Variables	Cronbach's Alpha	No. of Items	Internal Consistency
SAID	0.854	6	Good
FL	0.864	5	Good
PI	0.785	5	Acceptable
PS	0.719	5	Acceptable
LOC	0.711	5	Acceptable

Sources: Data from SPSS

According to Table 3.2, it showed that the Cronbach's Alpha values of savings and investment decisions and financial literacy are 0.854 and 0.864 respectively. This indicated that they had a good result in the reliability analysis since both of their Cronbach's Alpha values are range between 0.8 to 0.9. Moreover, Cronbach's Alpha values of peer influence, parental socialization and locus of control are 0.785, 0.719 and 0.711 respectively. This indicated that these 3 variables have an acceptable result in the reliability analysis since the Cronbach's Alpha values range between 0.7 to 0.8.

3.4 Proposed Data Analysis Tool

In this research, two statistical methods have been used to analyze the data. To examine the relationship between the dependent variable, savings and investment decisions, and the independent variables, which are financial literacy, peer influence, parental socialization, and locus of control, several tests have been carried out in this research. To achieve the objectives of this study, SPPS has been utilized to run the data.

3.4.1 Descriptive Analysis

Descriptive analysis, also known as a descriptive statistic, refers to a method used to depict the basic characteristics of the data (Trochim, n.d.). Researchers who utilize this analysis often describe what the data shows and convert the raw data into words for better understanding and interpreting. Descriptive analysis helps simplify a huge amount of data in a simple way and enables readers to have a thorough understanding of the data. The statistical graphics such as histograms, pie charts, or bars will be generated, accompanied by a description or summary. For instance, a survey collected from a sample will specify their race. The percentage occupied by each race will be described in words accordingly for better interpretation.

3.4.1.1 Reliability Test

Reliability is a concept used to evaluate the quality of research (Middleton, 2022). A reliability test is a degree to which a trial is free from error. It is highly correlated with test validity. The reliability of the test can be considered precision, the degree to which a measurement is free from error. Tests measure the extent of the hypothetical infrastructure. Reliability is not a constant attribute of a test and is best thought of as different types of reliability for diverse populations at different levels of the measured structure (Middleton, 2022). A measurement's reliability refers to how constant it is when measuring a concept, and Cronbach's Alpha is a way to determine how strong the consistency is. In other words, Cronbach's Alpha is a metric for determining the internal consistency, or reliability, of a set of scale or test items (Goforth, 2015).

3.4.1.1.1 Cronbach's Alpha (CA)

Cronbach's Alpha test applies to multi-scale projects and is a fully adequate indicator of the reliability of inter-project consistency (Taber, 2018). When the same questions are rewritten and reapplied to the same respondents, Cronbach's Alpha can use to explain that the answers are similar. Once the test was repeated and participants' responses were constant and credible, the variables on the test tool were considered accurate (Chaudhary, 2016). The empirical rule of Cronbach's Alpha coefficient value is shown in the following table.

Table 3.3:

The rule of Cronbach's Alpha coefficient value

Alpha Coefficient Range	Internal Consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Sources: Chaudhary, 2016

3.4.2 Inferential analysis

In this research, inferential analysis has been used to examine the relationship between the dependent variable and independent variables. Only the data from samples can be acquired most of the time as it is too difficult and expensive to collect data from the entire population that are interested in. Hence, inferential statistics allows the researcher to take the data from samples and make reasonable guesses about the large population. It will enable the researcher to predict the data (Glen, 2021). With inferential

statistics, it is significant to use random sampling methods if the sample that had chosen does not represent the population (Bhandari, 2020). The two main methods of inferential statistics are estimating parameters and testing the statistical hypothesis. Estimating parameters means taking a statistic from the sample data, such as the sample mean and using the sample mean to elaborate on the population parameter, such as the population mean. Testing of statistical hypothesis is where the sample data can be used to come to a conclusion about this research question.

3.4.2.1 Pearson Correlation Analysis

Pearson correlation analysis, which is also referred to as the correlation coefficient, is a measure used to assess the strength of the linear association between two variables (Cleophas & Zwinderman, 2018). The correlation coefficient is stated in R-value. The value always falls between -1 to 1. The negative value indicates a negative relationship between variables, in which when one variable increases, the other variable decreases, and vice versa. On the other hand, a positive R-value indicates that the variables are positively correlated to each other, whereby when one variable increases, the other variable increases as well, and vice versa. R-value of 0 means that there is no relationship between variables. For example, if the R-value is 1, this indicates that there is a perfect positive correlation between the variables.

3.4.2.2 Multiple Linear Regression

Econometric Model

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Where:

Y = Savings and Investment Decisions

β_0 = Intercept

X_1 = Financial Literacy

X_2 = Peer Influence

X_3 = Parental Socialization

X_4 = Locus of Control

$\beta_1, \beta_2, \beta_3, \beta_4$ = Slope Coefficient

The econometric model created above represented the relationship between the dependent variable, savings and investment decisions, and the independent variables which are financial literacy, peer influence, parental socialization and locus of control. According to Uyanık and Güler (2013), multiple regression is a standard statistical method for analyzing multiple

independent variables. The objective of using multiple regression analysis is to use the independent variables whose values are known to predict the value of the single dependent variables (Moore et al., 2006). Applying this approach to this study provides a more accurate and precise understanding of the relationship between a dependent variable and each independent variable.

3.5 Conclusion

At the end of the chapter, the proposed data analysis tools have been introduced to examine the data collected from this research. As a result, this research decided to use SPSS to analyse the result of Chapter 4.

CHAPTER 4: DATA ANALYSIS

4.0 Introduction

384 questionnaires were issued through google form we had made to the respondents who range from 15 to 30 years old. The following subtopics of this chapter discuss the statistical result analysis.

4.1 Descriptive Analysis

Descriptive analysis refers to a simple graphic to summarize and interpret the data that had been gathered to increase the understanding about what are the demographic profile of the respondents in this research.

4.1.1 Gender

Table 4.1.1:

Respondents' Gender

Gender	Frequency	Percent (%)
Male	205	53.4
Female	179	46.6
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.1, 205 out of 384 or 53.4 % were male respondents, and 179 out of 384 or 46.6% were female respondents. The results show that male respondents are more than female respondents that get involved in this research.

4.1.2 Age

Table 4.1.2:

Respondents' Age

Age	Frequency	Percent (%)
15-18	66	17.2
19-24	171	44.5
25-30	147	38.3
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.2, the age of the respondent is categorized into three groups which are 15-18, 19-24 and 25-30. The result shows that 17.2% or 66 out of 384 respondents are from 15-18 years old, and 44.5% or 171 out of 384 respondents are from 19-24 years old. Furthermore, 38.3% or 147 out of 384 respondents from 25-30 years old get involved in this research survey.

4.1.3 State

Table 4.1.3:

State

State	Frequency	Percent (%)
Johor	28	7.3
Kedah	18	4.7
Kelantan	24	6.3
Terengganu	30	7.8
Malacca	22	5.7
Negeri Sembilan	26	6.8
Pahang	40	10.4
Penang	16	4.2
Perak	41	10.7
Perlis	29	7.6
Sabah	20	5.2
Sarawak	16	4.2
Selangor	17	4.4
W.P Kuala Lumpur	21	5.5
W.P Labuan	20	5.2
W.P Putrajaya	16	4.2
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.3, the state is categorized into 16 which are Perak, Selangor, Negeri Sembilan, Perlis, Kedah, Johor, Pahang, Kelantan, Terengganu, Sabah, Melaka, Sarawak, Pulau Pinang, Kuala Lumpur, Labuan, and Putrajaya. The result shows that 7.3% or 28 out of 384 of the respondents are from Johor. Next is 4.7% or 18 out of 384 of the respondents are from Kedah and 6.3% or 24 out of 384 of the respondents are from Kelantan. Besides that, 7.8% or 30 out of 384 of the respondents are from Terengganu, 5.7% or 22 out of 384 of the respondents are from Malacca and 6.8% or 26 out of 384 of the respondents are from Negeri Sembilan. Furthermore, 10.4% or 40 out

of 384 of the respondents are from Pahang, 4.2% or 16 out of 384 of the respondents are from Penang, and 10.7% or 41 out of 384 of the respondents are from Perak. Moreover, 7.6% or 29 out of 384 of the respondents are from Perlis, 5.2% or 20 out of 384 of the respondents are from Sabah, 4.2% or 16 out of 384 of respondents are from Sarawak and 4.4% or 17 out of 384 of the respondents are from Selangor. Last but not least, 5.5% or 21 out of 384 of the respondents are from W.P Kuala Lumpur, 5.2% or 20 out of 384 of the respondents are from W.P Labuan, and 4.2% or 16 out of 384 of the respondents are from W.P Putrajaya that gets involved in this research survey.

4.1.4 Education Qualification

Table 4.1.4:

Respondents' Education Qualification

Education Qualification	Frequency	Percent (%)
Secondary School	81	21.1
Foundation	29	7.6
Diploma	49	12.8
Bachelor of Degree	160	41.7
Master	36	9.4
PHD	29	7.6
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.4, it shows that most of the respondents who participated in this study are Bachelor of Degree, which is 41.7% or 160 out of 384 respondents. The second more the respondent who participated in the study are Secondary Schools which are 21.1% or 81 out of 384 of the respondents, and 12.8% or 49 out of 384 of the respondents are from diplomas. Furthermore, 9.4% or 36 out of 384 respondents are from Master. Following with the respondents who are in Foundation and PHD, both have contributed

the same amount of respondents, which is 7.6% or 29 out of 384 of the respondents.

4.1.5 Marital Status

Table 4.1.5:

Respondents' Marital Status

Marital Status	Frequency	Percent (%)
Single, Not married	273	71.1
Married	99	25.8
Divorced	1	0.3
Widowed	2	0.5
Prefer not to answer	9	2.3
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.5, it has shown that most of respondents who participated in this study are Single or Not married, 71.7% or 273 out of 384 respondents. The second more respondents who participated in the study is Married, which is 25.8% or 99 out of 384 of the respondents. Prefer not to answer has contributed 2.3% or 9 out of 384 of the respondents. Last but not least, 0.5% or 2 out of 384 of the respondents are Widowed, and 0.3% or 1 out of 384 of the respondents are Divorced.

4.1.6 Occupation

Table 4.1.6:

Respondents' Occupation

Occupation	Frequency	Percent (%)
Student	158	41.1
Employed	213	55.5
Unemployed	13	3.4
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.6, there is 3 type of occupation which are Student, Employed and Unemployed. The result shows that 41.1% or 158 out of 384 respondents are students. Besides, 55.5% or 213 out of 384 respondents are Employed. Lastly, 3.4% or 13 out of 384 respondents are Unemployed that get involved in this research survey.

4.1.7 Monthly Income

Table 4.1.7:

Respondents' Monthly Income

Monthly Income	Frequency	Percent (%)
Not applicable	138	35.9
RM 1000 and below	23	6.0
RM 1001 - RM 2000	30	7.8
RM 2001 - RM 3000	60	15.6
RM 3001 - RM 4000	41	10.7
RM 4001 - RM 5000	48	12.5
RM 5001 and above	44	11.5
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.7, it has shown that most of respondents that participated in this survey are comes from the categories of not applicable monthly income, which are 35.9% or 138 out of 384 respondents. Followed by the respondents that categories RM 1000 and below monthly income, which are 6.0% or 23 out of 384 respondents. Next is for the respondents under RM 1001 - RM 2000 monthly income categories are 7.8% or 34 out of 384 respondents, and respondents under RM 2001 - RM 3000 monthly income categories are 15.6% or 60 out of 384 respondents. Besides, the respondents under RM 3001 - RM 4000 monthly income categories are 10.7% or 41 out of 384 respondents and respondents under RM 4001 - RM 5000 monthly income categories are 12.5% or 48 out of 384 respondents. Lastly, 11.5% or 44 out of 384 respondents are from RM 5001 and above monthly income categories.

4.2 Reliability Test

Cronbach's Alpha is a measure of scale reliability and can also be an internal measure of consistency. The degree of interconnectedness within a group of items is also considered a measure. When the Cronbach's Alpha is closer to 1, it means the higher is the reliability is (Zach, 2021).

Table 4.2:

Summary of Reliability Statistic

Variables	Cronbach's Alpha	No. of Items	Internal Consistency
FL	0.738	5	Acceptable
PI	0.748	5	Acceptable
PS	0.803	5	Good
LOC	0.775	5	Acceptable
SAID	0.799	6	Acceptable

Sources: Data from SPSS

The Cronbach's coefficient reliability test of the research instrument is provided in the table above. Dimensions, where Cronbach's Alpha exceeds 0.7 are acceptable (Zach, 2021). Therefore, Cronbach's Alpha of all sizes surpasses the minimal alpha of 0.7. The building measurement is regarded reliable across this measurement, and all components in the building measurement are maintained. The Likert scale was used to examine five questions in order to investigate the locus of control on Malaysian savings and investment behaviour. In this area, Cronbach's Alpha is 0.775, which is within the acceptable range. As a result, the coefficient determined in this part is reliable and satisfactory.

Secondly, to explore the influence of financial literacy on Malaysian people's savings and investment behaviour, the Likert scale was used to analyze five questions. In this part, Cronbach's Alpha is 0.738, which is within the acceptable range. As a result, the coefficient determined in this part is reliable and satisfactory. Thirdly, the Likert scale was used to analyze five questions to study the peer

influence on Malaysian people's savings and investment behaviour. Cronbach's Alpha is 0.748 in this section, which is within the acceptable range. As a result, the coefficient determined in this part is reliable and satisfactory. Fourthly, we study the parental socialization on Malaysian people's savings and investment behaviour and analyze five questions with a Likert scale. Cronbach's Alpha is 0.803 in this section, which is in the good range. As a result, the coefficient determined in this section is reliable and acceptable.

Last but not least, to test the dependent variables, the Likert scale model was used to analyze six questions. In this part, Cronbach's Alpha is 0.799, which is within the acceptable range. As a consequence, the coefficient calculated in this section is both reliable and acceptable.

4.3 Pearson Correlation Analysis

Table 4.3.1:

Descriptive Statistic

Variable	Mean	N
FL	4.5057	384
PI	4.5823	384
PS	4.5703	384
LOC	4.6708	384
SAID	4.5612	384

Sources: Data from SPSS

Since the mean value of the locus of control is the highest, it indicates that the locus of control is the most significant factor affecting the savings and investment decisions of Malaysian youth. On the other hand, financial literacy is the least significant factor influencing savings and investment decisions of Malaysian youth as the mean value of financial literacy is the lowest.

Table 4.3.2:

Pearson Correlation Result

		FL	PI	PS	LOC	SAID
FL	Pearson Correlation	1	.416**	.468**	.446**	.495**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N		384	384	384	384
PI	Pearson Correlation		1	.400**	.341**	.397**
	Sig. (2-tailed)			0.000	0.000	0.000
	N			384	384	384
PS	Pearson Correlation			1	.817**	.570**
	Sig. (2-tailed)				0.000	0.000
	N				384	384
LOC	Pearson Correlation				1	.570**
	Sig. (2-tailed)					0.000
	N					384
SAID	Pearson Correlation					1
	Sig. (2-tailed)					
	N					

**. Correlation is significant at the 0.05 level (2-tailed).

Sources: Data from SPSS

Table 4.3.2 shows that financial literacy, peer influence, parental socialization and locus of control (independent variables) have a positive relationship with savings and investment decisions (dependent variable). The parental socialization and locus of control have the strongest relationship with savings and investment decisions (Pearson correlation = 0.570), and they have a significant value (p-value = 0.000), respectively. These indicate that the Pearson Correlation is a strongly positive correlation as the value represents 0.570 close to 1, where the Pearson correlation is in the range of -1 and 1.

Subsequently, the financial literacy (Pearson correlation = 0.495) and have a significant value (p-value = 0.000). It indicates that the Pearson correlation has a strong positive correlation as the value represents 0.495 close to 1, where the

Pearson correlation is in the range of -1 and 1. Then, the peer influence (Pearson correlation = 0.397) and have a significant value (p-value = 0.000). It indicates that the Pearson correlation has a strong positive correlation as the value represents 0.397 close to 1, where the Pearson correlation is in the range of -1 and 1.

Last but not least, the alternative hypothesis for financial literacy, peer influence, parental socialization and locus of control (independent variables) of this research are accepted because the p-values are smaller than 0.05 significant level.

4.4 Multiple Linear Regression

Table 4.4.1:

R Square

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.654	0.428	0.422	0.32588

Sources: Data from SPSS

According to the results generated from SPSS, the R-value is equal to 0.654. A positive R-value indicates a positive relationship between variables. For instance, when financial literacy increases, the savings and investment decisions of Malaysian youth increase as well. Besides, R^2 is valued at 0.428, which represents that 42.8% of Malaysian youth's decision to save and invest can be explained by financial literacy, peer influence, parental socialization and locus of control.

Table 4.4.2:

ANOVA Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	30.117	4	7.529	70.897	0.000
Residual	40.250	379	0.106		
Total	70.367	383			

Sources: Data from SPSS

As refer to the Table 4.4.2, the p-value is equivalent to 0.000, which represents that the model is significant.

Table 4.4.3:

Multiple Linear Regression

Variables	Coefficient	Std. Error	T-test	P-value	Decision to hypothesis
(Constant)	.916	.229	3.999	.000	Reject H_0
FL	.212	.042	5.032	.000	Reject H_0
PI	.135	.045	3.019	.003	Reject H_0
PS	.180	.065	2.766	.006	Reject H_0
LOC	.267	.069	3.871	.000	Reject H_0

Sources: Data from SPSS

In accordance with Table 4.4.3, the p-value for all the variables are less than 0.05 significant level, which means that all the variables significantly affect the savings and investment decisions of Malaysian youth. Therefore, the decision to hypothesis is to reject H_0 for all the variables. In other words, there is a significant relationship between the independent variables (financial literacy, peer influence, parental

socialization and locus of control) and the dependent variable (savings and investment decisions of Malaysian youth). The econometric model is shown below:

$$Y = 0.916 + 0.212\,X_1 + 0.135\,X_2 + 0.180\,X_3 + 0.267\,X_4$$

Where:

Y = Savings and Investment Decisions

X_1 = Financial Literacy

X_2 = Peer Influence

X_3 = Parental Socialization

X_4 = Locus of Control

β_0 = 0.916. The savings and investment decisions of Malaysian youth is equal to 91.6% when the other variables equal to 0.

β_1 = 0.212. When the financial literacy increases by 1%, the savings and investment decisions of Malaysian youth increases by 21.2%, ceteris paribus.

β_2 = 0.135. When the peer influence increases by 1%, the savings and investment decisions of Malaysian youth increases by 13.5%, ceteris paribus.

β_3 = 0.180. When the parental socialization increases by 1%, the savings and investment decisions of Malaysian youth increases by 18.0%, ceteris paribus.

$\beta_4 = 0.267$. When the locus of control increases by 1%, the decision of savings and investment decisions of Malaysian youth increases by 26.7%, ceteris paribus.

4.5 Conclusion

At the end of the chapter, the results of the tests that have been run are briefly described. As mentioned before, all the tests were run using SPSS, and the data was gathered from the questionnaires we had sent out.

CHAPTER 5: DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0 Introduction

The results from the previous chapter will be discussed more thoroughly in this Chapter 5. First, the summary of statistical analysis is included. Furthermore, this chapter also discusses the major findings of each variable. This chapter also discusses the implication of the study. Lastly, this chapter discloses the limitations of this study and recommendations for future research. The recommendations were provided based on the limitations of this study.

5.1 Summary of Statistical Analysis

In this study, 384 of data have been processed and analysed using SPSS to determine the relationship between the dependent variable (savings and investment decisions of Malaysian youth) and the independent variables (financial literacy, peer influence, parental socialization and locus of control). The statistical analysis has been separated into two sub-areas, which are descriptive analysis and inferential analysis. The respondents' demographic data have been discussed in detail under descriptive analysis. The reliability test has also been tested using SPSS to examine the validity of this research. On the other hand, the relationship between the independent variables and the dependent variable has been analysed under inferential analysis by using two tests, which are Pearson correlation and multiple linear regression.

5.1.1 Summary of Descriptive Analysis

Demographic profile of the respondents that had been carried out for this study includes gender, age, state, education qualification, marital status, occupation, and monthly income. The result shown that, most of the respondents are from male, which is 53.4%, and female respondents contributed 46.6% of the total respondents.

Next, respondents from 15-18 years old have consisted 17.2%, respondents that are from 19-24 years old have consisted 44.5%, and 38.3% from 25-30 years old that gets involved in this research survey.

Besides that, most of the respondent is from Perak, which contributed 10.7%. Second, the respondent is from Pahang, which is 10.4%. Followed by Terengganu, which is 7.8%, and 7.6% of the respondents are from Perlis. The respondents from Johor have contributed 7.3%, and 6.8% of the respondents are from Negeri Sembilan. Next, 6.3% of the respondents are from Kelantan, and 5.7% are from Malacca. Follow by the respondent from W.P Kuala Lumpur contributed 5.5%. Respondents from Sabah and W.P Labuan have contributed the same percentage, which is 5.2%. Moreover, 4.7% of the respondents are from Kedah, and 4.4% are from Selangor. Lastly, Penang, Sarawak, and W.P Putrajaya have consisted the same percentage, which is 4.2%.

Moreover, majority of the respondents has participated in this study are Bachelor of Degree, which is 41.7%. The second is the respondent from Secondary School, which are 21.1%, and 12.8% of the respondents are from Diploma. Following with Master, which has contributed 9.4% and respondents from Foundation and PHD, both have contributed the same percentage, 7.6%.

Furthermore, most of the respondents who participated in this study were Single or Not married, 71.7%. Followed by respondents participating from Married, 25.8% and respondents from Prefer not to answer contributed 2.3%. About 0.5% of the respondents are Widowed, and 0.3% of the respondents are Divorced of marital status. For occupation, 41.1% of the respondents are a student. Follow with respondents under Employed has 55.5% and respondents under Unemployed contributed 3.4% for occupation in this research survey.

Lastly but not least, most of the respondents from the categories of not applicable monthly income, which has contributed 35.9%, respondents from categories RM 1000 and below monthly income have consists 6.0%. Follow by the respondent under RM 1001 - RM 2000 monthly income categories consist of 7.8%, and respondents under RM 2001 - RM 3000 monthly income categories consist of 15.6%. Besides, respondents under RM 3001 - RM 4000 monthly income categories have contributed 10.7%, and 12.5% are respondents under RM 4001 - RM 5000 monthly income categories. Lastly, 11.5% of respondents are from RM 5001 and above monthly income categories.

5.1.2 Summary of Reliability Test

The reliability test reveals that all Cronbach's Alpha values are greater than 0.7. The fluctuation will range from 0.738 to 0.803. The Alpha Coefficient of Range shows that the $\alpha > 0.7$ is acceptable for good associative strength. The lowest score is 0.738 for financial literacy. The Cronbach's Alpha for peer influence is 0.748. The Cronbach's Alpha for locus of control and savings and investment decisions is 0.775 and 0.799, respectively. The highest Cronbach's Alpha is parental socialization which is 0.803.

5.1.3 Scale measurement

5.1.3.1 Reliability Measurement

A total of 30 sets of pilot questionnaires were conducted in this study, with six questions for dependent variables and five questions for independent variables. Therefore, Chapter 4 shows reliable statistics on factors affecting Malaysian youth's savings and investment decisions. The results from the reliability test show that the independent variable is more significant than 0.700. There are considered acceptable reliability, which measures the independent variables are reliable. The results of each independent variable are financial literacy, 0.738; peer influence, 0.748; parental socialization, 0.803 and locus of control, 0.775. However, Cronbach's alpha value of the dependent variable of savings and investment decisions of Malaysian youth is 0.799. Thus, there is reliability and acceptable reliability.

5.1.3.2 Inferential Analysis

5.1.3.2.1 Pearson Correlation Analysis

This study used SPSS for Pearson Correlation Analysis because SPSS is capable of testing all relationships between each independent variable and dependent variable. According to the results generated by SPSS, it indicates that financial literacy, peer influence, parental socialization and locus of control (independent variables) have a positive relationship with savings and investment decisions (dependent variable). The parental socialization and locus of control have the strongest relationship with savings and investment decisions as their correlation coefficient values with

savings and investment decisions were 0.570, respectively. Followed by financial literacy, have a positive relationship with savings and investment decisions because the correlation coefficient value of financial literacy is 0.495. Last but not least, the correlation coefficient value of peer influence is 0.397, which indicates peer influence positive correlations with savings and investment decisions. Hence, each of the independent variables has a significant impact on savings and investment decisions.

5.1.3.2.2 Multiple Linear Regression

Multiple linear regression has been used to test the relationship between the dependent variable and the independent variables. From the result generated by SPSS, the R-value is valued at 0.654, which indicates a positive relationship between variables. Besides, R^2 is equal to 0.428, meaning that 42.8% of Malaysian youth's decision to save and invest can be explained by financial literacy, peer influence, parental socialization and locus of control. From the ANOVA table, the result demonstrated that the model is significant since the p-value is less than 0.05 significant level, which is 0.000. Besides, according to Table 4.4.3, all the variables significantly affect the savings and investment decisions of Malaysian youth since the p-value are less than 0.05. The econometric model is shown below:

$$Y = 0.916 + 0.212\, X_1 + 0.135\, X_2 + 0.180\, X_3 + 0.267\, X_4$$

Where:

Y = Savings and Investment Decisions

X_1 = Financial Literacy

X_2 = Peer Influence

X_3 = Parental Socialization

X_4 = Locus of Control

5.2 Discussion of Major Findings

5.2.1 Relationship between financial literacy and savings and investment decisions

H1: There is a significant relationship between financial literacy and savings and investment decisions.

According to the results generated from SPSS, the p-value for variable FL is 0.000, while the Pearson correlation is valued at 0.495. This outcome revealed a positive and significant relationship between the dependent variable (savings and investment decisions of Malaysian youth) and the independent variable (financial literacy), because the p-value is lower than 0.05. Additionally, the positive value of Pearson correlation indicates that there is a positive relationship between the variables. The empirical result is similar to the research outcome done by previous researchers. Fong et al. (2021) found that there is a positive relationship between financial literacy and investment skill, which is similar to the result of this research. Besides, the result can be proved by the research done by Oteng (2019), whereby research also showed a positive relationship between financial literacy and investment decision. Oteng (2019) opined that financial literacy level decides one's capability to make good investment decisions. The empirical result also can be proved by the findings of Pangestu and Karnadi (2020), who found that financial literacy is positively correlated with savings decisions. They pointed out that people tend to save money if they possess

proper financial knowledge and are able to bring it into action. Therefore, this research will accept H_1, in which there is a significant relationship between financial literacy and savings and investment decisions.

5.2.2 Relationship between peer influence and savings and investment decisions

H1: There is a significant relationship between peer influence and savings and investment decisions.

From the result by SPSS, the association amongst peer influence and savings and investment decisions is significant: as the stated peer influence's p-value is 0.000 that is below 0.05 significant level. Likewise, the correlation coefficient value is 0.397 which result to a positive correlation. Hence, the results of peer influence of this study match that of the previous research in Chapter 2. The results show that there is a significant positive relationship between peer influence of savings and investment decisions, which is consistent with Jamal et al. (2018) research. According to the study of Danial et al. (2020), peer influence also has a significant impact on youths' savings behaviour. In addition, Team GD Ideas (2021) also points out that youths are influenced by social media and listen to the different world views and perspectives of social media influencers. Furthermore, the survey results of Juliana and Amirul (2020) show that peer influence has a significant effect on the relationship between students' savings behaviours. Lastly, research form Kamarudin and Hashim (2018) also have evidence to show that peer influence also influences children's savings behaviour. As a result, it can be concluded that there is a significant relationship between peer influence and savings and investment decisions.

5.2.3 Relationship between parental socialization and savings and investment decisions

H1: There is a significant relationship between parental socialization and savings and investment decisions.

Based on the SPSS result, the alternative hypothesis for parental socialization is accepted as the p-value of 0.0000 is smaller than the 0.05 level of significance, indicating a significant relationship between parental socialization and savings and investment decisions. Moreover, the correlation coefficient value of parental socialization is 0.570, indicating a positive relationship. The result of parental socialization in this study is consistent with the findings of the researchers we mentioned in Chapter 2. The finding shows a significant positive relationship between parental socialization towards savings and investment decisions, which is in line with the study that was researched by Chalimah et al. (2019). Moreover, research from Sari and Isnurhadi (2021) stated that parental socialization could affect savings and investment decisions, and it has a positive and significant relationship too. According to Junaid et al. (2018), parental socialization will influence their children's savings and investment decisions. Furthermore, Angela and Pamungkas (2022) also concluded that parental socialization has a significant relationship with savings and investment decisions. Last but not least, the empirical result from Manfrè (2019) discovered that parental socialization is positively correlated with savings and investment decisions, which is in line with the empirical result from previous researchers. As a result, it can be concluded that there is a significant relationship between parental socialization and savings and investment decisions.

5.2.4 Relationship between locus of control and savings and investment decisions

H1: There is a significant relationship between locus of control and savings and investment decisions.

From the result by SPSS, Hypothesis 1 for the locus of control is not being rejected since the p-value is 0.0000 that smaller than 0.05, which indicates a significant relationship between locus of control and savings and investment decisions. Likewise, the correlation coefficient value of the locus of control is 0.570, which indicates a positive relationship. The result of this study match with the previous researchers in Chapter 2. Based on Radiant et al. (2021), the higher the locus of control of a person, the more they can show the right financial attitudes such as savings and investment decisions. Moreover, research from Rasyid et al. (2018) stated that locus of control could affect savings and investment decisions, and it has a positive and significant relationship too. According to Bucciol and Trucchi (2021), the locus of control can align with savings and investment decisions. Research by Arifin et al. (2018) also concluded that locus of control has a positive and significant relationship with savings and investment decisions. Additionally, Peetz et al. (2021) discovered that locus of control affects individuals' savings and investment decisions. Therefore, savings and investment decisions are likely to be influenced by a person's locus of control. As a result, it presents that locus of control has a positive and significant relationship with savings and investment decisions.

5.3 Implications of the Study

This research has provided findings on how financial literacy, peer influence, parental socialization as well as the locus of control can influence the savings and investment decisions of youth in Malaysia. Based on the findings in this study, the independent variables and the savings and investment decisions was carried out to determine the factors that can influence the savings and investment decisions of youth in Malaysia. Nowadays, savings and investment are likely to be less as high expense of the goods and services that may lead individuals unable to make some savings and investment (Surendran, 2018). Meanwhile, if the savings and investment behaviour has not practised by the youth in Malaysia, this will lead those youth may face financial difficulties such as failure in settling vehicle purchase loans, personal loans, education loans and housing loans because the youth did not have proper financial planning. While examining the savings and investment decisions of youth in Malaysia, not only the youth will be significantly involved in this study, but the governments, policymakers, and researchers will have benefit from this study.

According to Yunus and Landau (2019), Malaysian youth are aged from 15 to 30 years old and still can be considered inexperienced and lacking expertise in savings and investment decisions. As 15 years old has considered the minimum age range to define youth. Hence it is important that Malaysia's government encourage secondary schools to organize more about savings and investment decisions and talk to those youth aged 15 to 17 to participate in the talk. Throughout the talk, it can educate them to know how important savings and investment decisions are and the causes they may face without having any savings and investment decisions in the future. From the talk organized by the secondary school, which is encouraged by the government, the youth aged 15 to 17 may be able to contribute to better financial planning and well management of debt from the youth after they have a thorough understanding of the potential factors that affect savings and investment decisions. Otherwise, youth may be able to start planning on their savings and investment decisions from now.

Moreover, it is also important for the policy marker to identify and focus on the elements discussed in this research that potentially impact such financial literacy education toward the savings and investment decisions to accelerate more savings and investment activities to maintain effective savings and investment decisions. It has resulted that financial literacy is important because an increase in financial literacy enables those youth to know how to manage their money effectively and efficiently (Zwaan & West, 2022). Hence, Malaysia's GDP also can be improved, as the debt of youth may reduce due to they have good financial literacy and manage well in financial planning.

Lastly, the researchers can refer to the current study and received more ideas from this study which is the savings and investment decisions of youth in Malaysia. This study carried out four tests such as Descriptive Analysis, Reliability Test which includes Cronbach's Alpha, Pearson Correlation, and Multi Linear Regression. Moreover, researchers in the future can make some improvements based on the current study, which they can carry out other tests or others types of models to run out with new and better results. Hence, the result that future researchers have will be better than the current study. Overall, this research will provide those youth with a better understanding of savings and investment decisions.

5.4 Limitations of Study

First and foremost, the limitation of this study is that the R-squared value is relatively low. R-squared is a statistical measure in a linear regression model that indicates the percentage of variance in the dependent variable in a study that the independent variables can explain. The R-squared value can significantly show how well the data fit into the regression model (CFI Team, 2022). It measures the strength of the relationship between the dependent and independent variables, which is always between 0% and 100%. Usually, the larger the R-squared value is, the better the regression model that fits the observation (Frost, 2022). A higher R-

squared value also indicates more minor differences between the study's observed data and fitted values. Hence, as researchers, should always examine the R-squared value and other variables to conclude the linear regression model. Based on the result of multiple linear regressions, the R-squared value is 0.428, indicating that the independent variables (Financial Literacy, Parental Socialization, Peer Influence, Locus of Control) only explain 42.80% of the dependent variable (savings and investment decisions). As a result, the independent variables do not explain much about the dependent variable. Thus, there may have some other factors that will affect savings and investment decisions besides what we had chosen.

The second limitation of this study is time constraints. It goes without saying that every researcher must complete their studies by the deadline. Sometimes, time constraint brings negative impacts to researchers' studies. In such cases, the researchers have to admit it and mention a need for future research to solve the negative impact caused by time constraints ("How To Organize," n.d.). Time constraints prevented this study from examining more than the number of Malaysian youth respondents. Therefore, this research can only study how Malaysian youth make savings and investment decisions. As a result, readers could not find out how youth in other countries make savings and investment decisions.

The following limitation of this research is the unbalanced marital status results of respondents. From the survey conducted, 71% of respondents are single (not married), while the respondents who are married only occupied 25.9%. Based on the report from the Department of Statistics Malaysia (2021), the highest number of marriages in 2020 fell on the brides and grooms within the age range of 25-29 years old. Obviously, this research lacks information from married people since the age range from 25-29 years old falls under the category of the target respondents. The response from the married respondent is vital to the research as well, because they may have dependent, which will affect their cash flow or financial position and eventually influence their intention to save or invest. Therefore, the response from married respondent should be taken into account to obtain a more accurate result.

The last limitation is the use of cross-sectional design. Data collected from cross-sectional studies represent only a small fraction of the target population at a fixed time. Therefore, in this study, cross-sectional study is used, which only recorded the behavioural information of Malaysian youth but did not observe the savings and investment behaviours of Malaysian youth in a certain period. Therefore, due to the use of cross-sectional data, the time series of the relationship between variables cannot be determined. A cross-sectional survey can only establish a relationship between the factors that affect youth savings and investment behaviour and has no basis for inferencing cause and effect (Bynner, 2005). Therefore, the results may not be convincing longitudinal studies but do not show causality between variables because cross-sectional studies are inexpensive and test only one group ("Cross-sectional Studies," n.d.). Cross-sectional methods are less time intensive than other research methods.

5.5 Recommendations for Future Research

To achieve a higher R-squared value, the first thing is the researchers should increase the variables in the research. When more variables are added, the R-squared value typically increases or remains the same. It can never decrease when adding more variables. The bigger the R-squared value is, the better the model is (Goyal, 2021). By having more variables, future researchers could have more accurate results that will be generated when other independent variables can explain savings and investment decisions. Furthermore, the future researcher can increase the sample size in the research. A larger sample size provides a better representation of the population and will also provide more accurate results for the study. In a way, the R-squared value may increase when the sample size increase. However, an overlarge sample size might not be appropriate and necessary for the study since it is unethical. Thus, future researchers might confuse about how larger should a sample be. According to Andrade (2020), hypothesis testing studies stated that the sample size could be around 80% of the identifying a significant outcome when the hypothesis is true of the population. In short, since a higher R-squared value is better, future researchers may examine how to increase the R-squared value, such as increasing variables and sample size.

During the past decades, many researchers have studied how people around the world see the world and make decisions because they want to know if people in different countries will think and make decisions differently. The results concluded that people from different cultures tend to think and do things in very different ways (Dominik Güss, 2015). In this study, readers could not find out how youth in other countries make savings and investment decisions due to time limitations. Although readers can understand how Malaysian youth make savings and investment decisions in this study, readers cannot use Malaysian youth as a reference when they would like to find out how youth in other countries make savings and investment decisions as people from different cultures tend to think and do things in very different ways. To overcome this issue, future researchers have to expand the respondents to be studied. For instance, examine the respondents from outside Malaysia so that future readers can also understand how youth in other cities make savings and investment decisions.

To solve the problem of the unbalanced marital status results of respondents, future researchers are advised to approach the married respondent while collecting data. Since the married respondent may have different intentions in savings and investing due to the reason that they may have dependent, the result of research which involves more information from married respondents might be different. Therefore, it is encouraged to include more information from married respondents in order to obtain a more accurate and comprehensive result.

The last recommendation is a larger sample size to cover a broader range of fields. To make the sample mean more likely to be equal to the population mean, it will be more representative when the sample size is larger because an appropriate sample size produces studies that can detect clinically relevant differences (Zach, 2019). Larger sample sizes provide more reliable results with higher accuracy and power. Moreover, the sample size is large enough to conclude that resources are not wasted on sampling more than is needed (Littler, n.d.).

5.6 Conclusion

This research's objective is to examine the Factors Affecting Savings And Investment Decisions Of Malaysian Youth. Four factors have been chosen which are financial literacy, peer influence, parental socialization, and locus of control, to investigate the relationships between savings and investment decisions. According to the result of this research, the four independent variables indicate a positive and significant relationship between savings and investment decisions.

The correlation coefficient value of parental socialization and locus of control was 0.570, respectively, which indicates that these two independent variables have the strongest relationship with savings and investment decisions. The correlation coefficient value of financial literacy was 0.495, which shows that this variable has a moderate relationship with savings and investment decisions. Lastly, the correlation coefficient value of peer influence is the lowest among the four variables, only 0.397. In conclusion, each independent variable has a significant relationship with savings and investment decisions.

Furthermore, this study used multiple linear regression in the research. The result of the R-squared is 0.428, which implies that the independent variables of our research only explain 42.80% of the dependent variable. All the independent variables are significantly affect the dependent variable since the p-value of each variable is less than 0.05.

Besides, the implications of the study has been discussed. From what that have studied, Malaysian youth will face financial problems in their daily life if they do not practice savings and investment decisions. The policymakers need to examine the elements discussed in this research.

In a nutshell, the details of the limitations of the study and recommendations for future research have been discussed. To make the research more perfect, researchers need to increase the sample size or independent variables to generate a higher R-squared value. Researchers should also consider expanding their study outside

Malaysia to understand youth's savings and investment decisions in other countries. Future researchers are encouraged to approach married respondents while collecting the data. This is because married respondents may have different perspectives on savings and investment decisions. Lastly, the larger sample size was encouraged for future researchers to have more reliable results with higher accuracy and power.

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APPENDICES

Appendix 3.1

Permission to Conduct Survey

UNIVERSITI TUNKU ABDUL RAHMAN *DU012(A)*

Wholly owned by UTAR Education Foundation *(200201010564(578227-M))*

Faculty of Business and Finance
Jalan Universiti, Bandar Barat, 31900 Kampar, Perak
Phone: 05-468-8888   Fax: 05-466-7407
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12th April 2022

To Whom It May Concern

Dear Sir/Madam,

Permission to Conduct Survey

This is to confirm that the following students are currently pursuing their Bachelor of Business Administration (Honours) Banking and Finance program at the Faculty of Business and Finance, Universiti Tunku Abdul Rahman (UTAR) Perak Campus.

I would be most grateful if you could assist them by allowing them to conduct their research at your institution. All information collected will be kept confidential and used only for academic purposes.

The students are as follows:

Name of Student	Student ID
Ang Ean Ting	18ABB06350
Koo Siew Xuan	19ABB04465
Leong Kai Ni	18ABB02632
Phang Zi Wei	19ABB06307
Yap Chien Jeen	18ABB03300

If you need further verification, please do not hesitate to contact me.

Thank you.

Yours sincerely,

…………………………….   ……………………………….

Mr Chong Tun Pin   Cik Nabihah Binti Aminaddin
Head of Department   Supervisor
Faculty of Business and Finance   Faculty of Business and Finance
Email: chongtp@utar.edu.my   Email: nabihah@utar.edu.my

Administrative Address: Jalan Sg. Long, Bandar Sg. Long, Cheras, 43000 Kajang, Selangor D.E.
Tel: (603) 9086 0288 **Fax:** (603) 9019 8868 **Homepage: https://utar.edu.my/**

Appendix 3.1

Survey Questionnaire

UNIVERSITI TUNKU ABDUL RAHMAN
FACULTY OF BUSINESS AND FINANCE

BACHELOR OF BUSINESS ADMINISTRATION (HONOURS)
BANKING AND FINANCE
FINAL YEAR PROJECT

TITLE OF TOPIC:
FACTORS AFFECTING SAVINGS AND INVESTMENT DECISIONS
OF MALAYSIAN YOUTH

Survey Questionnaire

Dear respondent,

We are final year undergraduate students of Bachelor of Business Administration (Hons) Banking and Finance, from Universiti Tunku Abdul Rahman (UTAR) in Kampar, Perak. We are conducting a study on Factors Affecting Savings and Investment Decisions of Malaysian Youth. Please help us by filling up the questionnaire.

Thank you for your kind cooperation and participation in this study.

Instructions:

1) There are **no right or wrong** for any statements in this questionnaire.
2) This survey questionnaire consists of **three sections.**
3) Please answer **ALL** questions in all section.
4) Completion of this form will take you approximately **10 to 15 minutes.**
5) The information provided will only be analyzed for academic purpose. The contents of this questionnaire will be kept **strictly confidential.**

PERSONAL DATA PROTECTION STATEMENT

Please be informed that in accordance with Personal Data Protection Act 2010 ("PDPA") which came into force on 15 November 2013, Universiti Tunku Abdul Rahman ("UTAR") is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

Notice:

1. The purposes for which your personal data may be used are inclusive but not limited to:-
   - For assessment of any application to UTAR
   - For processing any benefits and services
   - For communication purposes
   - For advertorial and news
   - For general administration and record purposes
   - For enhancing the value of education
   - For educational and related purposes consequential to UTAR
   - For the purpose of our corporate governance
   - For consideration as a guarantor for UTAR staff/ student applying for his/her scholarship/ study loan

2. Your personal data may be transferred and/or disclosed to third party and/or UTAR collaborative partners including but not limited to the respective and appointed outsourcing agents for purpose of fulfilling our obligations to you in respect of the purposes and all such other purposes that are related to the purposes and also in providing integrated services, maintaining and storing records. Your data may be shared when required by laws and when disclosure is necessary to comply with applicable laws.

3. Any personal information retained by UTAR shall be destroyed and/or deleted in accordance with our retention policy applicable for us in the event such information is no longer required.

4. UTAR is committed in ensuring the confidentiality, protection, security and accuracy of your personal information made available to us and it has been our ongoing strict policy to ensure that your personal information is accurate, complete, not misleading and updated. UTAR would also ensure that your personal data shall not be used for political and commercial purposes.

Consent:

1. By submitting this form you hereby authorize and consent to us processing (including disclosing) your personal data and any updates of your information, for the purposes and/or for any other purposes related to the purpose.

2. If you do not consent or subsequently withdraw your consent to the processing and disclosure of your personal data, UTAR will not be able to fulfill our obligations or to contact you or to assist you in respect of the purposes and/or for any other purposes related to the purpose.

3. You may access and update your personal data by writing to us at Leong Kai Ni (leongkaini@gmail.com).

Acknowledgment of Notice

[   ] I have been notified by you and that I hereby understood, consented and agreed per UTAR above notice.

[   ] I disagree, my personal data will not be processed.

…………………………

Name:

Date:

Questionnaire

Section A: Demographic Profile

Please (✓) on the relevant answers below:

Part A: Demographic

1. Gender

    ☐ Male

    ☐ Female

2. Age

    ☐ 15 - 18

    ☐ 19 - 24

    ☐ 25 - 30

3. Which state of Malaysia are you from?

    ☐ Johor

    ☐ Kedah

    ☐ Kelantan

    ☐ Terengganu

    ☐ Malacca

    ☐ Negeri Sembilan

    ☐ Pahang

    ☐ Penang

    ☐ Perak

    ☐ Perlis

    ☐ Sabah

    ☐ Sarawak

    ☐ Selangor

    ☐ W.P Kuala Lumpur

    ☐ W.P Labuan

    ☐ W.P Putrajaya

4. Education Qualifications:

    ☐ Secondary School

    ☐ Foundation

    ☐ Diploma

☐ Bachelor of Degree

☐ Master

☐ PHD

☐ Others: _____

5. What is your marital status?

☐ Single, Not married

☐ Married

☐ Divorced

☐ Widowed

☐ Prefer not to answer

6. What is your occupation?

☐ Student

☐ Employed

☐ Unemployed

7. Monthly Income:

☐ Not applicable

☐ RM 1000 and below

☐ RM 1001 - RM 2000

☐ RM 2001 - RM 3000

☐ RM 3001 - RM 4000

☐ RM 4001 - RM 5000

☐ RM 5001 and above

Section B: Dependent variable - Saving and Investment Decisions

Please select the column to indicate whether you strongly disagree, disagree, neither disagree nor agree, agree, or strongly agree with the following statements.

No	Questions	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1.	I will save money every month for future expenses.	1	2	3	4	5
2.	I will plan to reduce my expenditure in order to save my money.	1	2	3	4	5
3.	I make a saving is to avoid from future losses.	1	2	3	4	5
4.	I will save the money to do some investment.	1	2	3	4	5
5.	I invest the money to gain the return on investment.	1	2	3	4	5
6.	I make an investment to generate extra income.	1	2	3	4	5

Section C: Independent variable - Financial literacy

No	Questions	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1.	I think I possess high financial knowledge.	1	2	3	4	5
2.	I know how much money will have in my saving account after 3 years if I deposit RM100 today with 10% interest per annum.	1	2	3	4	5
3.	If there are 1,000 people in total and the possibility of getting a disease is 10%, I know how many people would be expected to get the disease.	1	2	3	4	5
4.	I will do some research before I invest in different types of investment instrument, such as share, bond or unit trust.	1	2	3	4	5
5.	If I were given an amount with 3 month's salary equivalent, I know what to do with it.	1	2	3	4	5

Section C: Independent variable - Peer Influence

Please select the column to indicate whether you strongly disagree, disagree, neither disagree nor agree, agree, or strongly agree with the following statements.

No	Questions	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1.	As far as I know, some of my friends often use savings accounts to save money.	1	2	3	4	5
2.	I often discuss financial matters with my peers, such as saving.	1	2	3	4	5
3.	I often participate in financial activities with my peers.	1	2	3	4	5
4.	I always compare how much I save and spend with my peers.	1	2	3	4	5
5.	I always spend my leisure time with my peers.	1	2	3	4	5

Section C: Independent variable - Parental Socialization

Please select the column to indicate whether you strongly disagree, disagree, neither disagree nor agree, agree, or strongly agree with the following statements.

No	Questions	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1.	My parents told me the importance of saving and investment.	1	2	3	4	5
2.	My parents always save and invest.	1	2	3	4	5
3.	I will save and invest because my parents always encourage me to save and invest.	1	2	3	4	5
4.	I always learn and follow my parents' savings and investment behaviors.	1	2	3	4	5
5.	My parents discussed various financial issues with me.	1	2	3	4	5

Section C: Independent variable - Locus of control

Please select the column to indicate whether you strongly disagree, disagree, neither disagree nor agree, agree, or strongly agree with the following statements.

No	Questions	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1.	Normally, when I plan to save money, I can carry it out.	1	2	3	4	5
2.	Being in debt shows that you unable to manage your finances properly.	1	2	3	4	5
3.	When I get money, I will not spent it immediately within 1 week.	1	2	3	4	5
4.	I am not easily attracting on something by lure.	1	2	3	4	5
5.	I always concerned with what happens to me in the short run rather than in the long run.	1	2	3	4	5

Appendix 3.2

Cronbach's Alpha Reliability Test for Pilot Test: Saving and Investment Decisions (SAID)

Reliability Statistics

Cronbach's Alpha	N of Items
.854	6

Appendix 3.3

Cronbach's Alpha Reliability Test for Pilot Test: Financial Literacy (FL)

Reliability Statistics

Cronbach's Alpha	N of Items
.864	5

Appendix 3.4

Cronbach's Alpha Reliability Test for Pilot Test: Peer Influence (PI)

Reliability Statistics

Cronbach's Alpha	N of Items
.785	5

Appendix 3.5

Cronbach's Alpha Reliability Test for Pilot Test: Parental Socialization (PS)

Reliability Statistics

Cronbach's Alpha	N of Items
.719	5

Appendix 3.6

Cronbach's Alpha Reliability Test for Pilot Test: Locus of Control (LOC)

Reliability Statistics

Cronbach's Alpha	N of Items
.711	5

Appendix 4.1

Respondent's Gender

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	205	53.4	53.4	53.4
	Female	179	46.6	46.6	100.0
	Total	384	100.0	100.0	

Appendix 4.2

Respondent's Age

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15-18	66	17.2	17.2	17.2
	19-24	171	44.5	44.5	61.7
	25-30	147	38.3	38.3	100.0
	Total	384	100.0	100.0	

Appendix 4.3

State

State

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Johor	28	7.3	7.3	7.3
	Kedah	18	4.7	4.7	12.0
	Kelantan	24	6.3	6.3	18.2
	Terengganu	30	7.8	7.8	26.0
	Malacca	22	5.7	5.7	31.8
	Negeri Sembilan	26	6.8	6.8	38.5
	Pahang	40	10.4	10.4	49.0
	Penang	16	4.2	4.2	53.1
	Perak	41	10.7	10.7	63.8
	Perlis	29	7.6	7.6	71.4
	Sabah	20	5.2	5.2	76.6
	Sarawak	16	4.2	4.2	80.7
	Selangor	17	4.4	4.4	85.2
	W.P Kuala Lumpur	21	5.5	5.5	90.6
	W.P Labuan	20	5.2	5.2	95.8
	W.P Putrajaya	16	4.2	4.2	100.0
	Total	384	100.0	100.0	

Appendix 4.4

Respondent's Education Qualification

Education Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary School	81	21.1	21.1	21.1
	Foundation	29	7.6	7.6	28.6
	Diploma	49	12.8	12.8	41.4
	Bachelor of Degree	160	41.7	41.7	83.1
	Master	36	9.4	9.4	92.4
	PHD	29	7.6	7.6	100.0
	Total	384	100.0	100.0	

Appendix 4.5

Respondent's Marital Status

Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single, Not married	273	71.1	71.1	71.1
	Married	99	25.8	25.8	96.9
	Divorced	1	.3	.3	97.1
	Widowed	2	.5	.5	97.7
	Prefer not to answer	9	2.3	2.3	100.0
	Total	384	100.0	100.0	

Appendix 4.6

Respondent's Occupation

Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	158	41.1	41.1	41.1
	Employed	213	55.5	55.5	96.6
	Unemployed	13	3.4	3.4	100.0
	Total	384	100.0	100.0	

Appendix 4.7

Respondent's Monthly Income

Monthly Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not applicable	138	35.9	35.9	35.9
	RM 1000 and below	23	6.0	6.0	41.9
	RM 1001 - RM 2000	30	7.8	7.8	49.7
	RM 2001 - RM 3000	60	15.6	15.6	65.4
	RM 3001 - RM 4000	41	10.7	10.7	76.0
	RM 4001 - RM 5000	48	12.5	12.5	88.5
	RM 5001 and above	44	11.5	11.5	100.0
	Total	384	100.0	100.0	

Appendix 4.8

Cronbach's Alpha Reliability Test: Savings and Investment Decisions (SAID)

Reliability Statistics

Cronbach's Alpha	N of Items
.799	6

Appendix 4.9

Cronbach's Alpha Reliability Test: Financial Literacy (FL)

Reliability Statistics

Cronbach's Alpha	N of Items
.738	5

Appendix 4.10

Cronbach's Alpha Reliability Test: Peer Influence (PI)

Reliability Statistics

Cronbach's Alpha	N of Items
.748	5

Appendix 4.11

Cronbach's Alpha Reliability Test: Parental Socialization (PS)

Reliability Statistics

Cronbach's Alpha	N of Items
.803	5

Appendix 4.12

Cronbach's Alpha Reliability Test: Locus of Control (LOC)

Reliability Statistics

Cronbach's Alpha	N of Items
.775	5

Appendix 4.13

Descriptive Statistic of Pearson Correlation

Descriptive Statistics

	Mean	Std. Deviation	N
FL	4.5057	.46873	384
PI	4.5823	.42371	384
PS	4.5703	.46119	384
LOC	4.6708	.42159	384
SAID	4.5612	.42863	384

Appendix 4.14

Pearson Coefficient Correlation

Correlations

		FL	PI	PS	LOC	SAID
FL	Pearson Correlation	1	.416**	.468**	.446**	.495**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001
	N	384	384	384	384	384
PI	Pearson Correlation	.416**	1	.400**	.341**	.397**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001
	N	384	384	384	384	384
PS	Pearson Correlation	.468**	.400**	1	.817**	.570**
	Sig. (2-tailed)	<.001	<.001		<.001	<.001
	N	384	384	384	384	384
LOC	Pearson Correlation	.446**	.341**	.817**	1	.570**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001
	N	384	384	384	384	384
SAID	Pearson Correlation	.495**	.397**	.570**	.570**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	
	N	384	384	384	384	384

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

Appendix 4.15

Model Summary of Multiple Linear Regression

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.654[a]	.428	.422	.32588

a. Predictors: (Constant), LOC, PI, FL, PS

b. Dependent Variable: SAID

Appendix 4.16

ANOVA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.117	4	7.529	70.897	.000[b]
	Residual	40.250	379	.106		
	Total	70.367	383			

a. Dependent Variable: SAID

b. Predictors: (Constant), LOC, PI, FL, PS

Appendix 4.17

Coefficients of Multiple Linear Regression

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.916	.229		3.999	.000
	FL	.212	.042	.232	5.032	.000
	PI	.135	.045	.133	3.019	.003
	PS	.180	.065	.193	2.766	.006
	LOC	.267	.069	.263	3.871	.000

a. Dependent Variable: SAID

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FACULTY OF BUSINESS AND FINANCE

UNIVERSITI TUNKU ABDUL RAHMAN

Date: 31/08/2022

SUBMISSION OF FINAL YEAR PROJECT /DISSERTATION/THESIS

It is hereby certified that_____*Ang Ean Ting*_____*(Student Name)*
(ID No: 18ABB06350) has completed this final year project/ dissertation/ thesis*
entitled "Factors Affecting Savings and Investment Decisions of Malaysian Youth"
under the supervision of Cik Nabihah Binti Aminaddin (*Name of the Supervisor*) from
the Department of Banking and Risk Management, Faculty of Business and Finance.

I understand that University will upload softcopy of my final year project / dissertation/
thesis* in pdf format into UTAR Institutional Repository, which may be made
accessible to UTAR community and public.

Yours truly,

_____
(*Ang Ean Ting*)

Universiti Tunku Abdul Rahman			
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FACULTY OF BUSINESS AND FINANCE

UNIVERSITI TUNKU ABDUL RAHMAN

Date: 31/08/2022

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It is hereby certified that_____*Koo Siew Xuan*_____*(Student Name)*
(ID No: <u>19ABB04465</u>) has completed this final year project/ dissertation/ thesis* entitled "<u>Factors Affecting Savings and Investment Decisions of Malaysian Youth</u>" under the supervision of <u>Cik Nabihah Binti Aminaddin</u> (*Name of the Supervisor*) from the Department of Banking and Risk Management, Faculty of Business and Finance.

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Yours truly,

_____
(*Koo Siew Xuan*)

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UNIVERSITI TUNKU ABDUL RAHMAN

Date: 31/08/2022

SUBMISSION OF FINAL YEAR PROJECT /DISSERTATION/THESIS

It is hereby certified that_____*Leong Kai Ni*_____(*Student Name*)
(ID No: <u>18ABB02632</u>) has completed this final year project/ dissertation/ thesis* entitled <u>"Factors Affecting Savings and Investment Decisions of Malaysian Youth</u>" under the supervision of <u>Cik Nabihah Binti Aminaddin</u> (*Name of the Supervisor*) from the Department of Banking and Risk Management, Faculty of Business and Finance.

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Yours truly,

_____

(*Leong Kai Ni*)

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UNIVERSITI TUNKU ABDUL RAHMAN

Date: 31/08/2022

SUBMISSION OF FINAL YEAR PROJECT /DISSERTATION/THESIS

It is hereby certified that_____*Phang Zi Wei*_____(*Student Name)*
(ID No: <u>19ABB06307</u>) has completed this final year project/ dissertation/ thesis* entitled "<u>Factors Affecting Savings and Investment Decisions of Malaysian Youth</u>" under the supervision of <u>Cik Nabihah Binti Aminaddin</u> (*Name of the Supervisor*) from the Department of Banking and Risk Management, Faculty of Business and Finance.

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Yours truly,

_____
(*Phang Zi Wei*)

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Date: 31/08/2022

SUBMISSION OF FINAL YEAR PROJECT /DISSERTATION/THESIS

It is hereby certified that_____*Yap Chien Jeen*_____*(Student Name)*
(ID No: 18ABB03300) has completed this final year project/ dissertation/ thesis*
entitled "Factors Affecting Savings and Investment Decisions of Malaysian Youth"
under the supervision of Cik Nabihah Binti Aminaddin (*Name of the Supervisor*) from
the Department of Banking and Risk Management, Faculty of Business and Finance.

I understand that University will upload softcopy of my final year project / dissertation/
thesis* in pdf format into UTAR Institutional Repository, which may be made
accessible to UTAR community and public.

Yours truly,

_____
(*Yap Chien Jeen*)

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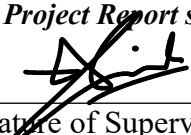**FACULTY OF BUSINESS AND FINANCE**

Full Name(s) of Candidate(s)	Ang Ean Ting, Koo Siex Xuan, Leong Kai Ni, Phang Zi Wei, Yap Chien Jeen
ID Number(s)	18ABB06350; 19ABB04465; 18ABB02632; 19ABB06307; 18ABB03300
Programme / Course	Banking and Finance
Title of Final Year Project	Factors Affecting Savings And Investment Decisions of Malaysian Youth

Similarity	Supervisor's Comments (Compulsory if parameters of originality exceeds the limits approved by UTAR)
Overall similarity index: _____**15**_____ % **Similarity by source** Internet Sources: _____11_____ % Publications: _____5____ % Student Papers: _____9_____ %	Overall similarity index is less than 20%
Number of individual sources listed of more than or equal to 3% similarity: __0__	All individual sources listed less than 3%
Parameters of originality required, and limits approved by UTAR are as follows: (i) Overall similarity index is 20% and below, and **(ii) Matching of individual sources listed must be less than 3% each, and** **(iii) Matching texts in continuous block must not exceed 8 words** *Note: Parameters (i) – (ii) shall exclude quotes, bibliography and text matches which are less than 8 words.*		

<u>Note</u> Supervisor/Candidate(s) is/are required to provide softcopy of full set of the originality report to Faculty/Institute

Based on the above results, I hereby declare that I am satisfied with the originality of the Final Year Project Report submitted by my student(s) as named above.

_____
Signature of Supervisor

Name : Cik Nabihah Binti Aminaddin

Date : 26/8/2022

Factors Affecting Savings and Investment Decisions of Malaysian Youth

Factors Affecting Savings and Investment Decisions of Malaysian Youth

by 22BF09J LEONG KAI NI

CHAPTER 1: RESEARCH OVERVIEW

1.0 Introduction

This chapter is the research overview of this study. It includes the summary of researchers through a few subtopics, which are the background of the study, problem statement, research objective, research question, and significance of the study.

1.1 Background of the Study

Over the years, most people have been suffering from the COVID-19 pandemic. There have always been unexpected situations in Malaysia, such as Movement Control Orders (MCO) and political unrest. Due to the pandemic COVID-19, most people who decide to invest and save have been influenced by it. After this happened, people began to pay attention and understand the importance of savings and investing for the future. Savings play a critical role in economic development and growth. In other words, savings can also be a factor in boosting a country's economic growth. According to Domar (1946), the rate at which a country's economy grows depends on the ability of its people because as people save more, the rate of investment increases, boosting the country's economic growth. When the amount of savings increases, the investment rate also increases. Therefore, this will help the country's economic growth. In addition, many youths are spending more than savings. Because if their savings are too low, they cannot cope with emergencies. It will cause people's health problems when youth cannot solve crises due to insufficient emergency savings (Prawitz et al., 2006).

However, schools and parents have been in the habit of savings from an early age. Unfortunately, in CEIC data surveys conducted by Malaysians over the past few years, the results indicate that the savings rate of Malaysians has declined. The highest value was 37.7% on 3rd January 2011, and the lowest value was 22.8% on 3rd January 2020 (CEIC Data, 2021a). In Malaysia today, this is not just because Malaysians lack the knowledge to save money. Other factors include Malaysians' over-reliance on credit cards, lack of expectation of daily expenses, overspending, low salary, and lack of money knowledge. These factors will lead them to take on more and more debt and loans. According to the Malaysian Department of Insolvency (2019), about 60 people are declared bankrupt every day, most youth aged 18 and 35. The most important factor that causes teenagers to fail to save is that their savings have been used to cover their daily living costs and other economic chains, such as household, business, and government savings (EPF and Perkeso). Many students borrow money for their education, such as PTPTN. Because there is no deposit, there is a lack of funds, and it is easy to fall into debt that youth cannot repay. Although these expenditures may seem insignificant, they are closely linked because they all consume the money that has been saved.

When savings fall, the government does not have enough money to invest in social programs and physical infrastructure. The government would use these financial assets to invest and enrich the country by increasing productivity and economic growth. According to Mahdzan and Tabiani (2013), high savings can help governments respond to economic recessions or financial crises, avoid shocks, and improve well-being in significant ways. In addition, savings can improve one's living standard and cope with new opportunities. In short, personal savings benefit families and the country as a whole. Therefore, it is essential to understand the factors that influence individual savings behaviour, which is critical to sustaining economic growth.

Moreover, an investment is a fund and refers to the hope of making profits in the future. People can choose to invest in the long term or the short term. The long-term investment is to invest in materials or assets such as land, property, vehicles, and capital for the long term. Short-term investments are liquid assets such as cash,

accounts receivable, inventories, and securities (Kusumaningrum et al., 2019). Before investing and choosing long-term investments, investors should consider some issues that may affect the investment results. For example, never finance with emotions because people may make illogical decisions due to their feelings when they make decisions. Many youths cause significant losses due to their impulsive decision-making (Suhaimi et al., 2016). At the same time, many factors need to be considered in selecting investment projects because differences will also affect the investment results. Whether the information investors look for when investing is generally applicable to all industries or whether the information they investigate is correct. The channels through which youth invest also play a crucial role. Therefore, when youths invest in this aspect, they must research enough accurate information to minimize risks. In Malaysia, the investment share of Nominal GDP data is an average ratio of 25.3 from March 1991 to September 2021 (CEIC Data, 2021b).

1.2 Problem Statement

Malaysia has reported that bankruptcy has a negative impact on individuals, partnerships and companies not being able to pay or meet their debts. Otherwise, many companies and businesses face debt recovery problems as those debtors still delay their outstanding payments due to the economic effects (Wong & Fung, 2020). Moreover, bankruptcy negatively impacts individuals because youths who have just started working cannot commit to many monthly car instalments after the Movement Control Order (MCO) is over (Welsh & Cheng, 2020). If the individuals lack some knowledge in managing their debt, there is not sufficient income to cover their debt.

With proper money management by an individual, they know how to manage their money well in terms of savings and investment. According to Ismail et al. (2020), if individuals do not manage their money well and fail in managing their money, they will face some problems such as bankruptcy. According to Bernama (2020), about 945 youths in Malaysia are facing bankruptcy. Most bankruptcy cases involve

individuals aged between 18 and 35 years. This is because the youth did not have proper financial planning and due to the MCO at the same time. Regarding the Prime Minister's Department (JPM), Datuk Seri Azalina Othman, individuals under the age of 25 where all the bankruptcy cases happened are due to the failure to settle vehicle purchase loans, personal loans, education loans and housing loans. About 84,450 Malaysians were declared bankrupt between 2015 and 2019. From the Insolvency Department's figure, people below 34 make up 26 per cent of bankruptcy cases (Athirah, 2020). Moreover, the Assistant Governor, Nazrul Hisham Mohd Noh from Bank Negara Malaysia, concluded that in 2018, around 47 per cent of youth had high credit card debt, which indicates that they might not have enough savings. Hence, they need to use a credit card to overcome their cash flow in daily life. As a result, it is significant that financial literacy among Malaysian youth is still lacking. Lack of financial literacy will lead to poor financial decisions, such as not having savings and investment decisions. Moreover, being hit by an unpredictable event such as Covid-19 will significantly impact Malaysians in the economy.

Moreover, the educational loan, which is PTPTN, was introduced in 1997 in Malaysia where PTPTN is to provide more opportunities to more students, and the repayment problem for the PTPTN loan is still huge where more than half of the borrowers are defaulting currently. Based on the current percentage of the loan repayment, about 49% had paid back their debt, while 51% are still not paying back their debt. Otherwise, only 32.5% of the RM56 billion that was disbursed by PTPTN has been repaid in full by the borrower (Syahirah, 2019). As the problem mostly comes from youth below the age of 30, this is alarming that the level of financial literacy among Malaysians is still lacking. In order to help youth to manage their financial problems, the factors that affect the savings and investment decisions of Malaysian youth should be determined first. Some factors may influence the savings and investment decisions of Malaysian youth. Hence, this study examines the factors that significantly affect the savings and investment decisions of Malaysian youth.

Furthermore, it is considered Malaysian youth aged from 15 to 30 years old (Yunus & Landau, 2019). According to "Youth Societies" (2019), the explanatory statement stated that the bill seeks to amend the Youth Societies and Youth Development Act 2007 [Act 668] to lower the maximum age limit in the definition of "youth" from forty years old to thirty years old. Most researchers have reported that financial literacy can influence financial behaviour in terms of individuals' savings and investment decisions (Lusardi & Mitchell, 2014). On the other hand, some research has found that individuals with a higher knowledge of finance will have better savings and investment decisions (Potrich et al., 2015).

Through this project, it may contribute to better financial planning for youth in Malaysia, as they will understand the factors that potentially influence savings and investment decisions. After they thoroughly understand the potential factors, it is believed that the youths may manage their financial planning and debt well. This research chooses to study the Factors Affecting Savings And Investment Decisions Of Malaysian Youth to focus on the dependent variable, which are the savings and investment decisions of Malaysian youth. This study wants to investigate what are the factors that affect it. Moreover, financial literacy, peer influence, parental socialization and locus of control are the utmost factors that affect the savings and investment decisions of Malaysian youth. Hence, this research would like to investigate whether there is a significant relationship between the dependent variable and independent variables.

1.3 Research Objectives

1.3.1 General Research Objective

The general objective of this research is to identify the relationships between the factors towards savings and investment decisions of Malaysian youth.

1.3.2 Specific Research Objectives

i. To determine the relationship between financial literacy towards savings and investment decisions of Malaysian youth.

ii. To analyze the relationship between peer influence towards savings and investment decisions of Malaysian youth.

iii. To investigate the relationship between parental socialization towards savings and investment decisions of Malaysian youth.

iv. To identify the relationship between locus of control towards savings and investment decisions of Malaysian youth.

1.4 Research Questions

1.4.1 General Research Question

The general question of this research is what are the relationships between the factors towards savings and investment decisions of Malaysian youth.

1.4.2 Specific Research Questions

i.   What is the relationship between financial literacy towards savings and investment decisions of Malaysian youth?

ii.   What is the relationship between peer influence towards savings and investment decisions of Malaysian youth?

iii. What is the relationship between parental socialization towards savings and investment decisions of Malaysian youth?

iv.   What is the relationship between locus of control towards savings and investment decisions of Malaysian youth?

1.5 Significance of Study

This research focuses on the determinants that influence the savings and investment decisions of Malaysian youth. This research explores the relationship between the factors, which include financial literacy, peer influence, parental socialization as

well as locus of control, and the savings and investment decisions of Malaysian youth.

According to The Malaysian Insider (2015), a survey by the Asian Institute of Finance reflected that Malaysians who range from 20 to 33 years old have been suffering from financial stress, with many of them living on the financial edge and borrowing from loans. In addition, the financial literacy rate among youth below the age of 35 in Malaysia falls below the average (Kuek, 2020). This reveals that even though the majority of youth are technologically savvy, however, they may lose control of their spending due to the lack of awareness of financial planning. Thus, this research may act as a reference for youth to understand the elements influencing their savings and investment decisions. It is believed that this research is able to contribute to better financial planning and well management of debt from the youth after they have a thorough understanding of the potential factors that affect savings and investment decisions.

Besides, this study also may assist policymakers in figuring out appropriate schemes or incentives to enhance savings and investment activities from the youth. The policymakers can focus on the elements discussed in this research that potentially impact the savings and investment decisions in order to accelerate more savings and investment activities. For an illustration, policymakers may increase Malaysian youths' pocket money by providing incentives in monetary terms to enhance more investment activities from them. This may aid in economic growth due to the high liquidity of funds in the market. Not only that, but Malaysia's GDP also can be improved, as the debt of youth may reduce due to their better financial planning.

Additionally, this study may give valuable insight to the Ministry of Education on the road to promoting financial literacy among youth. Nazrul Hisyam Mohd Noh, Assistant Governor of Bank Negara Malaysia, pointed out that 47% of Malaysian youth faced high credit card debt (Athirah, 2020). This may result from the lack of financial literacy among youth, leading them to overspend and make poor financial decisions. Therefore, the relevant government department may consider adding the related personal financial planning courses into the syllabus to prepare students to

be able to develop proper financial planning in the future after taking this study as a reference.

1.6 Conclusion

This chapter gives readers a clear view of the potential factors that might influence the savings and investment decisions of Malaysian youth. The research plans to contribute to better financial planning for Malaysian youth since the youths may have less awareness about savings and investment decisions. As a result, this research explains the background of this study and the Factors Affecting Savings And Investment Decisions Of Malaysian Youth.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

This chapter contains a few relevant theoretical models related to the dependent variable (savings and investment decisions) and the independent variables (financial literacy, peer influence, parental socialization, and locus of control). Furthermore, this chapter also review the literature on each variable. Lastly, the proposed conceptual framework and hypothesis development of this research have been included as well.

2.1 Review of Relevant Theoretical Model

2.1.1 Theory of Planned Behaviour

According to Asare (2015), Icek Ajzen is the person who developed the theory of planned behaviour. Moreover, the theory of planned behaviour is considered a type of cognitive theory (Brookes, 2021). The cognitive theory is a theory that focuses on human thought to explain human behaviour (Fritscher, 2020). In general, the purpose of the theory of planned behaviour is to predict and explain human behaviour across a wide variety of different types of behaviours (Ajzen, 2011). In the theory of planned behaviour, three variables are used to explain human behaviour, including personal attitudes, subjective norms and perceived behavioural control (Brookes, 2021). In this study, the theory of planned behaviour is adapted to explain how three independent variables, namely financial literacy, peer influence and parental socialization, influence savings behaviour (Kamarudin & Hashim, 2018).

It is known that there are three components under the theory of planned behaviour, which are personal attitudes, subjective norms and perceived behavioural control. In terms of financial literacy, perceived behavioural control is suitable for explaining how financial literacy affects investment and savings decisions. Perceived behavioural control refers to a person's feeling about whether it is easy or difficult for them to perform a behaviour (Ajzen, 1991). In other words, whether an individual has the ability to perform a particular behaviour. An individual will tend to perform a task when they know how to perform it and are able to control the controllable situation. The same goes for investment and savings decisions. It is believed that when an individual has fundamental knowledge of economic concepts such as interest rate, time value of money, or inflation which reflects that individual possesses a certain level of financial literacy, they tend to engage in investment and savings activities. This is because they can predict the outcome of behaviour, respond to the changing market situation, and take preventive action to prevent loss. For instance, a person with a high financial literacy level may understand what factors influence the interest rate movement. In turn, they can predict the interest rate movement in the future and know what action should be taken for their best interests.

Furthermore, peer influence is under subjective norms of theory of planned behaviour. It is used to explain the influence of the thoughts and actions of the majority of people around you on one's beliefs. Beliefs about whether a person's plan of action is approved or opposed to such action can be changed by the opinions of those around them. According to this theory of planned behaviour, peer influence affects savings and investment decisions of Malaysian youth. It has to do with a person's beliefs about whether his partner and significant other think he or she should engage in this behaviour (Boston University, n.d.). According to the Elisabeth (2021), theory of planned behaviour has a strength with peer influence and is a significant in both initiation and maintenance of behaviour.

Last but not least, since the theory of planned behaviour uses subjective norms to explain human behaviour, the theory of planned behaviour is adapted to explain how parental socialization influences savings behaviour. Subjective norms refer to how people perceive others' thoughts about a particular behaviour (Brookes, 2021). Hence, this study can use the theory of planned behaviour to explain how parental socialization affects Malaysian youth's savings and investment decisions. According to Alekam et al. (2018), parental behaviour significantly affects children's awareness, attitudes and financial behaviour. If parents show good role models to their children from a young age, they are more likely to behave well because children will tend to observe and replicate their parents' behaviour. For example, suppose parents usually make wise savings and investing decisions. In that case, their children will perceive their parents' thoughts about savings and investing behaviour. They are more likely to make smart savings and investing decisions because children will tend to observe and replicate their parents' behaviour.

2.1.2 Behavioural Life-cycle Theory

The behavioural life-cycle theory is one of the theories that will be applied in this research. This theory was developed by Franco Modigliani and his student Richard Brumberg in 1957 (Deaton, 2005). The behavioural life-cycle theory talks about the process of increasing and decreasing assets throughout the lifetime. It emphasizes the importance of mental accounting and self-control in savings decisions. Furthermore, Shefrin and Thaler (1988) stated that an individual's financial behaviour in their daily life is determined by their ability to control and the costs connected to existing exercises such as self-control on their financial behaviour. This is applied to researchers as they investigate that people with low self-control as they are likely to be involved with credit problems and debt issues (Strömbäck et al., 2017).

Otherwise, the essential motive for behavioural life-cycle theory is individuals putting their money into savings and using it in the future for retirement. The hypothesis of behavioural life-cycle theory starts with the observation of unequal consumption needs and income in an individual's life cycle ("Life Cycle," 2022). The behavioural life-cycle theory has certain stages in which individuals will decrease the number of their assets because they will spend more on things such as education or family needs than they receive in the first stage. However, when individuals' income has risen, and at the same time, their expenses remain the same or do not rise so much in the middle of the stage. In the last stage, they can make a savings and investment decision for retirement in the future (Juneja, n.d.). Hence, self-control or locus of control has been included in the behavioural life-cycle theory because it gives the individual choice of how they save money in different stages.

The behavioural life-cycle theory is vital to this study. This theory needs to be applied on one of the independent variables which is the locus of control. As mentioned above, locus of control has been included in the behavioural life-cycle. By applying this theory in this research is to know whether the locus of control is significant to this study.

2.2 Review of the Literature

2.2.1 Dependent Variable - Savings and Investment Decisions

The keyword "savings" had a variety of meanings and explanations. According to Ismail et al. (2020), savings refers to the balance of the amount from an individual after having deducted their cost of spending from the disposable income. Otherwise, savings also can be defined as a net surplus of the money from an individual, which is the amount after deducting all the expenses that have been paid out (Chalimah, 2019). Savings will occur if the individual can set aside some money from their income rather than

overspending the money. Furthermore, savings also means sacrificing the current consumption of an individual for the purpose of raising living standards in the future (Ismail et al., 2020). Hence, savings behaviour will be the combination of the perceptions of future needs, perceptions of savings decisions, and perceptions of savings action.

Moreover, many individuals will have savings behaviour for the major source of their retirement funds because if individuals never have the savings action during their golden years, it will lead to poor retirement satisfaction (Joulfaian, 2018). Hence, retirement planning will motivate the individual to make some savings and investment for their future life. The higher the level in terms of savings, the means it will encourage the level of investment (Ribaj & Mexhuani, 2021).

The higher the level in terms of savings, the means it will generate the investment where the investment can be in terms of capital, stock market, insurance or mutual funds (Chitra & Aruna, 2019). Capital is to be used by individuals by lending to others in the future where the individual will buy the house in the current year and sell it in the future (Chitra & Aruna, 2019). Making an investment such as a stock market, insurance, or mutual fund is much better as the money that has been invested can earn back the return. According to Chitra and Aruna (2019), every individual or investor's major objective is an investment where their current savings today will have been used to pay for the future when they have invested.

People will invest to earn more money from the gain of the return on investment (Syed, 2017). Hence, when the individual has saved money as an investment or purchased the capital as an investment, they will use the earning income or the capital appreciation in the future to create wealth. Hence, people are likely to make a savings by investing by putting their money into the bank account, earning some extra return. In short, investment contrasts with savings, where you usually will get your money back with some interest when you invest.

Savings behaviour and investment decisions is a very important role for all individuals in retirement and avoiding bankruptcy (Farrar et al., 2018). Bankruptcy will happen due to the individuals still lacking financial planning in terms of savings and investment behaviour. Individuals who have no proper savings and investment planning will have difficulties in the future (Farrar et al., 2018). According to Bernama (2020), about 945 of the youths in Malaysia aged between 18 and 35 years are facing bankruptcy. This is because the youth did not have proper financial planning and due to the MCO at the same time.

Since Malaysia's youth are still lacking financial planning in terms of savings and investment behaviour. Hence, Malaysia's government needs to implement the savings and investment decision for all individuals, especially the youth, about the importance of savings money so they can manage financial management issues before going into bankruptcy.

2.2.2 Independent Variable - Financial Literacy

By definition, financial literacy refers to one's understanding of economic concepts, which are interest rate, risk diversification and inflation (Lusardi & Mitchell, 2011). According to Mokaya (2018), the degree of understanding of these economic concepts determines people's ability to make an investment decision and is reflected through practices. For instance, if one is able to analyse the impact of interest rate on investment decisions indicates that they have a thorough understanding of the basic economic concept.

Oteng (2019) opined that financial literacy and investment decision are positively correlated to each other. Oteng concluded that one's capability to make good investment decisions depends on the financial literacy level. The same result from Fong, Koh, Mitchell, and Rohwedder (2021), their findings

also found that financial literacy is positively correlated with investment skills. On the other hand, Murendo and Mutsonziwa (2017) found that financial literacy and savings behaviour are positively correlated to each other. According to their econometric results, the increase in the financial literacy level increases the tendency of people from both urban and rural areas to save. According to Pangestu and Karnadi (2020), the empirical result showed that financial literacy is positively correlated with savings decisions. This can be explained as when an individual possesses proper financial knowledge and able to perform appropriate action in reality tend to save more money.

The empirical result from Lee, Arumugam, and Nooradhanawati (2019) found a positive and significant relationship between financial literacy and personal financial planning, which is in line with the empirical result from past researchers. According to the multiple regression model result, the p-value of the independent variable that is less than 0.05 indicates that the model is significant. Results demonstrated that financial literacy has a p-value of 0.043, which is less than 0.05, reflecting that financial literacy is significant and positively correlated to financial planning.

However, in the study conducted by Grohmann (2018), the research did not find out any significant relationship between financial literacy and investment. According to the empirical result, Grohmann opined that income level and assets are more likely to be the main drivers of stock market participation.

Individuals with a certain level of financial literacy will be concerned about the movement of interest rate when making investment and savings decisions as they clearly understand it will affect their cash flow and return. Thus, the interest rate will have an impact on investment and savings decisions. According to Mushtaq and Siddiqui (2017), the interest rate positively correlates with bank deposits in the long and short run. Furthermore, Latsos and Schnabl (2021) found out that the monetary policy through the interest rate channel has a positive impact on household savings

rates. The finding revealed that the household savings rate as percent of GDP decreases by 0.43 percentage points when the interest rate decreases by one percentage point. They believed that the return from the deposit would reduce when the interest rate decreases, leading to the incapability of the household to save more due to the decrease in return. Additionally, a decrease in interest rate will discourage savings since the falling interest rate pushes the depositor who depends on interest payment to withdraw their deposit.

Meanwhile, Mushtaq and Siddiqui (2017) stated that interest rate has an insignificant relationship with bank deposits in Muslim countries. This is due to the reason that the interest rate is prohibited in Islamic law, so the people in Muslim countries would not take into consideration of the interest rate movement when depositing.

2.2.3 Independent Variable - Peer Influence

According to Danial et al. (2020), except for parental influence, peer influence also significantly impacts the savings behaviour of youth. According to the research of Bristol and Mangleburg (2004), peer influence refers to the degree to which peers influence a person's psychology, thoughts, and behaviour. In the process of social communication, peers' communication on financial issues and consumption tendency will also influence their savings behaviour and decisions. Besides that, according to Cassandra's research, 93% of parents today claim their children affect family and household expenditures, implying that these youths account for a considerable share of overall market spending. The research from Jamal, Madya and Sany (2018) has mentioned that families and peers play an important role in influencing personal financial literacy because they influence knowledge about financial literacy, especially for the younger generation. This can directly affect their understanding of finance and

financial planning, sustainable wealth accumulation and better financial decisions.

Moreover, Team GD Ideas (2021) also stated that social media also influence youths and listen to the different worldviews and perspectives of social media influencers. By observing their comments, people can save money and avoid lousy spending simultaneously. For example, by discussing money management issues, spending their leisure time, and engaging in consumer activities, they will become less rely on their parents and more oriented toward the peer and adult world (Juliana et al., 2021). Furthermore, Forbes (2018) has stated that the main element affecting the behaviour of Generation Z are the influence formed by their closest peers and parents. There is evidence that peer influence affects children's savings behaviour (Kamarudin & Hashim, 2018).

On the contrary, according to a survey from Juliana and Amirul (2020), the results show that parental socialization, financial knowledge and peer influence significantly affect students' savings behaviour. In 2018, Malaysian household debt was 83% of gross domestic product (GDP). Hence, most households are unprepared for retirement, they do not save enough. Meanwhile, young people in emerging countries are reported to be the leading group in financial trouble. Based on the theory of planned behaviour, peer influence can also affect an individual's propensity to save due to differences in financial knowledge and self-control. However, the peer has some similarities, such as age, status, and working experience. Their actual investment parameters and ability to tolerate change are unique to them, and their investment, savings plan, and portfolio should be designed to refer to their background (Dangol & Maharjan, 2018).

Similarly, according to Dangol and Maharjan's (2018) study, parents' financial education has a significant relationship with savings behaviour. Parents' encouragement of savings has a substantial influence on savings

behaviour. Therefore, receiving financial education from parents can lead to good savings behaviour.

In conclusion, the results showed that savings behaviour, parental socialization and peer influence were positively correlated with financial literacy. Higher education sectors such as the Ministry of Education can do this by increasing personal finance management and encouraging more savings rather than spending too much money on unnecessary items. Parents have always played a central role in encouraging their children to save or invest, as Rahim, Zunaidah and Amalina (2017) explained. Additionally, Robin and Djanuarko (2021) stated that savings behaviour plays an essential role in promoting community economic growth. The community's strong savings culture will create capital in the official banking system and encourage access to fresh capital to help power the community's economy. The money gathered gives business development financing to other communities in need of cash through credit channels. According to their research results, peer influence and other independent variables significantly positively impact dependent variable savings behaviour. Peer influence was statistically significant and positively correlated with financial literacy (Zaihan, 2021). Moreover, social communication with peers discussing money management and economic issues help in making better financial decisions and perfect results because two heads are better than one.

2.2.4 Independent Variable - Parental Socialization

In practice, parental socialization does not refer to a specific set of parenting practices but is defined as an emotional context or atmosphere. It means that each parent's personal practices, such as affect, communication, strictness, and so on, will shape a different emotional context or atmosphere, which will have different implications for their children so that children may

interpret different meanings (Axpe et al., 2019). According to Dangol and Maharjan (2018), parental socialization is a factor that will influence the savings behaviour of the youth. Empirical evidence shows that parents can develop good savings behaviour in their children (Kamarudin & Hashim, 2018). The same result from Junaid et al. (2018), their research found that parents can develop their children's skills that are imperative for savings. Moreover, Chalimah et al. (2019) found a significant positive relationship between parental socialization towards savings behaviour.

Dharmarathna and Kumari (2021) stated that the first teacher of a child is the parent because the child is in contact with the parent every day, and every gesture and behaviour of the parent, and even every word the parent says, will be the first knowledge the child gets. Therefore, the children will have a strong impression and usually learn the habitual patterns from their parents. There is practical evidence that parents play a significant role in encouraging their children to save (Junaid et al., 2018). According to Dangol and Maharjan (2018), parents' educational backgrounds and children's savings and investment behaviours are also closely related because different types of parental educational backgrounds reflect different parental socialization, which in turn affects children's savings and investment behaviours. Highly educated parents are more likely can educate their children about the right way of savings and investment behaviours because they are more likely to know how to deal with financial problems (Manfrè, 2019).

In the research conducted by Dangol and Maharjan (2018), they found that different methods of parental financial teaching will shape different parental socialization. Parental financial teaching consists of parental modelling, discussion and coaching, habit formation and providing independence. Junaid et al. (2018) stated that there are two types of parents. The first type of parent is always trying to protect their children from different financial difficulties and responsibilities. This type of parent does not involve their children in different financial issues discussions. The second type of parent

is always trying to educate their children about different financial issues because they think it is essential for them to know about different financial problems. Hence, the children are more likely to manage their budget and increase their savings to have the ability to deal with financial issues. Moreover, Junaid et al. (2018) stated that parents' discussion and guidance on financial issues would influence the savings behaviour of their children. Therefore, parents should educate the right way of financial teaching to their children to help them improve their financial awareness and develop good savings behaviour.

Furthermore, Juliana et al. (2021) discovered children tended to observe and replicate their parents' behaviour, so parental socialization was more effective than financial literacy. The empirical result from Alvarez and Tippins (2019) found that individuals who have experienced parental socialization through a set of good parental financial teaching during childhood will establish wise savings and investment behaviours and reduce the likelihood of making wrong savings and investing decisions. Therefore, those individuals would be more assertive in savings and investment decisions. However, the individuals who experienced parental socialization through poor parental financial teaching during childhood, youth, and adult life may lead to financial issues at later stages of the life cycle (Legenzova et al., 2019). There is practical evidence that parental socialization through good parental financial teaching increases an individual's willingness to save in adulthood (Angela & Pamungkas, 2022). Last but not least, Sari and Isnurhadi (2021) stated that parental socialization has a significantly positive effect on savings behaviour.

2.2.5 Independent Variable - Locus of Control

Locus of control is a phycological construct introduced and originated over 50 years ago from a social learning theory. Locus of control can be counted as one of the most researched psychological concepts. It indicates that it

significantly impacts how individuals decide their choices in any situation (Francis & Ambilikumar, 2021).

According to Rotter 1966 (as cited in Francis & Ambilikumar, 2021), reinforcement depends entirely on a personal decision. It is always perceived as the product of luck, different circumstances, destiny, or unforeseen situations due to forces surrounding him. When an individual interprets an experience in this manner, we refer to this individual as a belief in external control. The individual believes that all the events that happen are beyond his control. On the contrary, researchers addressed an individual as an internal control if his actions determine the outcomes.

Julian B. Rotter initially developed a locus of control in the 1950s (Francis & Ambilikumar, 2021). Locus of control is significant to individuals as it explains a positive individual belief to ensure the goals are being achieved. Therefore, locus of control may indirectly affect savings behaviour through different motives (Bucciol & Trucchi, 2021). In research from Bucciol and Trucchi (2021), locus with control can be related to savings and investment decisions. On the one hand, individuals with an internal locus of control may have specific targets and planning, such as buying a brand-new car or just having a general target such as being financially independent. On the other hand, individuals with an internal locus of control believe that they will be controlled for future event outcomes and less exposed to uncertain events.

According to Radiant et al. (2021), the higher the locus of control of an individual, the more they can show the right financial attitudes such as savings and investment decisions. As a result, when individuals can make savings and investment decisions and are responsible for managing their finances, they are more likely to portray good financial attitudes and behaviours. This individual can control their expenses, and they can control themselves well too. Moreover, if an individual has a higher ability to overcome financial obstacles, they have better thinking in making appropriate financial decisions such as savings and investment decisions for

themselves. In short, locus of control is important for individuals to achieve their long-term goals (Piotrowska, 2019).

According to Salamanca et al. (2020), internal and external control can be measured based on the exact measurement. The measurement for the locus of control included seven items from the subscale developed by Furnha (1986). The questions were measured on a 7-point Likert scale from completely disagree (1) to completely agree (7).

Moreover, research from Rasyid et al. (2018) mentioned that locus of control can affect investment decisions. Based on the results of the hypothesis testing in this study, the locus of control has a positive and significant relationship with investment decisions. The result was in line with the research of Arifin et al. (2018), who also concluded that locus of control has a significant relationship with financial management behaviour. Furthermore, Peetz et al. (2021) also stated that locus of control predicted the savings decision among individuals.

Masdupi and Rasyid (2020) discovered that the relationship between locus of control and financial behaviour such as savings and investment decisions remains inconsistent. Thus, this study attempts to provide an alternative to fill the research gap, which is the relationship between locus of control and savings and investment decisions remains inconsistent.

2.3 Proposed Conceptual Framework

Sources: Development for the research

Figure 2.1. Proposed Conceptual Framework

The figure 2.1 displays the factors that influence the savings and investment decisions. Based on figure 2.1, the study's theoretical framework showing the relationship between dependent variable and independent variables. The dependent variable is savings and investment decisions while the independent variables are financial literacy, peer influence, parental socialization and locus of control.

2.4 Hypothesis Development

Below is to present the relationships between the dependent variable which is savings and investment decisions of Malaysian youth and independent variables which include financial literacy, peer influence, parental socialization and locus of control.

2.4.1 Financial Literacy (FL)

H0: There is no significant relationship between financial literacy and savings and investment decisions.

H1: There is a significant relationship between financial literacy and savings and investment decisions.

2.4.2 Peer Influence (PL)

H0: There is no significant relationship between peer influence and savings and investment decisions.

H1: There is a significant relationship between peer influence and savings and investment decisions.

2.4.3 Parental Socialization (PS)

H0: There is no significant relationship between parental socialization and savings and investment decisions.

H1: There is a significant relationship between parental socialization and savings and investment decisions.

2.4.4 Locus of Control (LOC)

H0: There is no significant relationship between locus of control and savings and investment decisions.

H1: There is a significant relationship between locus of control and savings and investment decisions.

2.5 Conclusion

According to the theoretical models and literature review of each variable, the independent variables used to test the savings and investment decisions in this research are financial literacy, parental socialization, peer influence, and locus of control. The proposed conceptual framework is built based on the understanding of past researchers.

CHAPTER 3: METHODOLOGY

3.0 Introduction

This chapter discusses the research method. The period of the collection of data for this research is on June 2022. The collection method of this research is to conduct online questionnaires to respondents. Besides, this chapter includes 5 subtopics.

3.1 Research Design

This study has used the method of quantitative research to describe, test and investigate the Factors Affecting Savings And Investment Decisions Of Malaysian Youth within a target population as it allows researchers to better identify the target population by measuring their varied reactions and behaviour. The quantitative method is that researchers need to process by surveying the respondents, and the data may need to convert from words to numbers, and researchers can use statistical analysis to answer the research questions (Bhandari, 2020). Hence, quantitative research methods can be developed by using the ordinal scale ("Collecting Primary Data for Quantitative Research," 2021). This research can be collected by using primary data (Hox & Boeije, 2005). The self-administered survey questionnaire will be used in primary data research since it is easy to administer (Jong, 2016).

For this research, Multiple Choice Questions will be used in questionnaires where the survey is given to the respondent with multiple answer options. There are two types of multiple-choice questions, either single answers or multiple answers ("Multiple Choice Questions," n.d.). Multiple Choice Questions can be giving the respondents answer questionnaires with a limited answer of the options that we have

provided where the result will not be out of the topic research ("Multiple Choice Questions," n.d.).

Besides that, the Five Likert scales also will be used in questionnaires for this research. The Likert scales can measure many variations, including the importance, frequency, and likelihood of measuring the statements of an agreement by the respondent (McLeod, 2019). Respondents will have to show their level of agreement in five levels which are from strongly disagree to strongly agree, based on the statement that has been given (Vinney, 2019). The Likert scale is simple to construct from the perspective of participants as it is easy to read and complete the survey for the respondents (Taherdoost, 2020).

3.2 Sampling Design

3.2.1 Target Population

Since this study focuses on examining the factors that significantly affect Malaysian youth's savings and investment decisions, the target population for this research is Malaysian youth. In addition, Malaysian youth is considered aged 15 to 30 years old (Yunus & Landau, 2019). Therefore, the target population must be Malaysians aged 15 to 30.

3.2.2. Frame and Location Sampling

In this research, the target population is the Malaysian youth. It indicates that the target population will be selected from across Malaysia. For illustration, Malaysia consists of 13 states and three federal territories. The

13 states in Malaysia comprise Perak, Selangor, Negeri Sembilan, Perlis, Kedah, Johor, Pahang, Kelantan, Terengganu, Sabah, Melaka, Sarawak, and Pulau Pinang. Moreover, the three federal territories in Malaysia comprise Kuala Lumpur, Labuan, and Putrajaya (Lockard & Ahmad, n.d.). In short, no matter whether the Malaysians aged 15 to 30 live in which particular state and federal territory in Malaysia, they are eligible to be the target population.

3.2.3. Technique of Sampling

Since Malaysian youth is a large target population, simple random sampling is more suitable for this study's sampling technique. For illustration, the simple random sampling technique enables the researchers to select target respondents easily and accurately represent the large target population, Malaysian youth (Thomas, 2022). Therefore, the target respondents in this study were selected randomly from the target population. It indicates that everyone in the target population has an equal chance of being selected. In short, every Malaysian aged 15 to 30 has the same chance of being chosen.

3.2.4 Size of Sampling

Table 3.1:

Table for Determining Sample Size from a Given Population

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380

190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Sources: Krejcie & Morgan, 1970

Note: N is population size & S is sample size & Assume Standard Error = 0.05

The National Statistics Department stated that there were 9,000,000 Malaysian youth aged 15 to 30 in 2019 (Ahmad, 2019). This data indicates that the target population, Malaysian youth aged 15 to 30, will be around 9,000,000 persons in 2022. Moreover, the Krejcie and Morgan table shows that if the population size is 1,000,000 or more, the sample size will be 384 (Krejcie & Morgan, 1970). It indicates that the sample size for this research can be 384 people because the population size of this study is over 1,000,000. Hence, this research decided to have 384 target respondents.

3.3 Data Collection Method

Data collection is the process of gathering and analysing information on the particular variables in an existing framework (Dudovskiy, n.d.). Data collection methods can be classed into primary or secondary. Therefore, this study uses it as primary data in collecting data for this research. Primary data means that the researcher has collect or gather the information by personally (Surbhi, 2020).

It contains few ways to collect or gather the information by using the primary data. For instance, the researcher can conduct some online surveys, questionnaires and personal interviews to collect the information from the respondents. By using primary data, this research can be considered as self-administered survey questionnaires as self-administered surveys may provide some convenience to the respondents to conduct the survey. The respondents will not feel too stressful as they have to answer short and simple questions through the self-administered

survey (Formplus, 2021). Otherwise, respondents do not need to fill out and submit the questionnaire immediately.

Besides, the self-administered survey can help the researcher save some time in conducting the survey as there will be no appointments are needed to the respondents. The collection of results will be faster collected from the respondents (Bodine, 2022). Furthermore, a self-administered survey also can be considered as a low-cost way of surveying with a large sample size as researchers will conduct the online questionnaires by sending out to respondents through email invitations, which is another example of a self-administered survey (Formplus, 2021).

3.3.1 Pilot Test

A pilot test often is conducted before the actual testing and is a smaller-sized study to assist in the main study modification (In, 2017). Its main purpose is to test the feasibility and validity of the research before the main study. Besides, the pilot test is conducted to evaluate the safety of the treatment and provide an approximate sample size needed. According to Teijlingen and Hundley (2002), a pilot test provides the advantage to the researchers in which it warns of the potential risk where a project may fail as well as assess if the proposed instruments are appropriate. In short, before the questionnaire is distributed to the target population, a pilot test will be conducted on a small group of samples first in order to test the feasibility and validity of the research.

3.3.2 Pilot Test Result

Table 3.2:

Summary of Reliability Statistic for Pilot Test

Variables	Cronbach's Alpha	No. of Items	Internal Consistency
SAID	0.854	6	Good
FL	0.864	5	Good
PI	0.785	5	Acceptable
PS	0.719	5	Acceptable
LOC	0.711	5	Acceptable

Sources: Data from SPSS

According to Table 3.2, it showed that the Cronbach's Alpha values of savings and investment decisions and financial literacy are 0.854 and 0.864 respectively. This indicated that they had a good result in the reliability analysis since both of their Cronbach's Alpha values are range between 0.8 to 0.9. Moreover, Cronbach's Alpha values of peer influence, parental socialization and locus of control are 0.785, 0.719 and 0.711 respectively. This indicated that these 3 variables have an acceptable result in the reliability analysis since the Cronbach's Alpha values range between 0.7 to 0.8.

3.4 Proposed Data Analysis Tool

In this research, two statistical methods have been used to analyze the data. To examine the relationship between the dependent variable, savings and investment decisions, and the independent variables, which are financial literacy, peer influence, parental socialization, and locus of control, several tests have been carried out in this research. To achieve the objectives of this study, SPPS has been utilized to run the data.

3.4.1 Descriptive Analysis

Descriptive analysis, also known as a descriptive statistic, refers to a method used to depict the basic characteristics of the data (Trochim, n.d.). Researchers who utilize this analysis often describe what the data shows and convert the raw data into words for better understanding and interpreting. Descriptive analysis helps simplify a huge amount of data in a simple way and enables readers to have a thorough understanding of the data. The statistical graphics such as histograms, pie charts, or bars will be generated, accompanied by a description or summary. For instance, a survey collected from a sample will specify their race. The percentage occupied by each race will be described in words accordingly for better interpretation.

3.4.1.1 Reliability Test

Reliability is a concept used to evaluate the quality of research (Middleton, 2019). A reliability test is a degree to which a trial is free from error. It is highly correlated with test validity. The reliability of the test can be considered precision, the degree to which a measurement is free from error. Tests measure the extent of the hypothetical infrastructure. Reliability is not a constant attribute of a test and is best thought of as different types of reliability for diverse populations at different levels of the measured structure (Middleton, 2019). A measurement's reliability refers to how constant it is when measuring a concept, and Cronbach's Alpha is a way to determine how strong the consistency is. In other words, Cronbach's Alpha is a metric for determining the internal consistency, or reliability, of a set of scale or test items (Goforth, 2015).

3.4.1.1.1 Cronbach's Alpha (CA)

Cronbach's Alpha test applies to multi-scale projects and is a fully adequate indicator of the reliability of inter-project consistency (Taber, 2018). When the same questions are rewritten and reapplied to the same respondents, Cronbach's Alpha can use to explain that the answers are similar. Once the test was repeated and participants' responses were constant and credible, the variables on the test tool were considered accurate (Chaudhary, 2016). The empirical rule of Cronbach's Alpha coefficient value is shown in the following table.

Table 3.3:

The rule of Cronbach's Alpha coefficient value

Alpha Coefficient Range	Internal Consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Sources: Chaudhary, 2016

3.4.2 Inferential analysis

In this research, inferential analysis has been used to examine the relationship between the dependent variable and independent variables. Only the data from samples can be acquired most of the time as it is too difficult and expensive to collect data from the entire population that are interested in. Hence, inferential statistics allows the researcher to take the data from samples and make reasonable guesses about the large population. It will enable the researcher to predict the data (Glen, 2021). With inferential statistics, it is significant to use random sampling methods if the sample that

had chosen does not represent the population (Bhandari, 2020). The two main methods of inferential statistics are estimating parameters and testing the statistical hypothesis. Estimating parameters means taking a statistic from the sample data, such as the sample mean and using the sample mean to elaborate on the population parameter, such as the population mean. Testing of statistical hypothesis is where the sample data can be used to come to a conclusion about this research question.

3.4.2.1 Pearson Correlation Analysis

Pearson correlation analysis, which is also referred to as the correlation coefficient, is a measure used to assess the strength of the linear association between two variables (Cleophas & Zwinderman, 2018). The correlation coefficient is stated in R-value. The value always falls between -1 to 1. The negative value indicates a negative relationship between variables, in which when one variable increases, the other variable decreases, and vice versa. On the other hand, a positive R-value indicates that the variables are positively correlated to each other, whereby when one variable increases, the other variable increases as well, and vice versa. R-value of 0 means that there is no relationship between variables. For example, if the R-value is 1, this indicates that there is a perfect positive correlation between the variables.

3.4.2.2 Multiple Linear Regression

Econometric Model

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Where:

Y = Savings and Investment Decisions

β_0 = Intercept

X_1 = Financial Literacy

X_2 = Peer Influence

X_3 = Parental Socialization

X_4 = Locus of Control

$\beta_1, \beta_2, \beta_3, \beta_4$ = Slope Coefficient

The econometric model created above represented the relationship between the dependent variable, savings and investment decisions, and the independent variables which are financial literacy, peer influence, parental socialization and locus of control. According to Uyanık and Güler (2013), multiple regression is a standard statistical method for analyzing multiple

independent variables. The objective of using multiple regression analysis is to use the independent variables whose values are known to predict the value of the single dependent variables (Moore et al., 2006). Applying this approach to this study provides a more accurate and precise understanding of the relationship between a dependent variable and each independent variable.

3.5 Conclusion

At the end of the chapter, the proposed data analysis tools have been introduced to examine the data collected from this research. As a result, this research decided to use SPSS to analyse the result of Chapter 4.

CHAPTER 4: DATA ANALYSIS

4.0 Introduction

384 questionnaires were issued through google form we had made to the respondents who range from 15 to 30 years old. The following subtopics of this chapter discuss the statistical result analysis.

4.1 Descriptive Analysis

Descriptive analysis refers to a simple graphic to summarize and interpret the data that had been gathered to increase the understanding about what are the demographic profile of the respondents in this research.

4.1.1 Gender

Table 4.1.1:

Respondent's Gender

Gender	Frequency	Percent (%)
Male	205	53.4
Female	179	46.6
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.1, about 205 out of 384 or 53.4 % were male respondents, and 179 out of 384 or 46.6% were female respondents. The results show that male respondent are more than female respondents that get involved in this research.

4.1.2 Age

Table 4.1.2:

Respondent's Age

Age	Frequency	Percent (%)
15-18	66	17.2
19-24	171	44.5
25-30	147	38.3
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.2, the age of the respondent is categorized into three groups which are 15-18, 19-24 and 25-30. The result shows that about 17.2% or 66 out of 384 respondents are from 15-18 years old, and 44.5% or 171 out of 384 respondents are from 19-24 years old. Furthermore, about 38.3% or 147 out of 384 respondents from 25-30 years old get involved in this research survey.

4.1.3 State

Table 4.1.3:

State

State	Frequency	Percent (%)
Johor	28	7.3
Kedah	18	4.7
Kelantan	24	6.3
Terengganu	30	7.8
Malacca	22	5.7
Negeri Sembilan	26	6.8
Pahang	40	10.4
Penang	16	4.2
Perak	41	10.7
Perlis	29	7.6
Sabah	20	5.2
Sarawak	16	4.2
Selangor	17	4.4
W.P Kuala Lumpur	21	5.5
W.P Labuan	20	5.2
W.P Putrajaya	16	4.2
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.3, the state is categorized into 16 which are Perak, Selangor, Negeri Sembilan, Perlis, Kedah, Johor, Pahang, Kelantan, Terengganu, Sabah, Melaka, Sarawak, Pulau Pinang, Kuala Lumpur, Labuan, and Putrajaya. The result shows that about 7.3% or 28 out of 384 of the respondents are from Johor. Next is about 4.7% or 18 out of 384 of the respondents are from Kedah and about 6.3% or 24 out of 384 of the respondents are from Kelantan. Besides that, about 7.8% or 30 out of 384 of the respondents are from Terengganu, about 5.7% or 22 out of 384 of the respondents are from Malacca and about 6.8% or 26 out of 384 of the respondents are from Negeri Sembilan. Furthermore, about 10.4% or 40 out

of 384 of the respondents are from Pahang, about 4.2% or 16 out of 384 of the respondents are from Penang, and about 10.7% or 41 out of 384 of the respondents are from Perak. Moreover, about 7.6% or 29 out of 384 of the respondents are from Perlis, about 5.2% or 20 out of 384 of the respondents are from Sabah, about 4.2% or 16 out of 384 of respondents are from Sarawak and about 4.4% or 17 out of 384 of the respondents are from Selangor. Last but not least, about 5.5% or 21 out of 384 of the respondents are from W.P Kuala Lumpur, about 5.2% or 20 out of 384 of the respondents are from W.P Labuan, and about 4.2% or 16 out of 384 of the respondents are from W.P Putrajaya that gets involved in this research survey.

4.1.4 Education Qualification

Table 4.1.4:

Respondent's Education Qualification

Education Qualification	Frequency	Percent (%)
Secondary School	81	21.1
Foundation	29	7.6
Diploma	49	12.8
Bachelor of Degree	160	41.7
Master	36	9.4
PHD	29	7.6
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.4, it shows that most of the respondents who participated in this study are Bachelor of Degree, which is about 41.7% or 160 out of 384 respondents. The second more the respondent who participates in the study are Secondary Schools which are about 21.1% or 81 out of 384 of the respondents, and about 12.8% or 49 out of 384 of the respondents are from diplomas. Furthermore, about 9.4% or 36 out of 384 respondents are from Master. Following with the respondents who are in Foundation and PHD,

both have contributed the same amount of respondents, which is about 7.6% or 29 out of 384 of the respondents.

4.1.5 Marital Status

Table 4.1.5:

Respondent's Marital Status

Marital Status	Frequency	Percent (%)
Single, Not married	273	71.1
Married	99	25.8
Divorced	1	0.3
Widowed	2	0.5
Prefer not to answer	9	2.3
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.5, it has shown that most of respondents who participated in this study are Single or Not married, about 71.7% or 273 out of 384 respondents. The second respondent who participated in the study is Married, which is about 25.8% or 99 out of 384 of the respondents. Prefer not to answer has contributed about 2.3% or 9 out of 384 of the respondents. Last but not least, about 0.5% or 2 out of 384 of the respondents are Widowed, and about 0.3% or 1 out of 384 of the respondents are Divorced.

4.1.6 Occupation

Table 4.1.6:

Respondent's Occupation

Occupation	Frequency	Percent (%)
Student	158	41.1
Employed	213	55.5
Unemployed	13	3.4
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.6, there is 3 type of occupation which are Student, Employed and Unemployed. The result shows that about 41.1% or 158 out of 384 respondents are students. Besides, about 55.5% or 213 out of 384 respondents are Employed. Lastly, about 3.4% or 13 out of 384 respondents are Unemployed that get involved in this research survey.

4.1.7 Monthly Income

Table 4.1.7:

Respondent's Monthly Income

Monthly Income	Frequency	Percent (%)
Not applicable	138	35.9
RM 1000 and below	23	6.0
RM 1001 - RM 2000	30	7.8
RM 2001 - RM 3000	60	15.6
RM 3001 - RM 4000	41	10.7
RM 4001 - RM 5000	48	12.5
RM 5001 and above	44	11.5
Total	**384**	**100.0**

Sources: Data from SPSS

Based on Table 4.1.7, it has shown that most of respondents that participate in this survey are comes from the categories of not applicable monthly income, which are about 35.9% or 138 out of 384 respondents. Followed by the respondents that categories RM 1000 and below monthly income, which are about 6.0% or 23 out of 384 respondents. Next is for the respondents under RM 1001 - RM 2000 monthly income categories are about 7.8% or 34 out of 384 respondents, and respondents under RM 2001 - RM 3000 monthly income categories are 15.6% or 60 out of 384 respondents. Besides, the respondents under RM 3001 - RM 4000 monthly income categories are about 10.7% or 41 out of 384 respondents and respondents under RM 4001 - RM 5000 monthly income categories are 12.5% or 48 out of 384 respondents. Lastly, about 11.5% or 44 out of 384 respondents are from RM 5001 and above monthly income categories.

4.2 Reliability Test

Cronbach's Alpha is a measure of scale reliability and can also be an internal measure of consistency. The degree of interconnectedness within a group of items is also considered a measure. When the Cronbach's Alpha is closer to 1, it means the higher is the reliability is (Zach, 2021).

Table 4.2:

Summary of Reliability Statistic

Variables	Cronbach's Alpha	No. of Items	Internal Consistency
FL	0.738	5	Acceptable
PI	0.748	5	Acceptable
PS	0.803	5	Good
LOC	0.775	5	Acceptable
SAID	0.799	6	Acceptable

Sources: Data from SPSS

The Cronbach's coefficient reliability test of the research instrument is provided in the table above. Dimensions, where Cronbach's Alpha exceeds 0.7 are acceptable (Zach, 2021). Therefore, Cronbach's Alpha of all sizes surpasses the minimal alpha of 0.7. The building measurement is regarded reliable across this measurement, and all components in the building measurement are maintained. The Likert scale was used to examine five questions in order to investigate the locus of control on Malaysian savings and investment behaviour. In this area, Cronbach's Alpha is 0.775, which is within the acceptable range. As a result, the coefficient determined in this part is reliable and satisfactory.

Secondly, to explore the influence of financial literacy on Malaysian people's savings and investment behaviour, the Likert scale was used to analyze five questions. In this part, Cronbach's Alpha is 0.738, which is within the acceptable range. As a result, the coefficient determined in this part is reliable and satisfactory. Thirdly, the Likert scale was used to analyze five questions to study the peer

influence on Malaysian people's savings and investment behaviour. Cronbach's Alpha is 0.748 in this section, which is within the acceptable range. As a result, the coefficient determined in this part is reliable and satisfactory. Fourthly, we study the parental socialization on Malaysian people's savings and investment behaviour and analyze five questions with a Likert scale. Cronbach's Alpha is 0.803 in this section, which is in the good range. As a result, the coefficient determined in this section is reliable and acceptable.

Last but not least, to test the dependent variables, the Likert scale model was used to analyze six questions. In this part, Cronbach's Alpha is 0.799, which is within the acceptable range. As a consequence, the coefficient calculated in this section is both reliable and acceptable.

4.3 Pearson Correlation Analysis

Table 4.3.1:

Descriptive Statistic

Variable	Mean	N
FL	4.5057	384
PI	4.5823	384
PS	4.5703	384
LOC	4.6708	384
SAID	4.5612	384

Sources: Data from SPSS

Since the mean value of the locus of control is the highest, it indicates that the locus of control is the most significant factor affecting the savings and investment decisions of Malaysian youth. On the other hand, financial literacy is the least significant factor influencing savings and investment decisions of Malaysian youth as the mean value of financial literacy is the lowest.

Table 4.3.2:

Pearson Correlation Result

		FL	PI	PS	LOC	SAID
FL	Pearson Correlation	1	.416**	.468**	.446**	.495**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N		384	384	384	384
PI	Pearson Correlation		1	.400**	.341**	.397**
	Sig. (2-tailed)			0.000	0.000	0.000
	N			384	384	384
PS	Pearson Correlation			1	.817**	.570**
	Sig. (2-tailed)				0.000	0.000
	N				384	384
LOC	Pearson Correlation				1	.570**
	Sig. (2-tailed)					0.000
	N					384
SAID	Pearson Correlation					1
	Sig. (2-tailed)					
	N					

**. Correlation is significant at the 0.05 level (2-tailed).

Sources: Data from SPSS

Table 4.3.2 shows that financial literacy, peer influence, parental socialization and locus of control (independent variables) have a positive relationship with savings and investment decisions (dependent variable). The parental socialization and locus of control have the strongest relationship with savings and investment decisions (Pearson correlation = 0.570), and they have a significant value (p-value = 0.000), respectively. These indicate that the Pearson Correlation is a strongly positive correlation as the value represents 0.570 close to 1, where the Pearson correlation is in the range of -1 and 1.

Subsequently, the financial literacy (Pearson correlation = 0.495) and have a significant value (p-value = 0.000). It indicates that the Pearson correlation has a strong positive correlation as the value represents 0.495 close to 1, where the

Pearson correlation is in the range of -1 and 1. Then, the peer influence (Pearson correlation = 0.397) and have a significant value (p-value = 0.000). It indicates that the Pearson correlation has a strong positive correlation as the value represents 0.397 close to 1, where the Pearson correlation is in the range of -1 and 1.

Last but not least, the alternative hypothesis for financial literacy, peer influence, parental socialization and locus of control (independent variables) of this research are accepted because the p-values are smaller than 0.05 significant level.

4.4 Multiple Linear Regression

Table 4.4.1:

R Square

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.654	0.428	0.422	0.32588

Sources: Data from SPSS

According to the results generated from SPSS, the R-value is equal to 0.654. A positive R-value indicates a positive relationship between variables. For instance, when financial literacy increases, the savings and investment decisions of Malaysian youth increase as well. Besides, R^2 is valued at 0.428, which represents that 42.8% of Malaysian youth's decision to save and invest can be explained by financial literacy, peer influence, parental socialization and locus of control.

Table 4.4.2:

ANOVA Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	30.117	4	7.529	70.897	0.000
Residual	40.250	379	0.106		
Total	70.367	383			

Sources: Data from SPSS

As refer to the Table 4.4.2, the p-value is equivalent to 0.000, which represents that the model is significant.

Table 4.4.3:

Multiple Linear Regression

Variables	Coefficient	Std. Error	T-test	P-value	Decision to hypothesis
(Constant)	.916	.229	3.999	.000	Reject H_0
FL	.212	.042	5.032	.000	Reject H_0
PI	.135	.045	3.019	.003	Reject H_0
PS	.180	.065	2.766	.006	Reject H_0
LOC	.267	.069	3.871	.000	Reject H_0

Sources: Data from SPSS

In accordance with Table 4.4.3, the p-value for all the variables are less than 0.05 significant level, which means that all the variables significantly affect the savings and investment decisions of Malaysian youth. Therefore, the decision to hypothesis is to reject H_0 for all the variables. In other words, there is a significant relationship between the independent variables (financial literacy, peer influence, parental socialization and locus of control) and the dependent variable (savings and investment decisions of Malaysian youth). The econometric model is shown below:

$$Y = 0.916 + 0.212\,X_1 + 0.135\,X_2 + 0.180\,X_3 + 0.267\,X_4$$

Where:

Y = Savings and Investment Decisions

X_1 = Financial Literacy

X_2 = Peer Influence

X_3 = Parental Socialization

X_4 = Locus of Control

β_0 = 0.916. The savings and investment decisions of Malaysian youth is equal to 91.6% when the other variables equal to 0.

β_1 = 0.212. When the financial literacy increases by 1%, the savings and investment decisions of Malaysian youth increases by 21.2%, ceteris paribus.

β_2 = 0.135. When the peer influence increases by 1%, the savings and investment decisions of Malaysian youth increases by 13.5%, ceteris paribus.

β_3 = 0.180. When the parental socialization increases by 1%, the savings and investment decisions of Malaysian youth increases by 18.0%, ceteris paribus.

β_4 = 0.267. When the locus of control increases by 1%, the decision of savings and investment decisions of Malaysian youth increases by 26.7%, ceteris paribus.

4.5 Conclusion

At the end of the chapter, the results of the tests that have been run are briefly described. As mentioned before, all the tests were run using SPSS, and the data was gathered from the questionnaires we had sent out.

CHAPTER 5: DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0 Introduction

The results from the previous chapter will be discussed more thoroughly in this Chapter 5. First, the summary of statistical analysis is included. Furthermore, this chapter also discusses the major findings of each variable. This chapter also discusses the implication of the study. Lastly, this chapter discloses the limitations of this study and recommendations for future research. The recommendations were provided based on the limitations of this study.

5.1 Summary of Statistical Analysis

In this study, 384 of data have been processed and analysed using SPSS to determine the relationship between the dependent variable (savings and investment decisions of Malaysian youth) and the independent variables (financial literacy, peer influence, parental socialization and locus of control). The statistical analysis has been separated into two sub-areas, which are descriptive analysis and inferential analysis. The respondents' demographic data have been discussed in detail under descriptive analysis. The reliability test has also been tested using SPSS to examine the validity of this research. On the other hand, the relationship between the independent variables and the dependent variable has been analysed under inferential analysis by using two tests, which are Pearson correlation and multiple linear regression.

5.1.1 Summary of Descriptive Analysis

Demographic profile of the respondents that had been carried out for this study includes gender, age, state, education qualification, marital status, occupation, and monthly income. The result shown that, most of the respondents are from male, which is about 53.4%, and female respondents contributed about 46.6% of the total respondents.

Next, respondents from 15-18 years old have consisted about 17.2%, respondents that are from 19-24 years old have consisted about 44.5%, and about 38.3% from 25-30 years old that gets involved in this research survey.

Besides that, the majority of the respondent is from Perak, which contributed about 10.7%. Second, the respondent is from Pahang, which is about 10.4%. Followed by Terengganu, which is about 7.8%, and about 7.6% of the respondents are from Perlis. The respondents from Johor have contributed about 7.3%, and about 6.8% of the respondents are from Negeri Sembilan. Next, about 6.3% of the respondents are from Kelantan, and about 5.7% are from Malacca. Follow by the respondent from W.P Kuala Lumpur contributed about 5.5%. Respondents from Sabah and W.P Labuan have contributed the same percentage, which is about 5.2%. Moreover, about 4.7% of the respondents are from Kedah, and about 4.4% are from Selangor. Lastly, Penang, Sarawak, and W.P Putrajaya have consisted the same percentage, which is about 4.2%.

Moreover, majority of the respondents has participated in this study are Bachelor of Degree, which is about 41.7%. The second is the respondent from Secondary School, which are about 21.1%, and about 12.8% of the respondents are from Diploma. Following with Master, which has contributed about 9.4% and respondents from Foundation and PHD, both have contributed the same percentage, about 7.6%.

Furthermore, most of the respondents who participated in this study were Single or Not married, about 71.7%. Followed by respondents participating from Married, about 25.8% and respondents from Prefer not to answer contributed about 2.3%. About 0.5% of the respondents are Widowed, and about 0.3% of the respondents are Divorced of marital status. For occupation, about 41.1% of the respondents are a student. Follow with respondents under Employed has about 55.5% and respondents under Unemployed contributed about 3.4% for occupation in this research survey.

Lastly but not least, most of the respondents from the categories of not applicable monthly income, which has contributed about 35.9%, respondents from categories RM 1000 and below monthly income have consists about 6.0%. Follow by the respondent under RM 1001 - RM 2000 monthly income categories consist of about 7.8%, and respondents under RM 2001 - RM 3000 monthly income categories consist of about 15.6%. Besides, respondents under RM 3001 - RM 4000 monthly income categories have contributed about 10.7%, and about 12.5% are respondents under RM 4001 - RM 5000 monthly income categories. Lastly, about 11.5% of respondents are from RM 5001 and above monthly income categories.

5.1.2 Summary of Reliability Test

The reliability test reveals that all Cronbach's Alpha values are greater than 0.7. The fluctuation will range from 0.738 to 0.803. The Alpha Coefficient of Range shows that the $\alpha > 0.7$ is acceptable for good associative strength. The lowest score is 0.738 for financial literacy. The Cronbach's Alpha for peer influence is 0.748. The Cronbach's Alpha for locus of control and savings and investment decisions is 0.775 and 0.799, respectively. The highest Cronbach's Alpha is parental socialization which is 0.803.

5.1.3 Scale measurement

5.1.3.1 Reliability Measurement

A total of 30 sets of pilot questionnaires were conducted in this study, with six questions for dependent variables and five questions for independent variables. Therefore, Chapter 4 shows reliable statistics on factors affecting Malaysian youth's savings and investment decisions. The results from the reliability test show that the independent variable is more significant than 0.700. There are considered acceptable reliability, which measures the independent variables are reliable. The results of each independent variable are financial literacy, 0.738; peer influence, 0.748; parental socialization, 0.803 and locus of control, 0.775. However, Cronbach's alpha value of the dependent variable of savings and investment decisions of Malaysian youth is 0.799. Thus, there is reliability and acceptable reliability.

5.1.3.2 Inferential Analysis

5.1.3.2.1 Pearson Correlation Analysis

This study used SPSS for Pearson Correlation Analysis because SPSS is capable of testing all relationships between each independent variable and dependent variable. According to the results generated by SPSS, it indicates that financial literacy, peer influence, parental socialization and locus of control (independent variables) have a positive relationship with savings and investment decisions (dependent variable). The parental socialization and locus of control have the strongest relationship with savings and investment decisions as their correlation coefficient values with

savings and investment decisions were 0.570, respectively. Followed by financial literacy, have a positive relationship with savings and investment decisions because the correlation coefficient value of financial literacy is 0.495. Last but not least, the correlation coefficient value of peer influence is 0.397, which indicates peer influence positive correlations with savings and investment decisions. Hence, each of the independent variables has a significant impact on savings and investment decisions.

5.1.3.2.2 Multiple Linear Regression

Multiple linear regression has been used to test the relationship between the dependent variable and the independent variables. From the result generated by SPSS, the R-value is valued at 0.654, which indicates a positive relationship between variables. Besides, R^2 is equal to 0.428, meaning that 42.8% of Malaysian youth's decision to save and invest can be explained by financial literacy, peer influence, parental socialization and locus of control. From the ANOVA table, the result demonstrated that the model is significant since the p-value is less than 0.05 significant level, which is 0.000. Besides, according to Table 4.4.3, all the variables significantly affect the savings and investment decisions of Malaysian youth since the p-value are less than 0.05. The econometric model is shown below:

$$Y = 0.916 + 0.212\, X_1 + 0.135\, X_2 + 0.180\, X_3 + 0.267\, X_4$$

Where:

Y = Savings and Investment Decisions

X_1 = Financial Literacy

X_2 = Peer Influence

X_3 = Parental Socialization

X_4 = Locus of Control

5.2 Discussion of Major Findings

5.2.1 Relationship between financial literacy and savings and investment decisions

H1: There is a significant relationship between financial literacy and savings and investment decisions.

According to the results generated from SPSS, the p-value for variable FL is 0.000, while the Pearson correlation is valued at 0.495. This outcome revealed a positive and significant relationship between the dependent variable (savings and investment decisions of Malaysian youth) and the independent variable (financial literacy), because the p-value is lower than 0.05. Additionally, the positive value of Pearson correlation indicates that there is a positive relationship between the variables. The empirical result is similar to the research outcome done by previous researchers. Fong, Koh, Mitchell, and Rohwedder (2021) found that there is a positive relationship between financial literacy and investment skill, which is similar to the result of this research. Besides, the result can be proved by the research done by Oteng (2019), whereby research also showed a positive relationship between financial literacy and investment decision. Oteng (2019) opined that financial literacy level decides one's capability to make good investment decisions. The empirical result also can be proved by the findings of Pangestu and Karnadi (2020), who found that financial literacy is positively correlated with savings decisions. They pointed out that people

tend to save money if they possess proper financial knowledge and are able to bring it into action. Therefore, this research will accept H_1, in which there is a significant relationship between financial literacy and savings and investment decisions.

5.2.2 Relationship between peer influence and savings and investment decisions

H1: There is a significant relationship between peer influence and savings and investment decisions.

From the result by SPSS, the association amongst peer influence and savings and investment decisions is significant: as the stated peer influence's p-value is 0.000 that is below 0.05 significant level. Likewise, the correlation coefficient value is 0.397 which result to a positive correlation. Hence, the results of peer influence of this study match that of the previous research in Chapter 2. The results show that there is a significant positive relationship between peer influence of savings and investment decisions, which is consistent with Jamal, Madya and Sany research. According to the study of Daniel et al. (2020), peer influence also has a significant impact on youths' savings behaviour. In addition, Team GD Ideas (2021) also points out that youths are influenced by social media and listen to the different world views and perspectives of social media influencers. Furthermore, the survey results of Juliana and Amirul (2020) show that peer influence has a significant effect on the relationship between students' savings behaviours. Lastly, research form Kamarudin and Hashim (2018) also have evidence to show that peer influence also influences children's savings behaviour. As a result, it can be concluded that there is a significant relationship between peer influence and savings and investment decisions.

5.2.3 Relationship between parental socialization and savings and investment decisions

H1: There is a significant relationship between parental socialization and savings and investment decisions.

Based on the SPSS result, the alternative hypothesis for parental socialization is accepted as the p-value of 0.0000 is smaller than the 0.05 level of significance, indicating a significant relationship between parental socialization and savings and investment decisions. Moreover, the correlation coefficient value of parental socialization is 0.570, indicating a positive relationship. The result of parental socialization in this study is consistent with the findings of the researchers we mentioned in Chapter 2. The finding shows a significant positive relationship between parental socialization towards savings and investment decisions, which is in line with the study that was researched by Chalimah et al. (2019). Moreover, research from Sari and Isnurhadi (2021) stated that parental socialization could affect savings and investment decisions, and it has a positive and significant relationship too. According to Junaid et al. (2018), parental socialization will influence their children's savings and investment decisions. Furthermore, Angela and Pamungkas (2022) also concluded that parental socialization has a significant relationship with savings and investment decisions. Last but not least, the empirical result from Manfrè (2019) discovered that parental socialization is positively correlated with savings and investment decisions, which is in line with the empirical result from previous researchers. As a result, it can be concluded that there is a significant relationship between parental socialization and savings and investment decisions.

5.2.4 Relationship between locus of control and savings and investment decisions

H1: There is a significant relationship between locus of control and savings and investment decisions.

From the result by SPSS, Hypothesis 1 for the locus of control is not being rejected since the p-value is 0.0000 that smaller than 0.05, which indicates a significant relationship between locus of control and savings and investment decisions. Likewise, the correlation coefficient value of the locus of control is 0.570, which indicates a positive relationship. The result of this study match with the previous researchers in Chapter 2. Based on Radiant et al. (2021), the higher the locus of control of a person, the more they can show the right financial attitudes such as savings and investment decisions. Moreover, research from Rasyid et al. (2018) stated that locus of control could affect savings and investment decisions, and it has a positive and significant relationship too. According to Bucciol and Trucchi (2021), the locus of control can align with savings and investment decisions. Research by Arifin et al. (2018) also concludes that locus of control has a positive and significant relationship with savings and investment decisions. Additionally, Peetz et al. (2021) discovered that locus of control affects individuals' savings and investment decisions. Therefore, savings and investment decisions are likely to be influenced by a person's locus of control. As a result, it presents that locus of control has a positive and significant relationship with savings and investment decisions.

5.3 Implications of the Study

This research has provided findings on how financial literacy, peer influence, parental socialization as well as the locus of control can influence the savings and investment decisions of youth in Malaysia. Based on the findings in this study, the independent variables and the savings and investment decisions was carried out to determine the factors that can influence the savings and investment decisions of youth in Malaysia. Nowadays, savings and investment are likely to be less as high expense of the goods and services that may lead individuals unable to make some savings and investment (Surendran, 2018). Meanwhile, if the savings and investment behaviour has not practised by the youth in Malaysia, this will lead those youth may face financial difficulties such as failure in settling vehicle purchase loans, personal loans, education loans and housing loans because the youth did not have proper financial planning. While examining the savings and investment decisions of youth in Malaysia, not only the youth will be significantly involved in this study, but the governments, policymakers, and researchers will have benefit from this study.

According to Yunus and Landau (2019), Malaysian youth are aged from 15 to 30 years old and still can be considered inexperienced and lacking expertise in savings and investment decisions. As 15 years old has considered the minimum age range to define youth. Hence it is important that Malaysia's government encourage secondary schools to organize more about savings and investment decisions and talk to those youth aged 15 to 17 to participate in the talk. Throughout the talk, it can educate them to know how important savings and investment decisions are and the causes they may face without having any savings and investment decisions in the future. From the talk organized by the secondary school, which is encouraged by the government, the youth aged 15 to 17 may be able to contribute to better financial planning and well management of debt from the youth after they have a thorough understanding of the potential factors that affect savings and investment decisions. Otherwise, youth may be able to start planning on their savings and investment decisions from now.

Moreover, it is also important for the policy marker to identify and focus on the elements discussed in this research that potentially impact such financial literacy education toward the savings and investment decisions to accelerate more savings and investment activities to maintain effective savings and investment decisions. It has resulted that financial literacy is important because an increase in financial literacy enables those youth to know how to manage their money effectively and efficiently (Zwaan & West, 2022). Hence, Malaysia's GDP also can be improved, as the debt of youth may reduce due to they have good financial literacy and manage well in financial planning.

Lastly, the researchers can refer to the current study and received more ideas from this study which is the savings and investment decisions of youth in Malaysia. This study carried out four tests such as Descriptive Analysis, Reliability Test which includes Cronbach's Alpha, Pearson Correlation, and Multi Linear Regression. Moreover, researchers in the future can make some improvements based on the current study, which they can carry out other tests or others types of models to run out with new and better results. Hence, the result that future researchers have will be better than the current study. Overall, this research will provide those youth with a better understanding of savings and investment decisions.

5.4 Limitations of Study

First and foremost, the limitation of this study is that the R-squared value is relatively low. R-squared is a statistical measure in a linear regression model that indicates the percentage of variance in the dependent variable in a study that the independent variables can explain. The R-squared value can significantly show how well the data fit into the regression model (CFI Team, 2022). It measures the strength of the relationship between the dependent and independent variables, which is always between 0% and 100%. Usually, the larger the R-squared value is, the better the regression model that fits the observation (Frost, 2022). A higher R-

squared value also indicates more minor differences between the study's observed data and fitted values. Hence, as researchers, should always examine the R-squared value and other variables to conclude the linear regression model. Based on the result of multiple linear regressions, the R-squared value is 0.428, indicating that the independent variables (Financial Literacy, Parental Socialization, Peer Influence, Locus of Control) only explain 42.80% of the dependent variable (savings and investment decisions). As a result, the independent variables do not explain much about the dependent variable. Thus, there may have some other factors that will affect savings and investment decisions besides what we had chosen.

The second limitation of this study is time constraints. It goes without saying that every researcher must complete their studies by the deadline. Sometimes, time constraint brings negative impacts to researchers' studies. In such cases, the researchers have to admit it and mention a need for future research to solve the negative impact caused by time constraints ("How To Organize," n.d.). Time constraints prevented this study from examining more than the number of Malaysian youth respondents. Therefore, this research can only study how Malaysian youth make savings and investment decisions. As a result, readers could not find out how youth in other countries make savings and investment decisions.

The following limitation of this research is the unbalanced marital status results of respondents. From the survey conducted, 71% of respondents are single (not married), while the respondents who are married only occupied 25.9%. Based on the report from the Department of Statistics Malaysia (2021), the highest number of marriages in 2020 fell on the brides and grooms within the age range of 25-29 years old. Obviously, this research lacks information from married people since the age range from 25-29 years old falls under the category of the target respondents. The response from the married respondent is vital to the research as well, because they may have dependent, which will affect their cash flow or financial position and eventually influence their intention to save or invest. Therefore, the response from married respondent should be taken into account to obtain a more accurate result.

The last limitation is the use of cross-sectional design. Data collected from cross-sectional studies represent only a small fraction of the target population at a fixed time. Therefore, in this study, cross-sectional study is used, which only recorded the behavioural information of Malaysian youth but did not observe the savings and investment behaviours of Malaysian youth in a certain period. Therefore, due to the use of cross-sectional data, the time series of the relationship between variables cannot be determined. A cross-sectional survey can only establish a relationship between the factors that affect youth savings and investment behaviour and has no basis for inferencing cause and effect. (Bynner, 2005). Therefore, the results may not be convincing longitudinal studies but do not show causality between variables because cross-sectional studies are inexpensive and test only one group ("Cross-sectional Studies," n.d.). Cross-sectional methods are less time intensive than other research methods.

5.5 Recommendations for Future Research

To achieve a higher R-squared value, the first thing is the researchers should increase the variables in the research. When more variables are added, the R-squared value typically increases or remains the same. It can never decrease when adding more variables. The bigger the R-squared value is, the better the model is (Goyal, 2021). By having more variables, future researchers could have more accurate results that will be generated when other independent variables can explain savings and investment decisions. Furthermore, the future researcher can increase the sample size in the research. A larger sample size provides a better representation of the population and will also provide more accurate results for the study. In a way, the R-squared value may increase when the sample size increase. However, an overlarge sample size might not be appropriate and necessary for the study since it is unethical. Thus, future researchers might confuse about how larger should a sample be. According to Andrade, 2020, hypothesis testing studies stated that the sample size could be around 80% of the identifying a significant outcome when the hypothesis is true of the population. In short, since a higher R-squared value is better, future researchers may examine how to increase the R-squared value, such as increasing variables and sample size.

During the past decades, many researchers have studied how people around the world see the world and make decisions because they want to know if people in different countries will think and make decisions differently. The results concluded that people from different cultures tend to think and do things in very different ways (Dominik Güss, 2015). In this study, readers could not find out how youth in other countries make savings and investment decisions due to time limitations. Although readers can understand how Malaysian youth make savings and investment decisions in this study, readers cannot use Malaysian youth as a reference when they would like to find out how youth in other countries make savings and investment decisions as people from different cultures tend to think and do things in very different ways. To overcome this issue, future researchers have to expand the respondents to be studied. For instance, examine the respondents from outside Malaysia so that future readers can also understand how youth in other cities make savings and investment decisions.

To solve the problem of the unbalanced marital status results of respondents, future researchers are advised to approach the married respondent while collecting data. Since the married respondent may have different intentions in savings and investing due to the reason that they may have dependent, the result of research which involves more information from married respondents might be different. Therefore, it is encouraged to include more information from married respondents in order to obtain a more accurate and comprehensive result.

The last recommendation is a larger sample size to cover a broader range of fields. To make the sample mean more likely to be equal to the population mean, it will be more representative when the sample size is larger because an appropriate sample size produces studies that can detect clinically relevant differences (Zach, 2019). Larger sample sizes provide more reliable results with higher accuracy and power. Moreover, the sample size is large enough to conclude that resources are not wasted on sampling more than is needed (Littler, n.d.).

5.6 Conclusion

This research's objective is to examine the Factors Affecting Savings And Investment Decisions Of Malaysian Youth. Four factors have been chosen which are financial literacy, peer influence, parental socialization, and locus of control, to investigate the relationships between savings and investment decisions. According to the result of this research, the four independent variables indicate a positive and significant relationship between savings and investment decisions.

The correlation coefficient value of parental socialization and locus of control was 0.570, respectively, which indicates that these two independent variables have the strongest relationship with savings and investment decisions. The correlation coefficient value of financial literacy was 0.495, which shows that this variable has a moderate relationship with savings and investment decisions. Lastly, the correlation coefficient value of peer influence is the lowest among the four variables, only 0.397. In conclusion, each independent variable has a significant relationship with savings and investment decisions.

Furthermore, this study used multiple linear regression in the research. The result of the R-squared is 0.428, which implies that the independent variables of our research only explain 42.80% of the dependent variable. All the independent variables are significantly affect the dependent variable since the p-value of each variable is less than 0.05.

Besides, the implications of the study has been discussed. From what that have studied, Malaysian youth will face financial problems in their daily life if they do not practice savings and investment decisions. The policymakers need to examine the elements discussed in this research.

In a nutshell, the details of the limitations of the study and recommendations for future research have been discussed. To make the research more perfect, researchers need to increase the sample size or independent variables to generate a higher R-squared value. Researchers should also consider expanding their study outside

Malaysia to understand youth's savings and investment decisions in other countries. Future researchers are encouraged to approach married respondents while collecting the data. This is because married respondents may have different perspectives on savings and investment decisions. Lastly, the larger sample size was encouraged for future researchers to have more reliable results with higher accuracy and power.

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