

# Factors Influencing the Saving Behaviour of Students at Private Universities

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## ABSTRACT

*The aim of this study was to find out what motivates undergraduates of private colleges in Klang Valley, Malaysia, to save. Among the factors considered in this study, financial literacy, financial socialisation of parents, and peer influence were examined as independent variables, while saving behaviour of the students at private universities in Klang Valley, Malaysia, was treated as the endogenous (dependent) variable. One online survey with several measures of saving behaviour, financial knowledge, parental financial socialisation, and peer influence reached 385 students (aged 18–26) in private Klang Valley universities. The researcher randomly selected from the population. Pearson's correlation test was employed to measure the significance and direction of the linear correlation between each independent variable financial literacy, parental financial socialisation, and peer influence and saving behaviour. Regression analysis was further applied to examine the strength of associations between the independent and dependent variables. These tests were conducted using SPSS. Findings revealed that financial education, parental financial socialisation, and peer motivation shaped the saving behaviour of students at private universities in Klang Valley, Malaysia, positively and substantially, with financial education shaping saving behaviour more significantly than the other independent variables. In essence, the result showed that financially literate students saved more than their counterparts. The study highlights that savings behaviour among young adults not only reflects personal financial security but also contributes to sustainable growth in line with the Sustainable Development Goals (SDGs), as disciplined saving fosters responsible consumption (SDG 12), enhances financial resilience, and creates long-term capital that can be reinvested for national and societal development (SDG 8).*

**Keywords:** financial literacy; parental financial socialization; peer influence; Sustainable growth; saving behaviour

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## INTRODUCTION

This paper aims to find out the reasons for saving behavior among private college students of Klang Valley, Malaysia. Financial literacy, financial socialisation from parents, and peer pressure: all of these have been well researched in the broad picture, but little research has looked at private college students, leaving a significant research void.

Consumer savings fuel growth as they reinvest capital for national development and contribute to sustainable growth by ensuring a continuous cycle of productive investment (OECD, 2023). Ribaj and Mexhuani (2021) emphasise that the higher the level of personal savings, the higher the level of investments, leading to increased productivity and growth. In line with the United Nations' Sustainable Development Goals (SDGs), particularly SDG 8, savings behaviour supports inclusive and sustainable economic growth by creating financial resilience among individuals and future-proofing national development. Lastly, saving increases personal financial stability, allowing one to save for emergencies, manage debt, and prepare for retirement – all of which contribute to sustainable financial well-being. Several researchers also prove that financial literacy is a major predictor of saving behaviour (Kamarudin & Hashim, 2018; Md Kassim et al., 2020; Choden et al., 2021; Ling, 2021; Peiris, 2021; Alshebami & Aldhyani, 2022).

Yet, Malaysians are still saving the least. According to the Malaysia Human Development Report (2013), 86 per cent of urban and 90 per cent of rural households were unsavings-less. Savings in Malaysia were only 3.0% of national savings, compared with 76.3% of savings in private institutions. Yusof et al. (2015) pointed to the financial fragility of urban households: only 10% were well-suited to shocks and more than one in five could not afford to live on nothing. Such low savings rates undermine not only household stability but also Malaysia's capacity to achieve sustainable growth in the long run.

Financial turmoil grew as a result of Covid-19 in Malaysia. Even without government help, many Malaysians had to divest from pension funds. That resulted in RM145 billion of the Employees Provident Fund (EPF) assets being significantly depleted, to the point where retirement savings could be lost by age 58 due to bad wages, high debt and early withdrawals (Harinderan, 2023). At the same time, higher interest rates (from Bank Negara Malaysia's (BNM) repeated Overnight Policy Rate (OPR) hikes since May 2022) have driven up borrowing costs and financial burden for B40/M40 households (Lim, 2023). These challenges highlight the critical need to foster savings habits among youth as part of long-term strategies for sustainable financial growth and economic resilience.

According to the RinggitPlus Malaysian Financial Literacy Survey (2022), 70% of Malaysians save under RM500 every month, and 63% of them had an emergency fund of less than three months. More and more Malaysians owe money, and there is a lot of bankruptcy. The Department of Insolvency Malaysia registered 18 bankruptcy cases per day in the first five months of 2022, almost 70% of them for debts worth RM100,000-RM499,000. It would have been worse if not for the revision to the Insolvency Act, which raised the bankruptcy threshold to RM100,000 ('18 people are going bankrupt each day,' 2022). If unchecked, such financial instability threatens Malaysia's trajectory towards sustainable growth, as households remain vulnerable to shocks instead of building long-term resilience.

BNM blames Malaysians' economic difficulties on four elements: weak financial strength, short-termism, insufficient long-term planning, and lack of knowledge of risk/return that exposes them to fraud and scams (Selvaraj, 2022). The solution to these financial problems includes teaching the youth to save, particularly private university students, through financial literacy and better money management. By instilling savings behaviour early, Malaysia can build a generation of financially literate citizens who contribute to responsible consumption and production (SDG 12) and long-term sustainable growth.

Malaysian households are not as saving-driven as they once were, made worse by economic problems like increasing living costs, inflation and low wages. This makes it imperative to investigate the saving habits of private university students in Klang Valley, Malaysia. College students also need financial education and money management to make flexible financial plans and save early so they are ready to deal with whatever happens next, be it an illness or financial meltdown. Second, if a student saves, they will be ready to repay the education loan soon after graduation, which reduces long-term debt (Lee & Al-Khaled, 2024). This aligns with the SDG 8 goal of building financial resilience for sustainable growth, as youth savings reduce overdependence on external financial assistance.

But modern-day youth do not really put enough stock in saving and individual budgeting. Alshebami and Aldhyani (2022) reported that today's generation values material possessions and lifestyles with impulse buying regularly taking their budgets down the drain. Abdul Kadir and Jamaluddin (2020), Pangestu and Karnadi (2020), Poniran et al. (2022) also reported that students in universities are becoming more materialist, with a lust for brand-name items and luxuries, spending too much and not saving enough. Students usually are not prepared to see the economic long-term effects of such behaviours, which can translate into issues in paying for necessary things such as tuition and study material. Promoting savings habits in this group is crucial for cultivating responsible consumption patterns that reinforce sustainable growth at both the household and national levels.

Young Malaysian people are high spenders and impulse consumers according to the Asian Institute of Finance (AIF) survey of 1,011 young workers aged between 20–33. Personal loans, credit cards and easy online shopping all feed these behaviours. 75% of young people have a long-term debt, whether that be an education, a car or a house, and 37% have multiple long-term debts at any given time (AIF, 2015). The young who take on more debt than they can pay off are especially susceptible to financial stress when jobs are lost or wages are cut. Such trends run counter to the SDGs, as financial fragility weakens the foundations for inclusive and sustainable growth.

The Department of Insolvency Malaysia (DIM) points to a rife bankruptcy rate for those under 35 years old. The DIM data also reveals that the number of individuals who have gone bankrupt has been rising since 2018. Irresponsible credit card use and unsecured personal loans are named as primary factors in youth bankruptcy. The increasing popularity of shopping websites and mobile wallets make things even worse. Transacting has never been more convenient, faster, and cheaper, which makes it easy for students

to overspend and incur unmanageable debt. Credit Counselling and Debt Management Agency (AKPK) said that 15 per cent of the members of its DMP (Debt Management Programme) were aged 24-25 and they wanted debt help to get back their financial stability. Embedding financial education in higher education institutions could reduce these vulnerabilities and encourage sustainable financial practices consistent with SDG principles.

There is also the power of peer influence on students' saving practices. Students in college are compelled to buy into the spending habits of their peers, and spend their money on branded goods, the newest technology and fashion to get ahead in the social circle. These budgeting habits, due to trends and social norms, tend to lead to spending that they do not need or debt that accrues (Lee, 2024). Addressing peer pressure in this context will help in shaping sustainable consumption behaviours that not only benefit students personally but also contribute to Malaysia's path towards sustainable growth.

Malaysian youths' materialistic, unfinancialised and spendthrift financial behaviour threaten not only their own welfare, but also the economy of the country. RinggitPlus Malaysian Financial Literacy Survey (2022) confirms these worries with most Malaysians putting less than RM500 into savings every month and having little emergency funds to last three months. Irresponsible student money management would make the students even more financially vulnerable to financial failure, which could be very dangerous for most to not be ready for, increasing the chances of bankruptcy. By embedding financial literacy, savings culture, and long-term planning, policymakers can align student financial behaviour with SDG targets, particularly SDG 8 and SDG 12, ensuring that private university students become drivers of sustainable growth.

Because young people are the future of a country, they need to be better savers. Higher national savings rates are closely associated with higher growth (Ribaj and Mexhuani, 2021; Sivagurunathan et al, 2024a). Savings create capital to invest in productive activities, national income and long-term economic growth. It is therefore important to examine what determines the saving habits of private university students. It aims to understand which influences – financial literacy, peer pressure, and parental financial socialisation – are most likely to drive better financial behavior in students, to help inform what can be done by teachers, policymakers and researchers. With financial literacy for young people, and with more savings behaviour, Malaysia will have an economic advantage, contribute to the SDGs, and secure a foundation for sustainable growth.

### **Research objective**

The purpose of this study is to explore factors that influence saving behaviour in undergraduates at private universities in Klang Valley, Malaysia: financial education, financial socialisation among parents, and peer influences.

### Research questions

RQ1: Can financial literacy help in saving behavior of the students of private universities in Klang Valley, Malaysia?

RQ2: Is parental financial socialisation important to student saving behaviour at private colleges in Klang Valley, Malaysia?

RQ3: Is peer pressure positive for saving behaviour among undergraduates in Klang Valley private universities, Malaysia?

### Research hypotheses

H1: Money-saving behaviour in undergraduates at private universities of Klang Valley, Malaysia is improved with financial education.

H2: Parental financial socialisation leads to student saving behaviour at private colleges in Klang Valley, Malaysia.

H3: Peer pressure on saving behaviour among university students in Klang Valley private colleges in Malaysia.

## **LITERATURE REVIEW**

This section describes what DV, and IV means, what these variables are, and review of previous research. A study theoretical framework is included in this chapter as well.

### **Saving Behaviour (DV)**

Saving habits have been understood as an abstract across fields. As Katona (1975) put it, saving was a section of income that was left for other purposes, such as building wealth. In economic terms, saving amounts to free income, left over from consumption in a defined time (Browning & Lusardi, 1996;

Warneryd, 1999). Saving is in other words, the amount of income that goes to nothing and is saved for future. Money that one saves tends to be saved in low-risk investments like fixed deposit accounts, where the money gets repaid at the end of the term.

Saving behaviour (or deferred consumption) involves the habit of reserving, time and again, a portion of income for a later use (Gitman, Joehnk & Billingsley, 2021; Aminuddin et al., 2022). It is a personal finance knowledge that all individuals, especially millennials, should be able to learn to get financial stability and freedom. There are numerous benefits to beginning to save early, including compound interest, creating an emergency fund and not falling into damaging financial habits like spending too much and buying on a whim (Chalimah, Martono & Khafid, 2019).

Kamarudin & Hashim (2018), Ling (2021), Looi et al. (2022) defined saving behaviour as 'a mix of forward-looking thinking, self-control and budgeting, as well as saving, decision-making and resolution'. More disciplined people who are capable of putting off gratification will save more consistently.

Not only is the behaviour of saving crucial for financial safety but also for long-term financial plans, reduction of financial anxiety and increased psychological wellbeing (Maison et al., 2019; Gitman, Joehnk & Billingsley, 2021). It is a habit that provides a reserve fund for potential shocks like an emergency or unforeseen cost, and helps people build up assets for future.

#### **Financial Awareness (IV1)**

The Organisation for Economic Co-operation and Development (OECD, 2014) states that financial literacy is: the knowledge, perception and practice of financial concepts and risks, along with the ability, motivation and self-assuredness to make sound financial decisions for the benefit of personal and public wellbeing. Lusardi (2019) also focused on financial literacy as the blend of financial education (budgeting, saving, investing) with prudent financial practices, which directly impacts one's financial judgment. As Goyal & Kumar (2020) mentioned, financial literacy includes the use of financial knowledge and confidence to maximise financial assets.

Having the knowledge to deal with limited allowances, loans and low wages is essential for any young adult (especially university students). It gives them the power to have the financial intelligence, financial plans, and beneficial saving habits even in adverse economic times (Mohamad, 2019; Ganesh & Yang Liu, 2022).

Although crucial, data collected by Bank Negara Malaysia (BNM), OECD/INFE, AKPK and MFPC between 2015-2018 indicate Malaysians lack financial literacy. This ignorance about saving and investment – Mohamad (2019) reported – impacts the financial wellbeing of people and makes national savings rates low. In light of these trends, governments should focus on financial literacy programmes to influence saving habits in Malaysians, especially the youth.

The beneficial effects of financial education on saving behaviour have been proven in a lot of research. Kamarudin & Hashim (2018), Andarsari & Ningtyas (2019), Pangestu & Karnadi (2020), Md Kassim et al. (2020), Ling (2021), and Salim & Pamungkas (2022) reported that those with greater financial literacy save more, spend more wisely, and behave more financially well.

Sabri et al. (2023) showed, empirically, that financial information and saving behaviour had a strong positive relationship. Lusardi (2019) also reported that economically sophisticated university students have better insight into what is expected of them to save, and are more likely to save. Wong et al. (2022) found that the more financial-literate the students, the more they plan and budget wisely, securing and rationing to avoid financial disaster.

Choden et al. (2021) studied the financial literacy of 318 university students in Bhutan and discovered that money knowledge, attitude and management practices had a large effect on saving behaviour. Financial literacy was the most important driver of saving behaviour, Ling (2021) reported in a study of 404 university students in Guangdong, China. The same result was reported by Alshebami & Aldhyani (2022), who found an association between financial literacy and saving behavior among 270 Saudi Arabian college students.

In Sri Lanka, Peiris (2021) reported that financial literacy strongly affected the savings behaviour of 206 working people. Wong et al. (2022) went on to examine the impact of financial literacy on 186 undergraduates and found that the better informed the participants were, the more effective their financial management, and less likely to fall into financial trouble.

However, Aminuddin et al. (2022) posited that financial knowledge alone might be insufficient to alter saving behaviour. They studied 286 undergraduates at Universiti Malaysia Terengganu (UMT) and determined that socialisation factors (eg, family) dominated more than financial education or training (both formal and informal).

#### **Financial Socialisation of Parents (IV 2)**

Parental financial socialisation is the process in which the child learns from his or her parents about finances, values, attitudes and behaviours over the life course (Bakar & Bakar, 2020; Ameer & Khan, 2020). Financial socialisation takes place intentionally or unintentionally, when children see, learn and mimic their parents' finances (LeBaron & Kelley, 2021). Parents are also the financial educators of their children's financial beliefs and behaviours, from infancy to maturity (LeBaron et al., 2020).

Money smart parents who are financial models, raise children with higher financial literacy and sound financial management (Alshebami & Aldhyani, 2022). LeBaron et al. (2020) showed that early financial education by parents is positively associated with sound financial habits in later life. Jarvis Bleazard (2022) added that university students who were early socialised in the financial realm later in life became financially more responsible.

Apart from being role models, parents who share their financial intentions, values and expectations with their children create good financial attitudes and behaviors (Lanz et al., 2019; Johan et al., 2021). Jorgensen et al. (2017) found that the more often parents talked about saving, budgeting, and goals, the better children were at saving, planning and taking responsibility with their money. Aminuddin et al. (2022) – which instils good money management habits by making them save from an early age.

Research shows that parental financial socialisation is strongly associated with saving behaviour. Parental education had a profound effect on saving behaviour in 779 vocational high school students in Indonesia, Suwatno, Waspada & Mulyani (2021). Similarly, Poniran et al. (2022) found a positive relationship between parental financial socialisation and saving in 322 undergraduates from Selangor, Malaysia.

Kamarudin & Hashim (2018) considered financial socialisation by parents as the primary driver of saving among children. Md Kassim et al. (2020) also found that more educated parents were better at teaching and counseling their children to save money. Bakar & Bakar (2020) and Alshebami & Aldhyani (2022) focused on parental financial socialisation as a source of financial ethics.

On the contrary, Budiman & Yanty (2022) found a negative relationship between parental socialisation and saving behaviour in Batam City, Indonesia. The fact was, financial education provided by well-educated parents did not necessarily result in students saving more.

#### **Financial Socialisation of Parents (IV 2)**

Parental financial socialisation is defined as a lifetime process where the child learns financial information, attitudes and behaviours from parents (Bakar & Bakar, 2020; Ameer & Khan, 2020; Ganesh & Yang Liu, 2022). That involves the acquisition of financial values, norms and abilities intentionally or unintentionally, from birth through youth, via parental inculcation, behaviour and emphases (Bakar & Bakar, 2020; Alshebami & Aldhyani, 2022; Sivagurunathan, 2024a).

Children spend many hours with their parents as children and they observe and copy their financial practices and actions (LeBaron & Kelley, 2021). Financial teaching and attitudes and behaviors by parents directly affect a child as they are financial educators (LeBaron et al., 2020; Alshebami & Aldhyani, 2022). Money-savvy parents who have money in the bank produce money-savvy children (Alshebami & Aldhyani, 2022). LeBaron et al. (2020) found that parents who were taught financial

education as children led to better financial behaviour as adults. Similarly, Jarvis Bleazard (2022) discovered that college students who were deprived early on were the more spending in later life.

Beyond modeling, parents need to communicate with children about money if they want them to adopt financial attitudes and habits. A regular discussion of saving, budgeting, and financial plans have been shown to develop financial responsibility in children. Jorgensen et al. (2017) reported that when parents and children had healthy discussions about money, they made big gains in cash-flow management, saving, budgeting and planning for the future. All these results suggest that parental financial conversations are crucial for the formation of better saving behaviour. Aminuddin et al. (2022) suggested that parents should also help their children manage their money by helping them save up early and by exposing financial problems to the open.

This affects saving behaviour in evidence from the socialisation of money by parents. Parents are a significant factor in shaping 779 vocational high school students' saving behaviours in research by Bandung, Indonesia, Suwatno, Waspada & Mulyani (2021). Similarly, Poniran et al. (2022) studied saving behaviour in 322 undergraduates in Selangor, Malaysia, and found that parental socialisation and regular saving are positively related.

Kamarudin & Hashim (2018) also found that parental financial socialisation was the strongest influencer of saving behaviour in 200 students at TAJ International College. Similarly, Md Kassim et al. (2020) looked at parental instruction in how private university students saved. Study results from 235 students showed that children whose parents were college graduates were more likely to learn positive saving habits thanks to parents' support and encouragement. These results underscore the significance of parental financial socialisation for student financial behaviour (Bakar & Bakar, 2020; Alshebami & Aldhyani, 2022).

However, contrasting findings have emerged. When Budiman & Yanty (2022) studied saving behaviour among students in Batam City, parental socialisation was significantly inversely related to saving behaviour. Financial advice given by well-educated parents, they found, didn't necessarily lead students to save more money.

### **Peer Influence (IV 3)**

Peer influence is defined as the influence on an individual's ideas, choices, or behaviour that happens from having contact with other people who are the same age as oneself (Laursen, 2018; Weina Li, 2025). Peer influence is really just when people make changes in their behaviour to accommodate their peer group's norms or preferences.

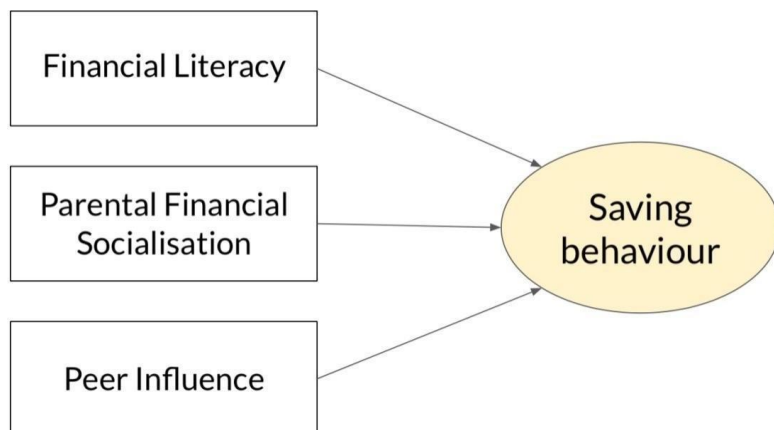
Even though parental financial socialisation is important for early financial education, as individuals become teenagers and adults, peer support becomes more important. College students turn to their friends for social norms, behaviour and decision-making patterns such as spending patterns (Andrews, Foulkes & Blakemore 2020; Weina Li, 2025). Hartono & Isbanah (2022) noticed that students talk about money, spending, and saving when socialising. Hence, students will copy their peers' financial habits (good and bad). Friends who save money on a regular basis and don't waste it can be a model for others.

A few papers have also found a connection between peer pressure and saving behaviour. Peer influence strongly influenced saving behaviour according to Abdul Kadir & Jamaluddin (2020) in 126 students aged 21–24 from Universiti Teknologi MARA Segamat Campus. Aminuddin et al. (2022) also opined that peer motivation is also a factor that motivates student saving habits, apart from parental factors. When Hartono & Isbanah (2022) observed a positive, significant association between peer influence and saving behaviour in 300 economics students in Indonesia, they showed that peers were influential to guide students towards saving.

Despite these observations, there are researchers that reject peer pressure and saving. For instance, Looi et al. (2022) on the saving habits of 161 university students in Malaysia and found little influence of peers on saving. Such findings follow the findings of Kamarudin & Hashim (2018), who did not observe any association between peer influence and saving behaviour among TAJ International College students. Angela & Pamungkas (2022) even claimed that there's no role for peer influences on saving behavior.

These contradictory findings also suggest that if peer groups do have an impact on expenditure, this might be different in each case, in each location or for each individual. Others, like some students, may refuse peer pressure and prefer to learn from parental or their own values about how to save.

### Conceptual Framework



**Figure 1.1: Conceptual Framework**

(Sources: Looi et al. 2022; Ling 2021; Abdul Kadir & Jamaluddin 2020)

## METHODOLOGY

### Research Approach

The research approach used here is the quantitative study, as it attempts to gather numbers in order to analyse financial literacy, parental financial socialisation, peer influence (independent variable) and saving behaviour (dependent variable) among students. The quantitative method permits non-biased testing of hypotheses and detection of correlatives.

### Population, Sample and Sampling Procedure

This is the population that meets a certain condition and from which the analysis will be made (Gregory et al., 2018). The study population for this study is university students 18 to 26 attending private colleges and universities in Klang Valley, Malaysia.

The sample refers to the population obtained from the data from (Martnez-Mesa et al., 2016). Here, there are 384 students, which was done as per Krejcie and Morgan (1970) table of sample size and it will make sure that the study is representative for a population of over 1 million students (Policy Planning and Research Division, Ministry of Higher Education Malaysia, 2021).

The researcher simple random sampling for the study, a kind of probability sampling. Random sampling makes sure every unit in the population has a similar probability of being chosen, which prevents bias and boosts generalisability. This is the approach chosen since it is able to collect timely and economical data from the target population within short time.

### Data Collection Procedure

This involves collecting the right information to test hypotheses and fulfill research goals (Dudovskiy, 2022). There is primary or secondary data type. Primary data here comes from surveys and the secondary data comes from books, journals, databases.

For this study, the main data collection was done by online surveys. Online surveys are beneficial as it is possible to get a big sample very easily, at an affordable price and the information is anonymised which gives you confidence that it is genuine. Questions were distributed to the sample via Google Forms, and then the data were analysed using SPSS.

### Research Instrument

The research instrument is an instrument for collecting and analyzing information: an interview, observation, questionnaire etc. The right instrument selection provides precision and speed in data

collection (Duquesne University, 2023). As the research method, here an online questionnaire was administered to the sample. This survey is made up of close-ended, standardized questions that are rated using a Likert scale (5 points). By using a questionnaire, the researcher was able to get a stable and valid set of data from a large sample.

### Questionnaire Design

This questionnaire is split into six sections\*\* to be sure that the research goals are met:

- Section A: Pre-selection question to make sure respondents live in Klang Valley.
- Section B: Demographic data (e.g., age, gender, education).
- Section C: Dependent Variable Questions (Saving Behavior).
- Section D: Financial Literacy (IV 1).
- Part E: Questionnaire on Financial socialisation with parents (IV 2).
- Section F: Peer influence (IV 3).

The questionnaire consists of 6 demographic questions, 5 saving behaviour questions and 15 questions about the IVs. Data was taken and entered into SPSS to be analysed.

1	2	3	4	5
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Table 1.1: Five-point Likert scale

Section	Questions
<b>A (screening question)</b>	<b>Are you currently staying within Klang Valley? (YES/NO)</b>
<b>B (demographic profile)</b>	1. Age (18-26) 2. Gender (F/M) 3. Education level (Foundation/ Diploma/Degree) 4. Major sources of income (Monthly allowance received from parents/Wages from part time job/PTPTN) 5. Monthly income from all sources (<RM1,000 /RM1,001-RM1500 /RM1,501-RM2,000 /RM2,001-RM2,500 />RM2,501) 6. Are the major sources of income sufficient to cover your monthly expenses? (YES/NO)
<b>C (saving behaviour)</b>	1. I regularly save a portion of income as soon as I receive it. 2. I have an emergency fund that can cover at least 3 months of living expenses. 3. I often look for offers and deals before purchasing items. 4. I often compare the price of items (groceries, clothes, etc) at many shops before buying. 5. I often find ways to cut unnecessary spending so that I can save more.
<b>D (financial literacy)</b>	1. I understand the importance of saving for my future. 2. I always keep records of income and expenses. 3. I have the ability to prepare weekly/monthly budget. 4. I always make sure I spend within my budget. 5. I avoid using credit card to pay for something that I cannot afford.
<b>E (parental financial socialisation)</b>	1. My parents have money conversations with me regularly. 2. My parents frequently talk to me about spending habits and saving money during my teen years. 3. My parents provide me information about budgeting, managing debt, investing, and applying for student loans. 4. My parents open a savings account for me and always encourage me to save money. 5. My parents are a good example to me when it comes to making financial decisions.
<b>F (peer influence)</b>	1. My friend and I often set a weekly savings goal for ourselves and encourage each other to achieve it. 2. I frequently discuss spending and saving habits with my friends. 3. I would buy things I do not really need simply because my friends ask me to do so. 4. I often compare my income and expenses with my friends. 5. It is good to ask my friends on what to do with my money.

Table 1.2 Questionnaires

## Data Analysis Methods

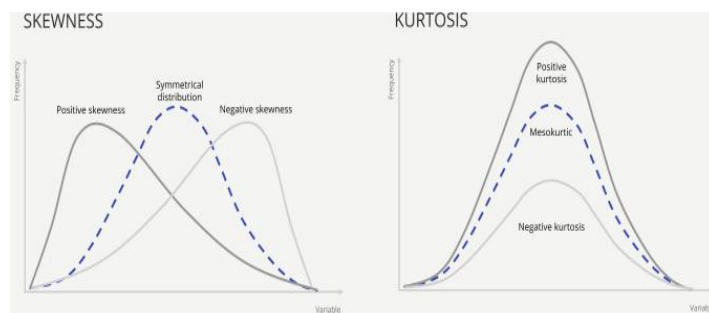
Data analysis used here is a statistical method for handling and processing the data, discovering patterns and connections to solve research goals. The data analysis was performed with SPSS software as it is capable of working with massive datasets.

## Descriptive Analysis

Descriptive analysis provides a summary of the sample details (Manikandan, 2011). The researcher performed descriptive analysis of respondent's demographic information and the primary tendency of their responses.

## Normality Test

The normality test here looks at whether data has a normal distribution to see whether parametric tests are appropriate. Normality was defined by skewness and kurtosis (Kim, 2013). Skewness gives a distribution's symmetry and Kurtosis calculates the "peak" of the distribution. For the most part, skewness of -2 to +2 and kurtosis of -7 to +7 is acceptable (Hair et al., 2010).



**Figure 1.2: Skewness and Kurtosis distribution**

(Sources: Ivana Cavar Semanjski (2023); Smart Urban Mobility)

## Reliability Test

Reliability shows the stability of the research instrument. The researcher calculated the internal consistency of the questionnaire items with Cronbach's alpha coefficient (Mohajan, 2017). The Cronbach's alpha is given by the following:

- <0.6 = Bad
- 0.6–0.7 = Moderate/Acceptable
- 0.7–0.8 = Good
- 0.8–0.9 = Very Good
- >0.9 = Very Good (Hair et al, 2003).

Reliability results of this experiment were as follows:

- Effectiveness (DV): Cronbach's alpha = 0.860 (Very Good).
- Financial literacy (IV 1): Cronbach's alpha = 0.677 (Moderate/Acceptable).
- Parental financial socialisation (IV 2): Cronbach's alpha = 0.799 (Very good).
- Peer influence (IV 3): Cronbach's alpha = 0.757 (Good).

Cronbach's alpha coefficient	Reliability level
<0.6	Poor
0.6 to <0.7	Moderate/Acceptable
0.7 to <0.8	Good
0.8 to <0.9	Very Good
>0.9	Excellent

Table 1.3: Rule of Thumb on Cronbach's Alpha (Based on: Hair et.al (2003))

## Pearson's Correlation

Pearson's correlation: here, this describes the magnitude and direction of linear relation between two variables. Coefficients of correlation -1 to +1:

- Excellent relationship: They both increase together.

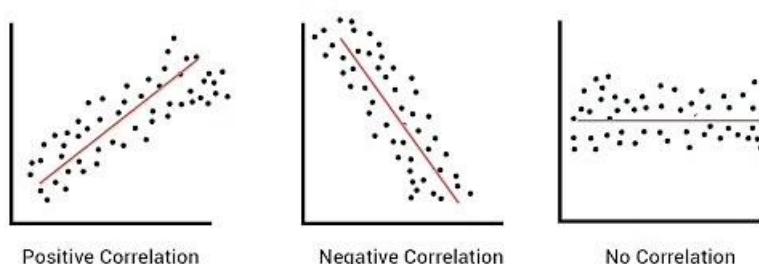
- High correlation rate: One is rising, other is falling.
- 0: No association (Williams et al, 2020).

The researcher applied Pearson’s correlation to see how the independent variables (financial literacy, financial socialisation from parents, peer pressure) and saving behaviour interacted.

<b>Strength of Relationship Between Variables</b>	<b>Positive</b>	<b>Negative</b>
No relationship	0	
Very Weak	$0 < r \leq 0.19$	$0 < r \leq 0.19$
Weak	$0.2 \leq r \leq 0.39$	$0.2 \leq r \leq 0.39$
Moderate	$0.4 \leq r \leq 0.59$	$0.4 \leq r \leq 0.59$
Strong	$0.6 \leq r \leq 0.79$	$0.6 \leq r \leq 0.79$
Very Strong	$0.8 \leq r \leq 1.0$	$0.8 \leq r \leq 1.0$

**Table 1.4 Pearson’s Correlation Interpretation**

Sources: Selvanathan et al. (2020)



**Figure 1.3: Pearson’s Correlation Graph**

### Regression Analysis

This was done using the Multiple regression analysis to study the effect of many independent variables on the dependent variable (Gallo, 2015). Key outputs included the following:

- Rsquared: Determines the share of variance captured by the model.
- Beta coefficients: Check for influence of each independent variable.

R-squared value of 0.50-0.9 is accepted for social science research (Ozili, 2023). The researcher used multiple regressions to find out how much the differences in saving behaviour are related to financial literacy, financial socialisation by parents and peer influence.

### Pilot Test

The pilot test was done for feasibility and reliability of research instrument (Anesthesiol, 2017). The researcher did a pilot study on 30 students 18–26 years old from private universities in Klang Valley. The questionnaire was rated in Cronbach’s alpha, and results were good for internal consistency. Overall Cronbach’s alpha = 0.893. With a successful pilot test, the questionnaire was validated, valid and data-ready to be used in the full-scale data collection.

## RESULTS

Here, the researcher presents the results and discussion of the study that looked at the causes and consequences of saving behaviours among the students in the private colleges in Klang Valley, Malaysia. These consist of descriptive statistics, reliability and normality tests, correlation analysis, regression analysis and hypothesis testing.

### Screening Question

Are you currently staying within Klang Valley?  
 390 responses

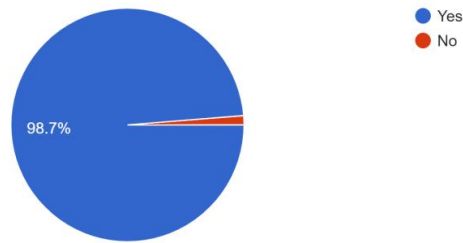


Figure 4.1.1 Screening Question 1  
**Are you currently staying within Klang Valley?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	385	98.7	98.7	98.7
	No	5	1.3	1.3	100.0
Total		390	100.0	100.0	

Table 4.1.1 Screening Question 1

This involved checking to make sure the data was valid also checked if people were in Klang Valley or not. Five (1.3%) of 390 participants responded "No" and were not included. Hence, the deemed valid sample size was 385 participants (98.7%).

### Demographic Profile

Age  
 385 responses

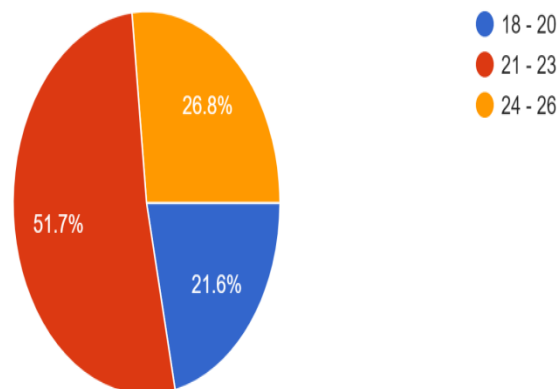


Figure 4.1.2 Demographic profile Question 1: Age

### Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 20	83	21.6	21.6	21.6
	21 - 23	199	51.7	51.7	73.2
	24 - 26	103	26.8	26.8	100.0
	Total	385	100.0	100.0	

Table 4.1.2 Demographic profile Question 1: Age  
 Age distribution shows that those 21-23 years old are 199 (51.7%), those 24-26 years old are 103 participants (26.8%) and those 18-20 years old are 83 people (21.6%).

Gender  
 385 responses

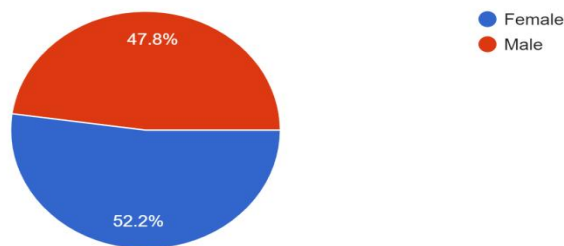


Figure 4.1.3 Demographic profile Question 2: Gender

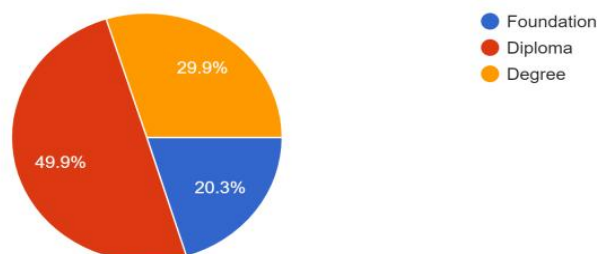
### Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	184	47.8	47.8	47.8
	Female	201	52.2	52.2	100.0
	Total	385	100.0	100.0	

Table 4.1.3 Demographic profile Question 2: Gender

The results show that females are 201 respondents (52.2%) and males are 184 respondents (47.8%).

Education level  
 385 responses



### Education level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Foundation	78	20.3	20.3	20.3
	Diploma	192	49.9	49.9	70.1
	Degree	115	29.9	29.9	100.0
	Total	385	100.0	100.0	

Table 4.1.4 Demographic profile Question 3: Education level  
 As for education, it is shown that diploma students are 192 (39%), Master's students are 115 respondents (29.9%) and students of the Foundation program: 78 (20.3%).

Major sources of income  
 385 responses

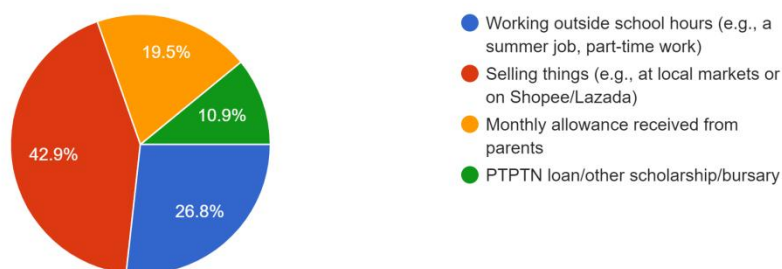


Figure 4.1.5 Demographic profile Question 4: Major sources of income

### Major sources of income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Working outside school hours (e.g., a summer job, part-time work)	103	26.8	26.8	26.8
	Selling things (e.g., at local markets or on Shopee/Lazada)	165	42.9	42.9	69.6
	Monthly allowance received from parents	75	19.5	19.5	89.1
	PTPTN loan/other scholarship/bursary	42	10.9	10.9	100.0
Total		385	100.0	100.0	

Table 4.1.5 Demographic profile Question 4: Major sources of income

It is found there that as for the source of income, those selling products online: 165 (42.9%) responses, those with part-time work are 101 (26.8%), those getting monthly allowance from parents are 75 (79.7%) respondents and those with PTPTN Loan/Scholarship/Bursary are 42 respondents (10.9%).

Monthly income from all sources  
 385 responses

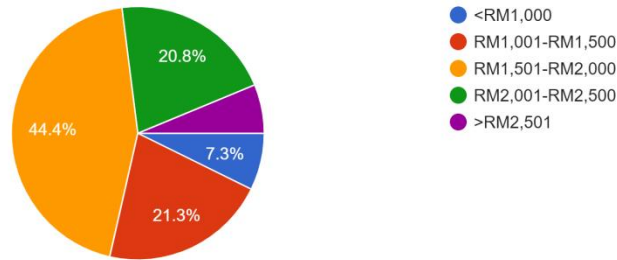


Figure 4.1.6 Demographic profile Question 5: Monthly income from all sources  
**Monthly income from all sources**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<RM1,000	28	7.3	7.3	7.3
	RM1,001-RM1,500	82	21.3	21.3	28.6
	RM1,501-RM2,000	171	44.4	44.4	73.0
	RM2,001-RM2,500	80	20.8	20.8	93.8
	>RM2,501	24	6.2	6.2	100.0
	Total	385	100.0	100.0	

As for monthly income, it is found that those earning RM1,501-RM2,000 are 171 respondents (44.4%), those earning RM1,001-RM1,500 are 82 respondents (21.3%), those earning between RM2,001-RM2,500 are 80 respondents (20.8%), those earning lower than RM1,000 are 28 respondents (7.3%), and those earning more than RM2,500 are 24 (16.2%) participants.

Are the major sources of income sufficient to cover your monthly expenses?  
 385 responses

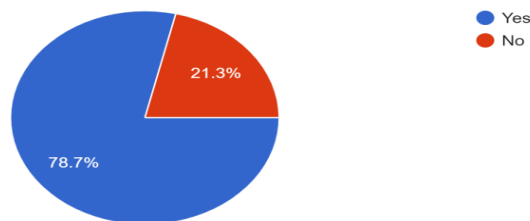


Figure 4.1.7 Demographic profile Question 6: Are the major sources of income sufficient to cover your monthly expenses?

**Are the major sources of income sufficient to cover your monthly expenses?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	303	78.7	78.7	78.7
	No	82	21.3	21.3	100.0
	Total	385	100.0	100.0	

Table 4.1.7 Demographic profile Question 6: Are the major sources of income sufficient to cover your monthly expenses?

A total of 303 (78.7%) answered yes and 82 of the participants (21.3%) answered no.

### Reliability Test

Reliability analysis calculated the internal consistency of the survey items using Cronbach's alpha.

Saving Behaviour (Dependent Variable)

#### Reliability Statistics

Cronbach's Alpha	N of Items
.885	5

The Cronbach's alpha here is 0.885 and it shows high reliability, a measure of saving behaviour that the measures are always valid.

- Financial Literacy (IV1)

#### Reliability Statistics

Cronbach's Alpha	N of Items
.858	5

Here, the Cronbach's alpha is 0.858. As for the measurement, it is very robust and shows reproducible quantification of financial literacy.

- Parental Financial Socialisation (IV2)

#### Reliability Statistics

Cronbach's Alpha	N of Items
.839	5

The Cronbach's alpha here is 0.839 and it shows high reliability, as if measured parent financial socialisation consistently.

- Peer Influence (IV3)

#### Reliability Statistics

Cronbach's Alpha	N of Items
.924	5

The Cronbach's alpha here is 0.924 and this is very high reliability, very high internal consistency. These findings indicate that the survey items for each construct are valid.

## Normality Test

	Descriptive Statistics								
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
I regularly save a portion of income as soon as I receive it.	385	1	5	3.88	1.066	-.965	.124	.487	.248
I have an emergency fund that can cover at least 3 months of living expenses.	385	1	5	3.75	1.263	-.772	.124	-.546	.248
I often look for offers and deals before purchasing items.	385	1	5	4.04	1.123	-1.208	.124	.737	.248
I often compare the price of items (groceries, clothes, etc) at many shops before buying.	385	1	5	4.05	1.109	-1.146	.124	.582	.248
I often find ways to cut unnecessary spending so that I can save more.	385	1	5	4.06	1.070	-1.144	.124	.671	.248
I understand the importance of saving for my future.	385	1	5	4.26	1.031	-1.512	.124	1.729	.248
I always keep records of income and expenses.	385	1	5	3.96	1.209	-1.084	.124	.203	.248
I have the ability to prepare weekly/monthly budget.	385	1	5	3.98	1.155	-1.062	.124	.268	.248
I always make sure I spend within my budget.	385	1	5	4.10	1.082	-1.160	.124	.583	.248
I avoid using credit card to pay for something that I cannot afford.	385	1	5	3.95	1.220	-1.097	.124	.193	.248
My parents have money conversations with me regularly.	385	1	5	4.03	1.130	-1.165	.124	.572	.248
My parents frequently talk to me about spending habits and saving money during my teen years.	385	1	5	4.07	1.077	-1.172	.124	.738	.248
My parents provide me information about budgeting, managing debt, investing, and applying for student loans.	385	1	5	3.98	1.110	-1.056	.124	.388	.248
My parents open a savings account for me and always encourage me to save money.	385	1	5	3.89	1.167	-.880	.124	-.213	.248
My parents are a good example to me when it comes to making financial decisions.	385	1	5	4.18	.972	-1.136	.124	.827	.248
My friend and I often set a weekly savings goal for ourselves and encourage each other to achieve it.	385	1	5	3.58	1.369	-.629	.124	-.870	.248
I frequently discuss spending and saving habits with my friends.	385	1	5	3.56	1.422	-.514	.124	-1.142	.248
I would buy things I do not really need simply because my friends ask me to do so/being influenced by friends.	385	1	5	3.33	1.491	-.379	.124	-1.323	.248
I often compare my income and expenses with my friends.	385	1	5	3.44	1.508	-.518	.124	-1.218	.248
It is good to ask my friends on what to do with my money.	385	1	5	3.41	1.466	-.491	.124	-1.180	.248
Valid N (listwise)	385								

Normality checks confirmed if the data were normal (for parametric statistical testing). The Skewness Values are between -1.512 and -0.379 and Kurtosis Values are between -1.323 and 1.729. According to Hair et al. (2010) and Bryne (2010), reasonable values are -2 to +2 for skewness and -7 to +7 for kurtosis. Data lands within these limits which means normal distribution for further parametric testing.

### Pearson's Correlation Analysis

Pearson's correlation looked at linear correlations between independent variables and saving behaviour.

#### Correlations

		IV1	IV2	IV3	DV
IV1	Pearson Correlation	1	.550**	.487**	.749**
	Sig. (2-tailed)		<.001	<.001	<.001
	N	385	385	385	385
IV2	Pearson Correlation	.550**	1	.424**	.544**
	Sig. (2-tailed)	<.001		<.001	<.001
	N	385	385	385	385
IV3	Pearson Correlation	.487**	.424**	1	.441**
	Sig. (2-tailed)	<.001	<.001		<.001
	N	385	385	385	385
DV	Pearson Correlation	.749**	.544**	.441**	1
	Sig. (2-tailed)	<.001	<.001	<.001	
	N	385	385	385	385

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

As for Financial Literacy (IV1) and Saving Habits, the Correlation Coefficient (r): 0.749 and the p-value: < 0.001. This is a strong positive relationship, meaning that the more financial literacy you have, the better your saving habits.

As for Financial Socialisation (IV2) and Saving Behavior, the Correlation Coefficient (r) here is 0.544 and the p-value here is < 0.001. There is a moderate positive correlation; parents are more socialised financially, so their kids are more likely to save money.

As for Peer Pressure (IV3) and Financial Saving Behavior, the Correlation Coefficient (r) here is 0.441 and the p-value is < 0.001. It shows a low to moderate positive correlation, meaning positive peer influence correlated with better saving behaviour.

All relationships are statistically significant, with p0.05 as the p-value to demonstrate causal relations between the variables.

### Regression Analysis

A multi-regression analysis showed how well independent variables control for saving behavior.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.768 <sup>a</sup>	.589	.586	.60046	.589	182.222	3	381	<.001

a. Predictors: (Constant), IV3, IV2, IV1

The R-value: 0.768, R-square: 0.589, F-value: 182.222 and p-value: < 0.001. According to the R-square, 58.9% of the saving behaviour variance comes from independent variables. It is verified by the large F-value and significant p-value of the model as statistically significant.

## ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	197.098	3	65.699	182.222	<.001 <sup>b</sup>
	Residual	137.368	381	.361		
	Total	334.467	384			

a. Dependent Variable: DV

b. Predictors: (Constant), IV3, IV2, IV1

The F-value: 182.222 and p-value: < 0.001. The ANOVA results confirm that the regression model does predict the dependent variable well.

## Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.446	.163		2.739	.006
	IV1	.636	.043	.622	14.904	<.001
	IV2	.191	.044	.174	4.326	<.001
	IV3	.168	.038	.155	2.716	.007

a. Dependent Variable: DV

Average beta coefficients and p-values for each independent variable are:

- Financial Literacy (IV1)

The Beta Coefficient ( $\beta$ ): 0.622 and p-value: < 0.001. It shows that Financial Literacy positively affects saving behaviour most.

- Parental Financial Socialisation (IV2)

The Beta Coefficient ( $\beta$ ): 0.174 and p-value: < 0.001 and it shows a huge positive effect but not as large as financial literacy.

- Peer Influence (IV3)

The Beta Coefficient ( $\beta$ ): 0.155 and p-value: 0.007. This shows a positive effect, weakest of the three factors.

Each independent variable is strong predictor of saving behaviour (p0.05).

## Hypotheses Testing

HYPOTHESIS	RESULT
H1: Financial literacy has a positive influence on the saving behaviour of students at private universities in Klang Valley, Malaysia.	NOT REJECTED
H2: Parental financial socialisation has a positive influence on the saving behaviour of students at private universities in Klang Valley, Malaysia.	NOT REJECTED
H3: Peer influence has a positive influence on the saving behaviour of students at private universities in Klang Valley, Malaysia.	NOT REJECTED

On the basis of the regression, we ran the following hypotheses:

- H1: Financial literacy influences saving habits of students at private colleges in Klang Valley, Malaysia.
- Result: Not Rejected
- Benefit: Financial literacy had the highest positive impact on saving behaviour ( $\beta = 0.622$ ,  $p = 0.001$ ).
- H2: Parental financial socialisation helps students in Klang Valley, Malaysia to be good savers.
- Result: Not Rejected
- Explanation: Parental financial socialisation improved savings behaviour ( $\beta = 0.174$ ,  $p = 0.001$ ).
- H3: Peer influence is positive for students' saving behavior in Klang Valley, Malaysia, private universities.
- Result: Not Rejected
- Case description: Peer influence was positive for saving behaviour ( $\beta = 0.155$ ,  $p = 0.007$ ).

### DISCUSSION OF FINDINGS

The results match with earlier research that has focused on financial literacy and student-savviness. Financial literacy was the strongest predictor of saving behaviour – so it seems that the better-informed students are, the more financially capable they are of living on their feet.

Financial socialisation is important as well, from the parents. Students who have their parents discuss money with them and are more responsible about their finances, are likely to save. This emphasises the influence of parental experience early on. While lower in power than the other variables, peer influence nevertheless does impact saving behaviour. Students are influenced by what their classmates think of money, and so they either encourage saving or do not.

### Implications of the Study

- Schools: Schools should teach financial literacy courses to students to make them better money managers.

- Parents: Keeping money open is good for kids' saving habits.
- Policymakers: Policies encouraging financial education both institutionally and family-level can increase youth's financial well-being.
- Children: Knowledge about peer pressure will help children make better economic decisions.

### Limitations

- Sample Restrictions: This study involved private university students in Klang Valley only, and therefore findings are not generalisable.
- Cross-Sectional Design: Data is just one time in the past and doesn't account for over time changes.
- Self-Reporting Data: There can be some self-report bias (like social desirability bias).

TABLE 1. This is example of a table

Variables	Percentage (%)
Variable A	10
Variable B	20
Variable C	30
Variable D	40

### MANAGERIAL IMPLICATION

This study presents managerial insights that could be applied by stakeholders, from university officials to parents, from policymakers to financial education providers. Financial literacy was deemed the biggest influencer of student saving behaviour, therefore there is a critical demand for structured and robust financial literacy interventions. This can be very important in which university administrators can make financial education part of the curriculum as part of the life skills training. Budgeting, debt management, savings, investments courses and workshops will equip students with financial knowledge and decision-making tools. - Collaborations with banks to provide seminars, interactive tools and case studies on financial planning could also be helpful. By giving students financial education, universities can teach students responsible financial habits and avoid future financial ruin.

As parents, who can be the most influencing forces of financial socialization, parents must teach their children money management proactive and regular methods. The influence of parental financial socialisation on saving behaviour is modest but positive, this research shows. One can model this from parents, and they can encourage you to do good things with your money – like save money and budget. Discussions about budgeting, where they will spend their money, and the need for a long-term plan must be a frequent subject of household conversations. And tools and programmes that help parents impart financial education to their children at home (eg, workshops, parenting guides) can help them be even better at inculcating good financial habits in their kids.

Policy makers, too, have a part to play in tackling the economic woes of Malaysian youth. Since student debt is in staggering proportion and young adults have little savings at all, financial education at a young age must be encouraged by policy. State and school districts can insist on financial literacy lessons in secondary and higher-schools. Then there are financial incentives, like matched savings plans for students or tax breaks for families who take financial education seriously. National education campaigns about saving and the risks of debt accumulating should also be considered by policymakers.

### CONCLUSION

The study was carried out using a questionnaire survey consisting of closed questions only. The method of using questionnaires was found to be very effective for getting measurable data, but sometimes they do

not allow individuals to give their full voice because they are tied to certain answer types (like Likert scales or yes/no). This constraint may impact the quality of the data that is gathered.

Second, the study looked at only three independent variables (financial literacy, financial socialisation of parents, and peer influence) as there were limited time. These variables can be a substantial contributor to students saving behavior, yet as it can be seen by the R-Square value of 0.589, 41.1% of the variation in students saving behaviour is unknown. That implies that other factors outside of the research – self-management, individual economic and social status – can have an impact on saving behaviour too.

### **Recommendations**

To avoid the limitations mentioned, the following recommendations are made for future studies:

#### **Incorporate Qualitative Methodologies**

The next generation of researchers need to start using the qualitative methods like focus group discussions or interviews, as well as the survey. Such approaches make it possible to explore more extensively students' understandings, attitudes and motives for saving behaviour. The mix of qualitative and quantitative (mixed methods) can generate deeper and more in-depth data.

#### **Include Additional Variables**

To include the variables of self-control, personal wealth, money mindset, and money ambition would give a fuller picture of what drives saving behaviour. In the case of self-control, for instance, we could look at how students resist spending on impulses; or wealth could measure the effect of money on saving behaviour.

#### **Widen the Sample Population:**

Hopefully the next study will add in students from other states in Malaysia. This can allow the researchers to make sure the findings are more representative of the total number of students, and not just from Klang Valley. This would make the study results more generalisable and robust.

#### **Enhance Financial Education Programs:**

Schools and governments should consider incorporating financial literacy curricula in the university. One can also hold savings, budgeting, money management workshops, seminars, and awareness programs for your students to help develop key financial competencies and habits.

If these limitations can be overcome and these tips can be incorporated, future studies can build on the existing evidence to understand university students' saving behaviour more fully. This would help to better identify how saving behaviour is influenced by financial literacy, financial socialisation among parents and peer influence (among other factors).

In summary, the research shows that financial literacy, financial socialisation by parents and peer influence strongly influenced the saving habits of private university students in Klang Valley, Malaysia. Financial literacy was the most reliable predictor (regardless of whether financial education is considered a part of the lesson in saving). Parents influence saving behaviours but peer support helps students also to develop savings behaviour.

The research findings can be used by educators, policymakers, and parents to create targeted efforts that enhance financial literacy and increase saving behaviors in children. Resolving the limitations with qualitative techniques, more variables and larger sampling in the future studies will continue to improve insight and promote healthy financial behaviour among Malaysian youth.

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