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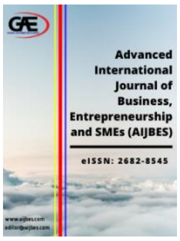

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A CONCEPTUAL FRAMEWORK OF MALAYSIA MADANI MILLENNIALS FINANCIAL LITERACY (M3-FLF)

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Abstract:

Personal bankruptcy is one of the major issues highlighted in the current era. The report by the Malaysian Department of Insolvency indicated there were 233,483 bankruptcy cases reported until December 2023, while people aged 25 to 44 years old contributed about 56.99% to bankruptcy cases. According to a report published by the OECD in 2017, the main reason for the rise in bankruptcy is the lower level of financial literacy. In addition, the actual importance of financial literacy was raised during the recent economic slowdown triggered by the coronavirus disease (COVID-19) pandemic. Even though prior literature has linked financial literacy to financial inclusion, there are scanty empirical studies that examine the financial literacy of the millennials, especially in developing countries like Malaysia, and support the slogan of our Prime Minister, 'Malaysia MADANI'. However, no research has attempted to model and validate the Malaysia MADANI Millennials Financial Literacy Model. Hence, this study aims to capture the best-fit framework for the Malaysia MADANI Millennials Financial Literacy (M3-FLF) by integrating the technology acceptance theory. This paper is based on a literature review of journals on financial literacy, financial attitude, financial knowledge, financial skill, financial behavior and financial technology along with Theory Acceptance Model (TAM). Malaysian Millennials, those born between 1981

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and 1996 and now aged between 28 and 43 years old. The outcome of this study will complement the Malaysia National Strategy for Financial Literacy 2019–2023, Malaysia MADANI's directions to the Prime Minister, and support Social Development Growth for Societal Harmony and Happiness. Therefore, M3-FLF acts as a significant tool to signal the policymaker and provide self-awareness monitoring for individuals to help the future millennials navigate their financial well-being.

Keywords:

Literacy, Knowledge, Behaviour, Millennials, MADANI, Theory Acceptance Model

Introduction

According to the Merriam-Webster Dictionary, the term Millennials generally refers to the generation of people born between the early 1980s and 1990s. Additionally, ICMR (2021) referred Malaysian Millennials as those born between years 1981 to 1996, and now currently aged between 28 to 44 years old. Malaysians' millennials have been reported to have poor personal financial management due to low financial literacy (Tay et al., 2019) with almost 70 percent of Malaysians need support in terms of financial literacy knowledge (Hidayah & Ariffin, 2022). By being financial literate, it was expected that individuals should be vigilant in reading and comparing information on financial products prior to daily financial decisions making such as savings, investment and consumption. Unfortunately, a survey done by Malaysia Financial Planning Council (MFPC) through the Financial Capability & Utilization of Financial Advisory Services in Malaysia (2020) reported that the level of financial capability and financial literacy of Malaysians is alarmingly low and reveals that an alarming number of Malaysians generally have the low financial capability, do not know how to manage their money, and do not plan ahead and save. The reports signposted that a number of Malaysians is having little comprehension of the time value of money, while some do not recognize the effects of inflation and that inflation erodes the value of savings and income. The survey also revealed that the respondent generally lacks understanding of the compounding effects, risk management and benefits of diversification. Thus, Malaysia is still lacking in terms of financial literacy.

Consequently, poor financial literacy among Malaysians especially among the millennials provide a challenge toward financial well-being of an individual that contributed to various financial consequence as such bankruptcy issues (Aziz & Kasim, 2020). Report by Malaysian Department of Insolvency (MDI) revealed an alarming issue for Malaysians aged within the range of 25 to 44 years old facing with the indebtedness, whereas the older generations face the serious financial challenges of retirement. It was testified a few 233,483 of bankruptcy cases has been reported from 2019 until December 2023. What more alarming is, Malaysian aged between 25 up to 44 years old contribute about 56.99 percent of the bankruptcy cases. Subsequently, the millennials generation are reported as the largest contributors to the bankruptcy cases in Malaysia which encounter more than half out of the total cases. Additionally, the statistics for number of bankruptcy cases by type of employment indicating 62.42 percent are contributed by working Malaysian categorized by MDI as business owner, private and public sector, self-employed and professional. Additionally, recent report by RinggitPlus Financial Literacy Survey (RMFLS) among the millennials evidenced that Malaysians' personal financial habits remain worrying, since many Malaysians are still susceptible to financial shocks, and a considerable amount continue to spend beyond their

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means (RMFLS, 2021). Meanwhile, the economic impact of Coronavirus disease (COVID-19) pandemic resolve towards less savings and more than one in five Malaysians are considering taking up the loan moratorium. The survey indicates that in average 20 percent cannot survive beyond 1 month on savings alone, 43 percent of them spend exactly or more than what they earn and in average 44 percent have not started retirement planning. However, the millennials are reported to be more digitally savvy, which can be seen in higher e-wallet usage and greater willingness to invest in digital assets compared to the national average.

Without doubt planning and managing personal finances for personals and professional purposes is a lifelong process required through learning and understandings the necessary skills. If the issues are left untacked, it will become worsen with serious impact on the individuals, their families and dependents, as well as on Malaysia’s social and economic development. Furthermore, this will impede the achievement of Malaysian MADANI's visionary. Looking at the Prime Minister's Malaysia MADANI vision for a civilized, skilled, and inclusive society based on six core values, namely Sustainability, Prosperity, Innovation, Respect, Trust, and Compassion; the significant of financial literacy is among the critical component of achieving this vision. This is especially vital since the millennials is the Malaysia's largest demographic group and the future generation that will contribute to nation building. Thus, having millennials who are fully equipped with sound financial security and adequate financial resources will navigating their understandings towards the environmental and social impact of their financial decisions, supporting the sustainable and ethical businesses, which can lead to a more sustainable economy.

Thus for, a good level of financial literacy will be able to guide millennials in making financial planning and effective decision making that later will improve the wellbeing of individuals or communities and ultimately also improve the country's economy (Rahayu et al., 2022). The behavior of the millennials is a challenge to be resolve related towards their level of literacy. Dion (2020) exerts that millennial financial behavior on savings objective and consumption were driven by two main principles hold by the millennials which are “you only live once "that inspire the millennial savings and spending habits for self-fulfillment and “fear of missing out” that stand their decisions in spending. Thus, burden with the stigma of being extravagant, savings and investment difficulty, high lifestyle and consumptive (Nurfadillah & Matoati, 2022) yet digitally savvy (RMFLS, 2021; Nurfadillah & Matoati, 2022), their behavior indeed a challenge towards priory behavioral theory in personal financial management research that might provide insightful findings.

Therefore, it is very important to develop Malaysia MADANI Millennials Financial Literacy framework (M3-FLF) that captures the indicators include internal and external (attitude, knowledge, skill, behavior and technology) factors of financial literacy levels among Malaysian Millennials to ensure the millennials have sound financial security and adequate financial resources. Thus, helps the Malaysian millennials navigate their personal finances in ensuring a sustainable financial wellbeing of the millennials thus enable them to participate more fully in the economy that is critical to achieving Malaysia's MADANI visionary goals.
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Literature Review

Definition of Financial Literacy among the Millennial

The literacy theorist Brian Street explains that literacy is best understood as "particular ways of thinking about and doing reading and writing (Street, 2001). While the Literacy Definition Committee and National Adult Literacy Survey defined literacy as "using printed and written information to function in society, to achieve one's goals, and to develop one's knowledge and potential" (Kirsch et al., 2001). The literacy idea had been expended to certain skills set such as computer literacy, digital literacy, statistical literacy, financial literacy, artificial intelligence literacy and food literacy among others. Being one of the literacy spectrums, the essence of financial literacy being linked towards individual ability in making a well-versed and firmed decisions concerning personal finances such as the financial resource, personal spending, investments, and savings (Mavlutova et al., 2022). It's being well-defined of how individuals manage their knowledge and abilities and effectively used various financial skills such as personal financial management, budgeting and investing in financial decisions making to achieve individual, family and social goals (Lusardi & Mitchell, 2021).

Malaysian MADANI is one of the national leadership policies proposed by the 10th Prime Minister of Malaysia, Dato Seri Anwar Ibrahim which was launched in January 2023. In general, Malaysia Madani focuses on the harmony of plural society, sustainable development and good governance. Malaysia MADANI represents the six pillars of M (sustainability/keMampanan), A (modernity/kesejAhteraan), D (creativity/Daya cipta), A (respect/hormAt), N (trust/keyakiNan) and I (kindness/ Ihsan) which are pillars in charting Malaysia's path to a developed nation state and peace. It is undeniable that a sustainable financial well-being of the rakyat itself is one of the methods to achieve Malaysian MADANI, and that a framework that is able to steer the citizen towards achieving Malaysian MADANI is important. According to Zhang and Chatterjee (2023), the capacity to manage one's own finances well is an essential life skill that contributes to a society's long-term economic viability and prosperity. Because those who are financially literate can handle their money well and are less vulnerable to the effects of short-term economic fluctuations and better able prepared for their long-term financial demands. Thus, it's clear that financial literacy is one of the important indicators that in developing a holistic wellbeing of the citizens thus contribute towards the prime Minister's Vision of Malaysia MADANI.

For the millennial, they are expected to embrace the mixture of multi-dimensional concept of knowledge, skills, attitudes and actual behavior (Morgan & Trinh, 2019) related towards individual's competence and ability to demonstrate the acquired financial knowledge in practice (Lusardi & Mitchell, 2017). Thus, to be considered as financially literate, they must understand some financial transaction that posits greater impacts to millennial financial wellbeing such as how checking account works, what is the consequences of using credit card, how to minimize or avoiding debt, also effective management of financial risk and avoiding financial pitfalls. A study by Fessler et al., (2020) evidenced equal distribution of financial literacy across age groups. Yet, they also reported difference among millennials compare to others age cohort in several aspects such as relatively low levels of financial literacy, less financially organized, and showing riskier and less forward-looking behavior. However, they are more open to digital means of payments and financial innovations in general (Fessler et al., 2020). While Baya (2019) identifies the determinants factors of financial literacy of millennials and evidenced different literacy across gender with man is more financially literate than women. The also conclude that the financial literacy level of millennial employees influence

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by formal and non-formal sources of information, yet financial matters' experience is a major determinant. While Widyastuti et al., (2020) conclude a significant positive relation between financial literacy and financial decision. However, their study revealed no moderation effects between financial literacy and financial decision making of the millennial even though it shows positive correlation between level of financial literacy and that demographic profiles.

The Behavior of Malaysian's Millennials
Millennials were known among others as the Net Generation, Echo Boomers, Nexteer, the Nexus Generation and Generation Y (Noor et al., 2022). ICMR (2021) refers Malaysian Millennials as those born between 1981-1996; now currently aged in between 28 to 44, becoming a significant proportion of the labor force and economic power in Malaysia. Thus for, millennials can be categorized from diverse range of experience such as from lower commitments beginners in the workforce to those in late 30's with larger commitment yet more stable positions. Generally, millennials being defined as grown up immersed in the world of digital technologies and amongst tech-savvy, given they were born within the era of technological innovation with most connected generation of internet of things. They stay connected with others using laptops and smartphones thus being the active users of social media platforms such as Facebook, Twitter, Instagram and Tik -Tok for personal used (study, undertake projects, and resolve life challenges asides from having fun). Unfortunately, also being the generation with overabundance of financial challenges including student loan, financial debt, low income, unemployment issues and high costs of living. Restored by world economy issues together with recent world health crisis of COVID-19, millennials are at risk with uncertain holistic well-being.

In term of millennial's financial behavior, the 2021 RinggitPlus Financial Literacy Survey (RMFLS, 2021) evidenced that the youths of Malaysia are more digitally savvy based on the heavily relied on e-wallet usage and greater willingness to invest in digital assets yet having worse personal finance habits compared to the rest of the population. The survey also concludes that Malaysians' personal financial habits remain worrying since many Malaysians are still susceptible to financial shocks, and a considerable amount continue to spend beyond their means (RMFLS, 2021). Research on the neighbor's country, Indonesia millennials also showing the same attribute which revealed that only 10.7% of the income generated by the millennial generation was used for savings, while the remaining 51.1% of the millennial generation's income was used for consumptive needs and only 2% is used for investment (IDN Research Institute, 2019). Thus, showings the same behavioral patent, which might be contributed by the uniqueness of the millennial's behaviors attribute by their characteristics which tends to be more dynamic, creative, technologically savvy and pragmatic (Nurfadillah, & Matoati, 2022).

Dion (2020) exerts that millennial financial behavior on savings objective and consumption were driven by two main principles hold by the millennials. The first principles are "you only live once' that inspire the millennial savings and spending habits for self-fulfillment. As such, savings for a vocation to be spend with large expenses visiting viral place with main objective of sharing their outfit of the day (OOTD) in social media, instead of saving for retirement that still far beyond. While the second principles are "fear of missing out" that stand their decisions in spending for unnecessary trending items for the sake of being in trends. Burden with the stigma of being extravagant, savings and investment difficulty, high lifestyle and consumptive (Nurfadillah, & Matoati, 2022) yet digitally savvy (RMFLS, 2021; Nurfadillah, & Matoati,

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2022), their behavior indeed a challenge towards priory behavioral theory in personal financial management research that might provide insightful findings.

Theory Acceptance Model (TAM) for Millennial's Financial Literacy Framework
The theory of Technology Acceptance Model (TAM) emphasizes the most important factors in foreseeing the behavior of intention towards the utilization of technology from the consumer's point of view (Davis, 1989). Five latent variable was discussed in TAM theory comprise of external factors, Perceived Usefulness (PU), Perceived Ease of Use (PEOU), Attitude toward Using (ATU) and Behavior Intention (BI). (Purnamasari, 2020). The TAM theory interrelated with the millennial adoption of technology in their mainstream activities; resulting from a psychological theoretical method explaining users' philosophies, attitudes, interests and behavior relationships (Akbar et al., 2021). Consequently, TAM becoming a widely acceptance theory used in priory literature embracing the Industrial Revolution 4.0 converging on the adoption of information and communication technology into financial transaction such internet banking, online purchase and e-wallet (Akbar et al., 2021, Sarengat & Mahadwartha, 2021). The need of improved financial literacy among the millennial is importance to match with the escalating of financial technology (fintech) development, drivers towards complex financial landscape. The evolving of financial services towards adoption of complex technological innovation especially innovative investing and asset classes required the knowledge and skills among the millennial to efficiently used their financial resources thus meets millennials principle to be in trend thought their life challenges hence contribute towards holistic wellbeing.

Construct of Financial Literacy

Current Study
Current study proposing the internal and external construct to measure the financial literacy of the millennials. The attribution theory developed by (Heider, 1958) explain that individual's internal and external contribution able to determine the success or failure on future expectations. Chariri et al., (2018) exert that internal attribution can be measured as an individual treats (ability, effort, nature, character, and attitude). While external attribution can be a pressure situation that affects individual behaviors (luck, culture, political, economic and social values). Within the era of millennials, their financial outcomes are depending on their financial behavior and interrelated choices within the domain of financial literacy, thus more literate individuals will exhibit healthy behaviors in multiple issues of household financial management (Cwynar 2020, Stolper & Walter 2017). Tandon & Tandon (2021) discuss five determinants' factors of financial literacy which are borrowing behavior, investment behavior, financial prudence, transaction behavior, and spending behavior. Yet, the struggle of the millennial in making financial decisions within this era is challenging with various individual responsibility, complex financial product due to technology advancement and innovation in consumer products and services among others.

Financial attitude is referring to the ability and preparedness of individual to utilize and apply financial skills and knowledge in many situations (Święcka et al., 2019). Rey-Ares et al., (2021) investigated on how an individuals' self-control influences their financial choices, as millennials recently facing financial difficulties which will affects their financial well-being. The study found that self-control does affects the individuals' financial attitudes for Spanish adult population, regardless their ages range from 18 to 79 years. Other than that, in the case of financial behavior, only millennials shown high self-control influenced by behavior. Dewi

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et al., (2020) analyzed financial literacy level among the millennial generation by observing the effect of financial knowledge, financial attitude, and financial skills with their financial behavior. Their study reported that proportions of respondents in the 'fair' category, were 70.6%, 66.5%, and 72.2 the %, respectively for the g financial attitude, financial skills, and financial behavior. Their study evidenced a significant relationship between financial attitude and financial management behavior, and financial skills and financial management behavior but not between financial knowledge and financial behavior. Driven by healthier financial attitude, the millennials will be able to make better financial decision. Eventually, they will understand the value of money thus lead to cautious spending with better financial control.

Aside from defining financial literacy as knowledge, it's also being define from the perspective of financial skills (Hamdan & Mohammed, 2021). Prior literature explaining financial literacy as the ability to efficiently used the individual's financial knowledge and financial skills during their lifetime in achieving financial wellbeing (Finke et al., 2017; Engstrom & McKelvie, 2017). Hence, the dimension of financial literacy is beyond the financial knowledge on the concepts of finance. Having sufficient skills and ability to apply the financial knowledge in making financing decision by developing effective techniques in managing individual financial resources is also irrefutable (Lusardi & Mitchell, 2011). The relations of financial literacy and financial skills was evidenced by Hamdan & Mohammed (2021) that reported a positive significant relationship with financial behavior, financial attitude, and financial skills towards the financial literacy among the micro entrepreneurs. While financial illiteracy and poor financial skills lead to various financial issues such as indebtedness leading to bankruptcy filings, poverty, divorce, and depression (Tandon & Tandon, 2021).

Soekarno, & Pranoto (2020) conclude that millennials with high basic financial literacy level among those with higher education level and profession related to economy. They also indicated that millennials having high basic and/or advanced financial literacy level, overconfident and focus on learning economics tend to participate in the stock market. An individuals' financial well-being is directly influenced by low level of financial knowledge as well as understanding of financial literacy (Kenayathulla et al., 2020). They revealed that youths from low-income group are highly exposed to the financial knowledge as compared to middle- and high-income group. The study shows no difference in financial literacy regardless gender and income group, while undergraduates' students have moderate level of financial attitude, and high level of financial knowledge and behavior.

Financial technology (fintech) related towards the utilization of software, applications and digital platforms to provide financial services to consumers and businesses through digital devices (Morgan et al., 2019). Yet, the higher level of financial literacy is required for effective utilization of fintech services. Basic knowledge of digital financial products and services will help the millennial to understand the digital financial products and services thus build awareness towards the existence of financial products and services provided through knowledge of digital financial products and services, through digital means such as the internet and mobile phones (Morgan et al., 2019). Yakoboski et al., (2018) examines the engagement of millennials with the fintech and their level of financial literacy. Their study indicates existence of financial literacy gap where on average, millennials answered 44% of the P- Fin Index questions correctly and reported that both younger and older millennials exhibit lower literacy with lowest score in the areas of comprehending risk and insuring. While Setiawan et al., (2020) focus on Indonesian's millennial by associating the digital financial literacy (DFL), current saving behavior, current spending behavior, and foresight of future spending and saving

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behavior. Their study evidenced the association of social-economic standing with DFL thus improving their current saving and spending behavior that will reshape their future saving and spending.

Methodology

Qualitative research is concerned with verbal data, such as focus group transcripts, interview notes, open-ended questions answered, video recording transcriptions, information gathered from online sources, books, journals, and the like. Both primary and secondary data can provide information for qualitative data. Researchers can obtain information from rich online sources such as books, journal articles, conference papers, and others that are based on secondary data. The authors of this study collected data from a few chosen journal papers, most of which included a thorough analysis of the key variables and indicators that affect financial literacy. Each journal has a unique point of view. To create a thorough framework, the authors are taking part in the comparison of material from those sources. This research use content analysis, where researchers may identify qualities such as concepts, words, characters, themes, and phrases, as well as examine much information about the subject of the study. Relational analysis or conceptual analysis are two methods that content analysis might employ. Relational analysis is the process of developing conceptual analysis through a thorough examination of the text's connection notion. The author of this study uses both relational and conceptual analysis. The author gathered information from interpersonal interactions and theoretical concepts related to financial literacy and the variables that affect it.

Discussion

The author attempts to create a framework by highlighting the variables and indicators that affect financial literacy based on the literature research. The proposed framework made of five factors that may affects the financial literacy, with TAM as the moderating variables.

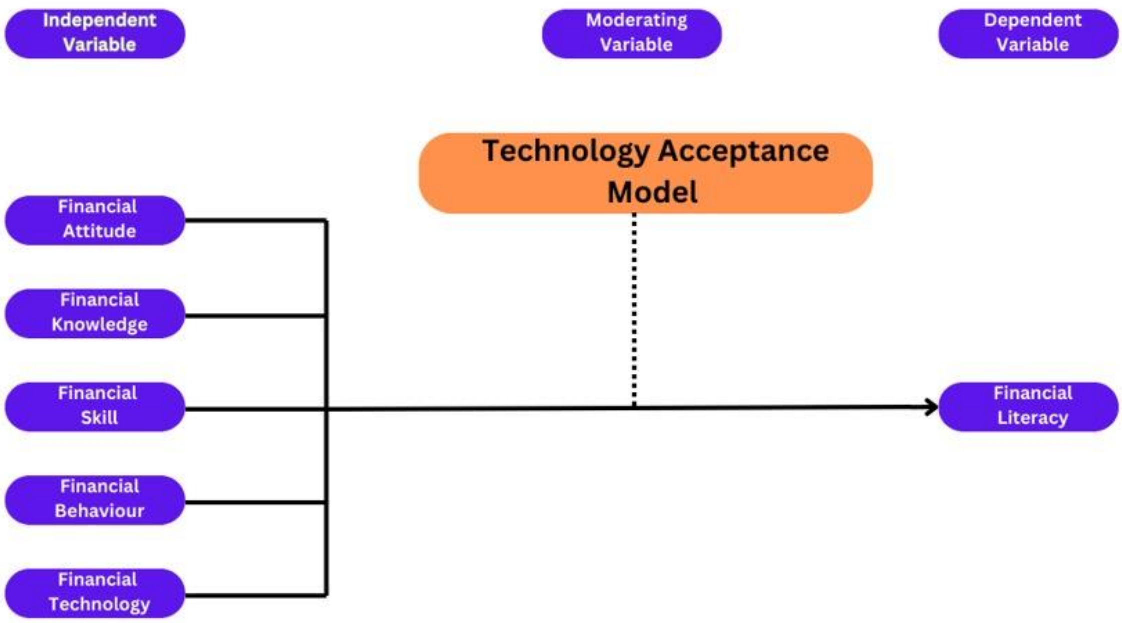

Figure 1: Proposed Conceptual Framework Linking Financial Attitude, Financial Knowledge, Financial Skill, Financial Behavior, Financial Technology and TAM as Moderating Variables

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Prior literature revealed lack of literacy and display less healthy behaviors of the millennials compared to previous generations (Cwynar 2020; Kim, et al., 2019) thus they be challenge with inferior financial accomplishments compared to others generation (Cwynar 2020). The study by Rey-Ares et al., (2021) found that self-control does affects the individuals' financial attitudes for Spanish adult population, regardless their ages range from 18 to 79 years. Other than that, in the case of financial behavior, only millennials show high self-control influenced by behavior. The relations of financial literacy and financial skills was evidenced by Hamdan & Mohammed (2021) that reported a positive significant relationship with financial behavior, financial attitude, and financial skills towards the financial literacy among the micro entrepreneurs. While financial illiteracy and poor financial skills lead to various financial issues such as indebtedness leading to bankruptcy filings, poverty, divorce, and depression (Tandon & Tandon, 2021). They revealed that youths from low-income groups are highly exposed to the financial knowledge as compared to middle- and high-income group. The study shows no difference in financial literacy regardless gender and income group, while undergraduates' students have moderate level of financial attitude, and high level of financial knowledge and behavior (Kenayathulla et al., 2020. Setiawan et al., (2020) focus on Indonesian's millennial by associating the digital financial literacy (DFL), current saving behavior, current spending behavior, and foresight of future spending and saving behavior. Their study evidenced the association of social-economic standing with DFL thus improving their current saving and spending behavior that will reshape their future saving and spending.

Swiecka (2019) model of financial literacy using the four elements of financial knowledge financial attitude, financial skills, and financial behavior will be used as the foundation in developing the holistic framework of Malaysia MADANI Millennial's Financial Literacy (M3-FLF). Stemming from the financial literacy concept by Swiecka (2019), a current study proposing more comprehensive financial model embracing the unique behavior of millennials by considering internal and external construct of financial literacy. The Swiecka literacy model only emphasized internal constructs that explicitly focus on the personal attribute of an individual. Integrating external constructs will generate a more comprehensive M3-FLF model capturing millennials literacy. Additionally, the millennials are having more complex behavior compared to others generation, integrating the Technology Acceptance Model (TAM) in constructing the new M3-FLF of millennials will be a contribution towards priori literature on financial literacy.

Conclusion

In this article, a conceptual framework linking financial literacy, financial attitude, financial knowledge, financial skill, financial behavior, financial technology and TAM was put forward. A literature review served as the paper's design and approach. To ensure that Malaysian Millennials have adequate financial resources and sound financial security, it is crucial to develop the MADANI Millennials Financial Literacy framework (M3-FLF), which captures indicators of financial literacy levels among Millennials. These indicators include internal and external factors such as attitude, knowledge, skill, behavior, and technology. It is anticipated that this framework will assists Malaysian millennials in managing their personal finances and ensures their long-term financial security, allowing them to actively engage in the economy and contributing to the realization of Malaysia's MADANI aspirational objectives. The outcome of this study supports the slogan “Malaysia Madani” which was very recently coined as the government's national philosophy and vision aimed at facilitating progress towards the heights of civilization. Additionally, also pertinent in complementing the Malaysia National Strategy for Financial Literacy 2019-2023, which aspires to elevate the levels of financial

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literacy, promote responsible financial behavior and healthy attitudes towards financial management. We hope that that our comprehensive Model becoming an assessment tool in measuring the level of financial literacy amongst the millennials. Hence contemplating the Government's initiative to see Malaysians live well and contribute productively to the building of a resilient and an inclusive economy, which can help to promote greater societal, harmony and happiness. Thus, consistent with national Sustainable Development Goals (SDG- Societal, harmony and happiness).

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