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RESEARCH ARTICLE

FINANCIAL PLANNING AMONG YOUTH DURING THE COVID- 19 ERA: A LESSON

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Abstract

The lack of money management among youthhas become a growing concern. The issue cannot be solved simply by providing more savings and spending more money on development and management. There is an urgent need for a better understanding of the current and potential role of financial planning in meeting the needs of life, especially when any shock occurs in a country. Thus, adopting a strategic approach needs to be planned and managed so that the youth generation can carry out its function and roles in financial planning. This research aims to study the factors that influence financial planning and money management among youth. Theory of Planned Behavior (TPB) will be used as a baseline to explain the current needs of financial management among youth. Factors like financial literacy, financial attitude and perceived behavioral control were incorporated in this study to see the impact on financial management especially during the economic shock of COVID-19. The results show that the youth generation have a better tendency to manage their financial, in condition they have receive the appropriate financial knowledge form the relevant parties. This knowledge will then form a correct direction of attitude on financial management. Furthermore, the interpretation of how easy it is to control their finance also will depend on the information received. With the result obtained, all parties including the government could do an early preparation in order to equip the young generation with the suitable program hence reducing the problem of high indebtedness.

Introduction:-

It is widely acknowledged that the world is changing, both economically and environmentally, as a result of the Covid-19 outbreak. This has an impact on a large number of people. Young adults are indirectly affected by this

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situation. Not all are born with luxuries life. Some have to work hard at a young age in order to relieve the burden on the family.

Lately, we have witnessed the emergence of various issues related to finance. Issues related to the people's financial problems, government financial budgets, financial assistance programs, financial fraud to the offering of various new financial products and cutting-edge technology in the financial markets, all of which can affect the well-being of the individual and subsequently the country's economy. According toCornett&Fletcher (2022), seventy two percent of respondents said that the pandemic had made their family's financial situation worse, which increased their responsibilities to cover the expenditure for their family.

Basically, a financial plan serves as a guide as you travel through life's journey. It allows you to be in control of your income, expenses, and investments, allowing you to manage your money and achieve your goals. Based on the current economic performance following the covid-19 outbreak, many people are affected in various ways, particularly financially. This has the greatest impact on youth as well,considering they are still pursuing their dreams in life, and they are financially not stable enough. Thus, the youth's awareness offinancial planning is important to be studied hence when there is any sudden outbreak occurring in a country a preparation has been conducted to avoid any miseries in life.

Following the offering of financial products in the financial system, various new products have been introduced immediately with the rapid development of information technology in the environment of the 4.0 industrial revolution. In general, this environment involves the internet of things which involve all aspects of everyday life all around the world. This new development requires all parties and individuals to move quickly in tandem with the rapid development of technology products and smarter automation systems. The same applies to banking services that have changed to online banking where consumers no longer have to go to the premises of the bank to deal. The same is true of the easier purchase of goods through e-commerce and payment systems that have created online systems, digital wallets, debit cards and the like that no longer require physical money payments. This picture gives us the right benchmark for us to raise the level of financial management awareness among youth. This research was carried out to discover how young adults plan their finances during the epidemic outbreak. Factors considered in financial planning behaviour among youth in rural areas, especially during the outbreak will be discussed.

Theory of Planned Behavior (TPB)

Theory of Planned Behavior by Ajzen and Fishbein is an expanded version of their Theory of Reasoned Action. Theory of Planned Behavior is a model for figuring out how attitude, subjective norm, and perceived behavioral control affect a person's intentions. Attitude is the way a person thinks and feels about something. It is used to give a response, both positive and negative, to a situation. While subjective norm is the pressure someone feels from outside the group to do or not do something. People will do something if someone else encourages or motivates them to do it.According to (Sevriana&Herlina, 2021), a person's intention to do a certain behaviour should be stronger the more positive their attitude and subjective norm on the behaviour are and the more control they think they have over it. This perceived behavioural control concerned with factors that can influence or control the behaviour of someone, for example skills and abilities, availability of time, resources, etc.To the extent a favourable action can be achieved is highly depends on how people believe they have control over their attitude and the subjective norms received (Azjen, 2020).Studies have shown that most researchers use the theory of planned behaviour (TPB) in their work. For example, Halim &Setyawan (2021) used TPB to look at how financial knowledge, financial attitudes, and financial literacy affected how people in Jakarta managed their money during the COVID-19 pandemic. The results of their study show that applying the theory of planned behaviour to financial management behaviour has a big effect on financial knowledge, financial attitudes, and especially financial literacy. The study's results also show that this theory works well during the COVID 19 pandemic.

Financial Literacy and Financial Management Behavior

According to OECD, financial literacycan be defined as a combination of financial awareness, knowledge, skills, attitudes and behaviors that is necessary to make sound financial decisions and ultimately achieve financial wellbeing (OECD, 2023). This means those with financial literacy must know and understand financial concepts and risks, having the skills, motivation, and confidence to use the knowledge to make good decisions in different financial situations. In other words, financial literacy highlighted the important part of the behavior of money management (Shaharuddin et al., 2021). To obtain this skill, all parties must contribute to the process of teaching and learning of financial knowledge to reduce the number of debt crises among young people (Ahmad, 2018). There is a positive link between how much someone knows about money and how they handle their money which in turn leads to good financial health. (AKPK, 2018). People with financial literacy will have more freedom, a higher standard of living, better spending habits, and more money (Puspita &Isnalita, 2019). It is one of the processes that changes as a person goes through different stages of life, which can change their needs and priorities. (Koe & Yeoh, 2021). A study (Yusoff et al., 2021) showed that financial management is very important in a crisis with unexpected "financial shocks," like the covid 19 pandemic.

Financial Attitude and Financial Management Behavior

Financial attitude is the way a person manages and spends his own money. The most basic example of behaviour is making a budget for your own money and sticking to it (Rai, Dua & Yadav, 2019). Several other, more in-depth studies have found that a person has good financial behaviour when they save money, make payments on time, and carefully think about what they can afford before buying or spending. One thing that has a big effect on a person's financial well-being is how they handle their money. A study shows that adult workers in Malaysia handle their money moderately (AKPK, 2018). People between the ages of 20 and 29, and 50 and 59 save more than those between 30 and 49. People who have more people who depend on them will save less because they will need to pay for important things in the future; private companies' staff saved the most compared to the governmentservant and self-employed. People also think that their position and income can change their luck. More money is saved by those in higher positions. In Malaysia, people who earn between RM8,000 and RM10,000 per month save the most, while those who earn less than RM2,000 per month save the least (only 5.54 percent of monthly income), while women save a portion of their monthly income, which is higher than the percentage of men.

Perceived Behavioural Control and Financial Management

Beliefs concerning one's access to the opportunity and resources required to carry out an action contribute to one's perception of behavioural control (Ajzen, 2020). Uncontrollable circumstances would make it difficult for us to accomplish our goals. Intention starts to predict behaviour less accurately when this disruption happens.For instance, we always believe that the more income gained, the more savings we can make. However, this only could be done if one has correct information regarding financial management. With the variety of social media platforms that exist nowadays, one could possibly receive wrong information. For example, there are a lot of investment platforms that promote their scheme either for low, moderate or high risk. However, if people never learn how to invest, they could fall into the investment trap when the investment plan doesn't work as expected. In this case, even initially, investment can be a good way to diversify our income, but without correct knowledge, it could be perceived as something negative by the people, hence making it hard to manage their finances. Therefore, one of the key factors in predicting behaviour is perceived behavioural control, which is a person's perception of how simple a behaviour is to carry out (Shah Alam& Mohamed Sayuti, 2011).

Youth And Financial Distress

The Impact of Financial Knowledge

If you want to know how a country or culture will do in the future, look at how young people lived at that time. The Malaysian Department of Statistics reported that out of a total of 33,401,800 Malaysians, there are 9,072,200 young people between the ages of 15 and 30 which equivalent to 27.2%. Idris et al. (2013) found that the level of financial literacy and financial distress among Malaysian youth were having a moderate amount of trouble with money and their level of financial knowledge is just a moderate. People will have more tendency to face financial hardship if they don't understand about money management which later willlead to a non-productive generation. Considering the big percentage of young generation, efforts to reduce employees' financial distress by making them better at managing their money will probably help the country's delivery system, especially in the civil service, work better in the long run. Government has to make sure that national development is sustainable, the financial well-being and quality of life of youths must always be kept up so that they can help with the development of the country.

The Impact of Financial Attitude

Attitude will be influenced by the knowledge obtained in people's lives. Poor financial attitude such as being amaterialist is one of the root causes why youth and financial distress is always related. Indebtedness becomes a way to meet a need, so people can borrow money without thinking about the risks they will have to take on. According to Adzis et al. (2017) youth have a high tendency to become materialism where they are more likely to own expensive things like imported sports cars, luxury homes, and designer clothes at this age. With the increasing trend of credit card usage and online shopping, young youth are more likely to be involved in higher spending, heavier debt, and impulsive purchasing. Although they will have their own career and start to achieve better financial status during this stage, they are heavily dependent on credit card usage. This bad habit,if not controlled,can lead to an increase in the number of people going bankrupt. As reported by Selvanathan et al. (2016), Malaysia reported a notable increase in the number of bankruptcy cases. This bankruptcy trend is something that will disrupt a country's economic agenda as the actual consumption of the generation is not actually relying on their capability to consume, but rather just based on the continuous debt.

The Lesson from the COVID-19

COVID-19 event had brought a great financial lesson for the people around the world including the youth. Due to the shock, there was not enough room and time for them to make financial preparations to cover their daily expenses. People start to worry about their financial futures and their ability to make money during the phase. For those who already tied with a high debt facing a risk of not able to pay off the debt on time especially when the company stop running the operation. Despite the financial aid given by the government to help those affected, people realize that this financial aid won't be enough to cover all of their expenses. Thus, early self-awareness on the financial management would be more meaningful to avoid all these consequences.

As stated earlier through the study of Idris et al. (2013), the financial knowledge among Malaysian youth is still at moderate levelthus this knowledge should be increased. More financial knowledge should be injected into the working environment, for instance how to manage the money, the minimum percentage of saving every month, how to diversify the income to maximize return, investment platform, and so on. This action is crucial by seeing the increased number of bankruptcy cases in Malaysia as highlighted by Selvanathan et al. (2016). Even this approach is seen important especially for the youth from high income groups as the tendency to obtain loan is much easier for them (Adzis et al. (2017). Hence, they are more likely to be trapped with this problem during the shock when the income sources were limited due to the movement control order applied by the government.

Conclusions:-

The study can help us to figure out factors that are involved in predicting how youth handle their money. The literature has shown that financial literacy, financial attitude, and perceived behavioral control factors could influence the youth's intention and ability to manage their finances. The negative impact of not having a proper financial knowledge also has been highlighted through this study, especially with regards to the economic shock COVID-19. Data of bankruptcy cases especially among young generation should be given more emphasized as to control the number from getting higher year by year. The level of financial management skills among young people should be assessed and be given priority in the country's economic agenda. This is to avoid more and more people getting trapped in a high debt problem in the future. Proper financial knowledge will help the young generation to plan their consumption to the most priority things, control their expenditure, and help them to place income in a right platform to gain more additional income. As people's actions towards financial management rely on their understanding of the financial field, policymakers, and financial institutions need to know how to deal with the causes of this problem. From there, special education programs, savings products, and other activities can be created, not only to teach young people how to manage their money better, but also to make sure they have enough money to save. Therefore, by having all the financial knowledge and realizing the consequence of their bad financial habit will help to create a positive view towards financial management action.

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