FINANCIAL LITERACY AMONG MUSLIM UNIVERSITY STUDENTS

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Abstract: As a university student, it is crucial to have enough knowledge regarding financial management to allow them to react competently to life events in the future. Nowadays, the concerns of students with financial problems are worrying. With the amount of the loan or scholarship obtained, many students still struggled to handle their money adequately. Therefore, this research paper aims at examining the level of financial literacy among Muslim University students at Universiti Teknologi MARA Cawangan Terengganu (UiTMCT), Dungun Campus. The researcher distributed an online questionnaire to students in UiTMCT Dungun Campus using convenience sampling and collected 204 of them. The results revealed that the financial literacy level among Muslim University students at UiTMCT Dungun Campus is high that contradicts with what have been reported by previous studies due to imbalanced number of participants.

Keywords: financial literacy, university students, UiTMCT Dungun Campus, saving money, spending transactions.

Introduction
Knowledge is intricate and can be gained through the process of learning or experience. Hence, Islam sets great importance upon seeking knowledge as it is considered one of the worship acts (Biplob & Abdullah, 2019). In order to understand the teachings of Islam, a Muslim must pursue knowledge. Moreover, to pursue knowledge is highly encouraged in Islam (Abdullah, Mohammed, Mat Salleh, Mat Rashid, Mohd Kamal, 2017). As stated in hadith narrated by Imam Al-Tirmidhi, the Prophet Muhammad said, “Seeking knowledge is an obligation upon every Muslim”. Thus, seeking knowledge in religious matters and worldly affairs, including financial dealings, is an obligation upon every Muslim. Besides, the guidance of Islam to its believer is not only limited to religion but also covers commerce, business, finance, financial management, and others.

Financial literacy is one of the religious requirements in Islam because it relates to real success in this world and hereafter. The attention of financial literacy is increasing among young people due to the rising issues related to financial problems, mainly university students (Rahim,
Rashid, Hamed, 2016). According to Saidi, Khairuddin, Samat, Rahman, and Jalil (2018), the cases relating to bankruptcy among young adults in Malaysia is worrying. The increasing number of cases is a sign of severe financial management problems among young adults. Another study made by Sabri, MacDonald, Hira, and Masud (2010) shows that most university students in Malaysia who received education loans tend not to save their money. Most of them will be spending their money lavishly, and even some spend it for non-academic purposes. Moreover, this is contrary to Islamic teaching, in which Islam teaches its believers to be moderate in consumption. Furthermore, technological advances nowadays have become the main factor that encourages university students to do online shopping by following their so-called tempting needs. Therefore, this study aims at examining the level of financial literacy among Muslim University students focusing on UiTM Cawangan Terengganu (UiTMCT) Dungun Campus.

The structure of this paper is as follows, Section 2 reviews the previous studies; Section 3 explains the research methodology; Section 4 analyses and discusses the level of financial literacy among university students, and Section 5 concludes the paper.

**Literature Review**

Having good knowledge about financial concepts is essential to deal with each other in the present economy (Priyadarshani & Kumari, 2021). Hence, financial literacy is an essential part of life skills and basic intellectual knowledge, especially for university students. The low level of financial literacy has become a worldwide phenomenon (Yew, Yong, Cheong, and Tey, 2017). This problem often happens due to a lack of financial knowledge, awareness, and education. In fact, early financial management education among students that focusing on instilling disciplined budgeting habit can prevent them from becoming victims of investment scams (Padil, Kasim, Muda, Ismail & Zin, 2022). These young generations tend to make the wrong financial decisions at a young age, especially in the early stages of the life cycle (Yahaya, Zainol, Abidin, and Ismail, 2019). According to Rafi (2016), students are a high-risk group for financial stability. This can be seen where these young adults cannot decide between their desires and needs when it comes to financial dealings. Studies that have been conducted around the world have also shown a low level of financial literacy among university students (Lusardi & Mitchell, 2007). Nowadays, university students need more money to cover the cost of living in universities. Financial literacy among university students has been low and has resulted in several financial scenarios, including more part-time students (Ibrahim et al., 2009). Hence, due to the lack of financial literacy awareness, university students tend to make wrong decisions in financial dealings.

Previous studies indicate that respondents’ financial literacy level seems to be alarmingly low in many countries (Sekita, 2011). In terms of gender, research made by Micomonaco (2013) shows that males are more likely to score in financial knowledge than females. However, in the study made by Ibrahim, Harun, and Isa (2009), they found no difference in the level of financial literacy between genders. It means that gender did not become a cause in determining the level of financial literacy of individuals. Another study made by Lusardi and Mitchell (2007) shows that young and older people, women, and the less educated group tend to have a poor level of knowledge in financial transactions and decision-making due to their lack of financial literacy awareness.
A study made by Albeerdy and Gharleghi (2015) mentioned that several universities in Malaysia have found that education, financial, social interactions, and attitudes directly affect the level of financial literacy. Another study made by Idris, Krishnan, and Azmi (2013) also reported a relationship between financial literacy and financial distress among 430 Malaysian students. The findings show that the level of financial distress and financial literacy among respondents is moderate. Another study by Isomidinova and Singh (2017) showed that college personal finance courses increase the individual’s investment knowledge which then increases the likelihood of saving.

However, according to Rahman, Tajudin, Fadzli, and Tajuddin (2018), many previous studies agree that if any financial management programs were held, they usually never addressed directly for youth. Indeed, these practices impact these younger generations as they need the information to develop their financial literacy level to have a healthy outlook towards financial management before they reach their student lives. Thus, it is safer to have a high level of financial literacy, as it will lead to a positive outlook in financial management that will allow university students to practice good financial management from university to future working adults.

Methodology
In order to meet the objectives of this research, the most appropriate strategy used by the researcher is by using a quantitative approach. This exploratory involves quantitative research with the cross-sectional survey as the main objective of the research is to investigate the UiTMCT Dungun Campus Muslim students’ level of financial literacy. This study constructed an online questionnaire to collect and access data about financial literacy awareness among Muslim university students in UiTMCT Dungun Campus. This study focused on Muslim students at UiTMCT Dungun Campus. Therefore, the target population of this study is comprised of all Muslim university students from UiTMCT Dungun Campus only. Muslim students from UiTMCT Dungun Campus were selected as respondents for this study due to the easy access that researchers have to conduct a survey and its potential ability to represent Muslim university students from other universities in Malaysia based on various programmes offered by the university.

According to Academic Affairs Department of UiTMCT (2020), there are around 5,567 students from UiTM Dungun in 2020. There were approximately 4,088 for diploma students and 1,479 for degree students. For an exploratory study, this study used a convenient sampling technique because this technique is fast and easy. In this study, the researchers distributed the questionnaire in a Google Form link to a few representatives from different programmes and at the same time became gatekeepers to distribute it to other potential respondents as many as possible. As a result, the researchers managed to obtain feedback from 204 respondents which came from different genders, faculties, levels of education, semesters, and others.

In terms of programs, there were 17 programs that were started in the questionnaire. The highest percent from programs are students from programs Diploma in Muamalat which holds 48.5%. The rest of the program that was collected is the students from Diploma in Accounting (11.3%), Diploma in Hotel Management (9.9%), Diploma in Office Management and Technology (9.3%), Diploma in Investment Analysis (5.9%), Diploma in Culinary Arts (3.9%), Bachelor (Hons) Accounting (2.9%), Diploma in Electrical Engineering (Power) (2.5%), Bachelor of Science (Hons) Food Service Management (1.5%) and lastly is others which are 4.9%. They were four programs that get only 1%: Diploma in Tourism Management, Diploma in Food
Service Management, Bachelor of Customer Service Management, and Bachelor of Administration (Hons) in Operations Management. Furthermore, they were also other three programs that get 0.5%, which are Diploma in Electrical Engineering (Control and Instrumentation), Diploma in Electrical Engineering (Electronics), and lastly Bachelor of Administration (Hons) in Finance. Lastly, the variables of this study have been divided into five parts. However, for the sake of this study, just the first and second sections were chosen and discussed.

**Results and Discussion**
This section will discuss the demographic profile based on the data collected. In this study, there were 67.2% of female students and 32.8% of male students, which indicated that this survey participated with more female students compared to male students. A high proportion of the students was within the age group of 18-21 years old with 89.7% followed by 22-25 years old with 8.8%. There are two smallest contributions from the age group of 26-29 years old and others with 1%. Lastly, there were no students from 30-33 and 34-37 years old.

In terms of programs, there were 17 programs involved in this study. However, although there were 17 programs available in UiTMCT Dungun Campus, the participant only comes from 16 programs. Thus, the highest percent of the participants are students from Diploma in Muamalat program, which holds 48.5%, followed by the three lowest programs that get 0.5%, which are Diploma in Electrical Engineering (Control and Instrumentation), Diploma in Electrical Engineering (Electronics), and lastly Bachelor of Administration (Hons) in Finance. While the rest of the program was stated in Table 1 below.

Next, for the education level, the most significant percentage of respondents’ representation comes from diploma students with 91.7% followed by degree students with a percentage of 8.3%. Next is educational financing. When the students’ educational financing was examined, it was found that the most representative educational financing came from parents or family with 49.5% followed by loan with 37.3%, scholarship with 9.8%, own income with 2.9%, and lastly 0.5% for others. Lastly, in terms of monthly family household income, the highest family income range among the respondents was RM3000 and below (40.7%), RM30001-RM6000 (23.5%), RM10000 and above (19.1%), and RM60001- RM9000 (16.7%). The detailed demographic profile can be seen in Table 1.

**Table 1: Demographic Profile**

<table>
<thead>
<tr>
<th>Demographic Profile</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>67</td>
<td>32.8</td>
</tr>
<tr>
<td>Female</td>
<td>137</td>
<td>67.2</td>
</tr>
<tr>
<td>Total</td>
<td>204</td>
<td>100</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 – 21 years old</td>
<td>183</td>
<td>89.7</td>
</tr>
<tr>
<td>22 – 25 years old</td>
<td>18</td>
<td>8.8</td>
</tr>
<tr>
<td>26 – 29 years old</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>30 – 33 years old</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>34 – 37 years old</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>204</td>
<td>100</td>
</tr>
</tbody>
</table>
The researcher collected 204 respondents from Muslim university students in UiTMCT Dungun Campus from various programmes. Therefore, the responses from the 204 respondents were analysed. In this section, they need to choose their answers using the Likert scale, which are types ranging "1 for strongly disagree, 2 for disagree, 3 for agree, 4 for neither agree nor disagree, and 5 for strongly agree". Based on this research, this study was designed to examine the following questions:
a) I always read current issues about finance on the internet.
b) I get the information about the financial issues from various sources such as electronic media.
c) Money is extremely important in life.
d) I prefer to record all of my saving and spending transactions.
e) I am a smart person in spending and saving money.

Making financial choices has become more challenging, especially for university students. Therefore, the first questions in this section asked about the awareness of respondents regarding reading financial issues. Based on figure 1 below, the findings indicate that the respondents have a moderate level of awareness regarding reading financial issues. The results show that 56.8% of the students agreed that they read financial issues, and only 1.5% strongly disagreed with the statement. This result has been supported by the previous study made by Abas and Shariff (2015), which shows that most university students do have knowledge and skills related to money management. Moreover, since 50% of the participants were from Diploma in Muamalat, it shows expected findings, considering most of the subject they learn is mainly related to financial matters.

Since university students need to be equipped with financial knowledge and skills to help them fulfil their needs and wants by managing their money correctly, the next question of this section asks about how they gain knowledge regarding financial issues. Based on Figure 1 below, the findings indicate that 49.5% of the students agree that they get information about financial issues from various sources such as electronic media, and 0.5% strongly disagree regarding this. With advanced technology nowadays, many electronic media tools can be used by university students. Moreover, this finding is consistent with previous evidence made by Murugiah (2016) where mass media such as television advertisements, social media, and newspaper articles illustrate more fun images regarding financial literacy to university students.

The third question in this section asked about their perspective regarding the importance of money in their lives. The findings in Figure 1 indicates that majority of respondents agreed with the statement “Money is extremely important in life”. Based on the data collected, it can be seen how money is crucial for university students. Some say money is not everything. However, everything needs money. According to Abdullah, Fazli, and Arif (2018), university students tend to value money more than previous generations.

Usually, if an individual values money as one of the most valuable assets they can own, they will do their best to maintain a specific budget to ease their expenses (Albeerdy & Gharleghi, 2015). Therefore, the next questions in this section ask respondents' preferences regarding recording all of their saving and spending transactions. This question is intended to know whether the respondents record their daily transactions or not. Based on Figure 1, the findings indicate that 55.4% of the participants agree with "I prefer to record all of my saving and spending transactions”. However, the rest of 44.7% are in the category of neither agree nor disagree, strongly disagree, and disagree. Based on this result, it can be seen that the finding is contradicted with evidence made by Abdullah et al. (2019), where most of the respondents found it is hard for them to record their spending and saving transactions and always find it hard to track their finances.

The last question in this section asks about their preferences regarding their own opinion of themselves, whether they are the smart person in spending and saving money or not. The findings in Figure 1 indicates that 48% of the students agree with the statement of "I am a smart
person in spending and saving money”. However, the rest of 52% is in the category of neither agree nor disagree, strongly disagree, and disagree. A study conducted by Singh, Gupta, Jain, Kabra, and Gupta (2020) revealed that half of the respondents maintained their monthly expenditures, while the rest did not maintain a monthly budget to control their expenses. This previous study shows that most university students have a moderate behaviour of managing their spending and saving money, which parallels with this question's finding.

However, to see the level of awareness between all items can be clearly observed from the mean score for each question from Table 2. According to the table, the highest mean is 4.71 for the question “Money is extremely important in life”; meanwhile, the lowest is 3.53 for “I am a smart person in spending and saving money”. Evidently, the result shows that most of the respondents aware that money is extremely important in life. Nevertheless, not all respondents feel that they are smart in spending and saving their money. Therefore, certain actions need to be taken to educate university students in order to ensure that they know how to manage their money prudently in the future and to avoid any adverse impact in their life.

### Table 2: Mean Score of Each Question

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
<th>Mean</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I always read current issues about finance on the internet.</td>
<td>3.69</td>
<td>73.73</td>
</tr>
<tr>
<td>2</td>
<td>I get the information about the financial issues from various sources such as electronic media.</td>
<td>4.09</td>
<td>81.86</td>
</tr>
<tr>
<td>3</td>
<td>Money is extremely important in life.</td>
<td>4.71</td>
<td>94.22</td>
</tr>
<tr>
<td>4</td>
<td>I prefer to record all of my saving and spending transactions.</td>
<td>3.66</td>
<td>73.14</td>
</tr>
<tr>
<td>5</td>
<td>I am a smart person in spending and saving money.</td>
<td>3.53</td>
<td>70.69</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>3.93</strong></td>
<td><strong>78.73</strong></td>
</tr>
</tbody>
</table>
Conclusions, Limitation and Future Research

Based on the data collected, it can be concluded that Muslim university students at UiTM Dungun have a high financial literacy level, representing mean scores of 3.93 with 78.73% of the total items. Overall, this research has achieved its objective which is to examine the level of financial literacy among Muslim university students at UiTMCT Dungun Campus. Previous studies have supported this study, which showed a significant positive relationship between financial literacy and financial behaviour (Kenayathulla, Nair, Rahman, and Radzi, 2020).

Besides, there are several limitations presented in this study. First, the sample size was limited as the researcher managed to gather 204 students from the population of UiTMCT Dungun Campus. The sample size was limited as the response may not represent the population since the number of respondents did not come equally from each gender, level of education, semester, faculty, and others. The finding indicated that the majority of female students were involved in this survey. Not only that, most of the respondents consist of diploma students compared to degree students. Moreover, the online questionnaire was collected by a self-report that could lead to possible bias. The researcher, therefore, hopes that future researchers will broaden their sample sizes to mitigate this limitation. Majority of respondents also are from Diploma in Muamalat students.

The next limitation is the scope of the study. The choice of taking UiTMCT Dungun Campus as a case study is a limitation because the results of this study may not be replicable in any other Universiti Teknologi Mara campuses within the country. The findings cannot easily be generalized unless future researchers consider modifying the variables fitting the particular characteristics. Besides, as the questionnaire was the study's critical research tool, the researchers encountered some issues while designing it. The researcher has included close-ended questions and scale responses in the questionnaire. Thus, this has limited respondents from giving their views and thoughts. In conclusion, although the researcher encountered some limitations in completing this academic writing, it does not degrade the findings’ significance as it merely provides platforms for future research to improve their research better in the future. However, an interesting finding from this research is not all respondents feel that they are smart in spending and saving their money. As a result, certain actions need to be taken to educate university students in order to ensure that they know how to manage their money prudently in the future and to avoid any adverse impact in their life. Most probably, by embedding this knowledge in university syllabus.
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