THE IMPACT OF FINANCIAL LITERACY ON FINANCIAL PLANNING BEHAVIOUR AMONG UNIMAS STUDENTS

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ABSTRACT

This research investigates the impact of financial literacy on the financial planning behavior of university students at Universiti Malaysia Sarawak (UNIMAS). This study highlights the importance of financial literacy in encouraging responsible money management by focusing on three main areas: financial awareness, knowledge, and skills. Employing a quantitative approach, primary data were collected through structured questionnaires administered electronically to 400 undergraduate and postgraduate students. Multiple linear regression was used in the data analysis process to ascertain the impact of literacy aspects on financial planning behavior, which includes debt management, saving, and budgeting, and descriptive statistics to profile respondents. The results show that students' financial planning practices are highly impacted by all three aspects of financial literacy, with financial knowledge having the biggest impact. The findings highlight how crucial focused financial education is in helping young adults develop sound financial habits. This study offers valuable insights for educators and policymakers seeking to enhance financial literacy programs within higher education institutions to foster better financial decision-making among students.

Keywords: *Financial literacy, financial planning behavior, financial awareness, financial knowledge, and financial skills*

INTRODUCTION

In the modern financial environment, understanding financial principles has become an essential skill that empowers individuals to make sound financial choices. Financial literacy helps people make smart decisions about their money, such as how to spend, save, invest, and manage debt wisely. For university students in Malaysia, this knowledge is especially important. It helps them plan their finances well and build healthy financial habits for the future. Moreover, many students face financial challenges during their studies. These include limited income, rising education costs, and easy access to credit. Without proper planning, these challenges can become bigger problems. Financial literacy can help students handle these issues better. For example, it teaches them how to budget properly, avoid unnecessary debt, and save for emergencies. According to Atkinson and Messy (2012), being financially literate means having the skills and confidence to manage financial resources effectively for a lifetime of financial well-being. However, not all students have this important knowledge. Many struggle because they lack financial awareness and understanding. As a result, they often develop poor money habits, such as overspending, borrowing too much, or failing to save.

These habits can harm their academic performance and mental health. In fact, recent statistics from Bank Negara Malaysia (2023) show that many young Malaysians are burdened with debts from student loans, credit purchases, and even informal loans. These financial problems can cause serious stress, reduce focus on studies, and in some cases, lead students to drop out of university. Therefore, it is clear that financial literacy plays a vital role in helping students manage their money well. It is not just about gaining knowledge, but also about changing behavior and building a positive attitude toward money. By improving financial awareness, knowledge, and skills, students can make better decisions and improve their quality of life. In the long term, this can also contribute to a more financially stable and educated society.

This research aims to investigate how financial literacy influences UNIMAS students' financial planning decisions. It focuses on three key components of financial literacy namely financial awareness, financial knowledge, and financial skills. By examining these areas, the study hopes to understand how well students manage their money, including how they budget, save, invest, and handle debt.

Financial literacy plays a crucial role in empowering individuals to make informed decisions about their personal finances. It extends beyond basic knowledge, encompassing the skills, behaviors, and attitudes necessary for effective financial management (OECD, 2014). As individuals progress through different stages of life, especially during their university years, their financial decisions lay the foundation for long- term financial stability and well-being (Lusardi & Mitchell, 2011).

In Malaysia, recent data indicate that a significant portion of the population experiences financial distress, with youth comprising one of the top three demographic groups affected. This is primarily driven by debts accumulated through student loans, retail credit, and borrowing from family or friends (AKPK, 2018). Such challenges highlight the importance of equipping students with the necessary financial skills and understanding to navigate their financial responsibilities effectively.

Research has shown that financial literacy positively influences individuals' financial behavior, including budgeting, saving, investing, and managing debt (Lusardi & Tufano, 2015). Specifically, students with higher levels of financial literacy tend to exhibit more responsible financial planning behaviors, such as timely bill payments, emergency fund creation, and prudent long-term investments (Sabri & MacDonald, 2010). Conversely, a lack of financial awareness often results in poor financial decisions, increased debt, and financial stress, which can adversely affect their academic performance and mental health (Norvilitis et al., 2006).

Despite its importance, there is a noticeable gap in comprehensive studies focused on the relationship between financial literacy and financial planning behaviors among Malaysian university students, particularly those in public institutions like UNIMAS. Addressing this gap is essential to developing targeted interventions that can improve financial literacy levels and promote responsible financial habits among students. Understanding these dynamics will provide valuable insights into how financial education can be enhanced to ensure better financial outcomes for young adults in Malaysia.

LITERATURE REVIEW

Financial Planning Behaviour

Financial planning behavior denotes an individual's decision-making habits in the management of personal resources for future purposes, encompassing both short-term and long-term. This behavior includes actions such as budgeting, saving, spending, borrowing, and investing. Xin et al. (2023) define financial planning behavior as the efficient allocation and management of limited financial resources to maximize their usage and achieve future goals such as wealth accumulation and financial stability. Long-term financial planning behaviour encompasses actions like retirement savings and long-term investments, whereas short-term financial planning behaviour involves spending patterns and the establishment of emergency savings.

Effective financial planning is essential for everyone, as it directly impacts overall financial behaviours. Insufficient planning may result in the formation of unfavourable financial habits, leading to financial stress and prolonged financial insecurity. For students in higher institutions, effective financial planning is especially crucial. University life frequently represents a first experience for young individuals to independently manage their money, tackling obstacles such as restricted income, educational fees, and access to various credit options (Sabri et al., 2010; Zhou et al., 2024). Inadequate financial planning can result in various negative impacts which may adversely affect academic performance, mental health, and, in severe cases, lead to academic dropouts.

Recent statistics from Bank Negara Malaysia revealed that 26% of Malaysians are burdened by debts, with youth comprising one of the top three demographics contributing to this statistic. Their principal sources of debt comprise school loans, retail credit, and loans from family or friends. Numerous studies have underscored the significance of financial planning behaviour in fostering long-term financial security. Individuals who proactively strategize their finances are more inclined to cultivate effective saving habits, evade superfluous debt, and attain financial objectives. Moreover, financial planning behaviour is significantly affected by elements such as financial literacy, attitudes, and socio-economic status. Research indicates that people possessing greater financial literacy are more likely to make sound financial decisions. For example, the studies of Lahiri and Biswas (2022) show that Individuals with elevated financial literacy scores are more inclined to pay bills punctually, prepare for future needs, and maintain insurance coverage. Conversely, those with little or no financial understanding are less inclined to engage in these activities. This demonstrates a distinct correlation between financial literacy and the adoption of sound financial practices.

Nonetheless, despite its significance, there is a deficiency of comprehensive studies investigating the financial planning behaviour specifically among university students in Malaysia, especially among public institutions like Universiti Malaysia Sarawak (UNIMAS). This study aims to address that gap by investigating the impact of different dimensions of financial literacy on students' financial planning behaviour.

Financial Literacy

Financial literacy is essential for individuals to acquire the knowledge and skills required for effective financial management, budgeting, and investing for both short-term and long-term planning. Koskelainen et al. (2023) believe that financial literacy establishes the basis for prudent financial conduct and substantially enhances overall financial well-being. This statement implies that financial literacy enables individuals to make sound financial decisions through effective financial planning behaviour. Conversely, insufficient financial literacy frequently results in inadequate financial planning, potentially resulting in overspending, debt accumulation, and financial distress

Previous studies demonstrate that financial literacy significantly influences financial planning behaviour. Fransiska Soejono et al. (2025) discovered that financial planning among individuals is affected by both basic and advanced financial literacy. Additionally, Sabri and MacDonald (2010) indicated that financial literacy, which encompasses financial knowledge, enhances money management, especially in the context of limited financial resources. Equipping young adults with appropriate financial knowledge and abilities is essential for enabling them to make informed financial choices (Johri et al., 2023).

Financial literacy is not a singular construct; it has multiple characteristics that enhance an individual's total financial capacity (Carpena & Zia, 2020). Lahiri & Biswas (2022) emphasize that financial literacy comprises an individual's proficiency in comprehending financial concepts, understanding of financial items and institutions, and an ability to manage personal funds efficiently. To comprehend the impact of financial literacy on financial planning behaviour, it is essential to analyze its fundamental components. This study examines three fundamental elements of financial literacy: financial awareness, financial knowledge, and financial skills. These dimensions are interconnected and collectively affect how individuals perceive, process, and utilize financial information in practical scenarios.

Financial Awareness and Financial Planning Behaviour

Financial awareness denotes an individual's overall consciousness and alertness regarding financial issues, including fluctuations in interest rates resulting from economic situations. The initial stage in cultivating financial literacy is for individuals to recognize financial concerns before they can comprehend or address them.

Awareness enables students to make informed choices regarding budgeting and spending management. Awareness programs had a beneficial impact on investment decisions and financial planning. Johri et al. (2023) discovered that financial literacy programs affect investment decisions and motivate individuals to transform savings into productive investments, contributing to overall economic growth. Improved financial attitudes and understanding are essential elements that enhance financial behaviour (Carpena & Zia, 2020).

Furthermore, awareness might influence financial behaviour in periods of uncertainty. During the COVID-19 pandemic, persons possessing elevated financial literacy exhibited more prudent borrowing behaviours and superior financial management methods, indicating that awareness contributes to the development of financial resilience (Perry et al., 2023).

H1: *There is a significant positive relationship between financial awareness and financial planning behavior among UNIMAS students*

Financial Knowledge and Financial Planning Behaviour

Financial knowledge includes comprehension of theoretical concepts such as risk diversifications, interest rates, effective budgeting techniques and the time value of money. It allows users to effectively evaluate financial information and make informed decisions.

Studies repeatedly demonstrate that people possessing greater knowledge of finance are more inclined to display favorable financial behaviors, including regular saving, prudent investment, and responsible credit management. Students possessing financial literacy typically exhibit better attitudes regarding debt, acknowledging its risks and implementing measures to mitigate it. Similarly, individuals cautious about debt may attempt to enhance their understanding of finance in order to reduce fiscal shortcomings (Perry et al., 2023).

Individuals with expertise in finance typically exhibit more proficiency in handling cash flow, loans, savings, and investments. They also have the capacity to collect, assess, and utilize financial information in decision-making (Koskelainen et al., 2023). Furthermore, higher levels of financial literacy, particularly advanced literacy, relate to better understanding and application of financial strategies such as diversification (Fransiska Soejono et al., 2025). Overall, people with a greater understanding of finance are more inclined to take part in responsible and effective financial behaviours (Aydin & Akben Selcuk, 2019).

H2: *There is a significant positive relationship between financial knowledge and financial planning behavior among UNIMAS students*

Financial Skills and Financial Planning Behaviour

Financial skills denote the capacity to utilize financial knowledge in practical scenarios to facilitate effective decision-making. This encompasses competencies such as budget preparation, investment execution, income management, and effective cost tracking. Srikanth et al. (2023) emphasized the significance of robust financial abilities for everyday financial planning, particularly for people confronted with complex financial choices and limited resources.

The concept of financial capability, which extends beyond mere knowledge and abilities, is closely tied to this. It encompasses possessing both the capability and the chance to engage in financial actions. Financially competent people possess both the knowledge and skills to effectively manage their finances, as well as access to financial services and products, hence promoting active engagement in the financial system (Koskelainen et al., 2023).

Lahiri and Biswas (2022) also agreed that persons possessing confidence in their financial knowledge typically demonstrate superior financial behaviours. This indicates that confidence and skill mutually encourage one another. Early introduction of financial education, such as in school, can foster confidence and significantly influence one's financial management skills.

Students possessing better financial skills generally excel in financial management, resulting in enhanced financial outcomes. Financial skills significantly influence financial behaviour, encompassing budgeting and investing choices.

H3: *There is a significant positive relationship between financial skills and financial planning behavior among UNIMAS students*

Financial Literacy Theory

The Financial Literacy Theory states that people are more likely to make prudent financial decisions if they possess a high degree of financial literacy. This method holds that financial literacy is more than just knowledge; it also involves the capacity to use financial awareness and abilities in practical contexts (Lusardi & Mitchell, 2007). Budgeting, saving, and investing are examples of responsible financial behaviour that are thought to be significantly influenced by financial literacy.

The idea offers a framework for comprehending the connection between financial behaviour and financial education, making it especially pertinent for students and young adults. Financially literate people are more likely to make plans, stay out of debt, and reach their financial objectives (OECD, 2014). Conversely, inadequate financial literacy has been linked to inadequate savings, high credit card debt, and poor money management (Mandell & Klein, 2009).

The Financial Literacy Theory is applied in this study to assess how students' financial awareness, knowledge, and ability levels impact their financial planning behaviours. By examining these elements, the study seeks to pinpoint areas where educational interventions could be required and to find gaps in students' financial literacy. It also emphasizes how formal education helps pupils become more financially capable.

The idea that focused financial education initiatives greatly enhance financial results is supported by empirical research. Students who received financial education, for instance, showed greater confidence and improved financial decision-making, according to Chen and Volpe (1998). The idea also emphasizes how critical it is to incorporate financial literacy into higher education curricula. In this way, students can better prepare for real-world financial obligations like managing student debts, creating a living expenditure budget, and getting ready for post-graduation financial independence (Atkinson & Messy, 2012). Financially aware students are more likely to avoid risky behaviour, make wise decisions, and create sound monetary practices that promote long-term financial stability (OECD, 2020).

Theory of Planned Behaviour

Ajzen (1991) created the Theory of Planned Behaviour (TPB), which holds that three main factors influence human behaviour perceived behavioural control, subjective norms, and attitude towards the behaviour. These elements influence a person's behavioural intentions, which forecast their actual behaviour. A popular psychological theory for comprehending and forecasting a range of human actions, including financial decision-making, is TPB.

This idea aids in explaining why students might or might not practice sound financial planning in the context of personal finance. An important factor in determining a student's financial intentions is their mindset, such as whether they think saving or budgeting is important. Subjective norms, or the perceived social influences from peers, family, or society, also influence a student's propensity to adopt particular financial practices. Finally, behavioural control describes how confident a student is in their capacity to carry out these actions, including budgeting or spending management (Xiao, Tang & Shim, 2009).

Students are more inclined to adopt sound financial practices if they have a favourable outlook on financial responsibility, feel capable of managing their funds, and sense significant support from their social circle, according to research (Shim et al., 2009). Because of normative impact, students are more inclined to imitate their peers' behaviours, such as saving consistently or living within their means. The intention-behavior gap, where even financially literate people might not behave in accordance with their plans, is also explained by the TPB. Weak subjective norms or a lack of perceived behavioural control may be the cause of this disparity. For instance, a student may want to save money but not succeed because they lack confidence in their ability to create a budget or because their peers do not value saving money (Ajzen, 2002; Perry & Morris, 2005).

TPB has also been shown to be helpful for creating financial literacy programs. According to studies, students' financial behaviours can be considerably improved by educational programs that aim to improve not only their knowledge but also their attitudes and sense of control (Kebede & Kassie, 2015). Intentions may be strengthened, and real behavioural change may be encouraged by strengthening social factors and offering practical financial practice (such as peer conversations or budgeting simulations).

TPB thus offers a thorough framework for comprehending and enhancing students' financial planning practices. Institutions can better direct students towards long-term financial well-being by addressing attitudes, perceived norms, and confidence in implementation.

METHODOLOGY

Data Collection Methods

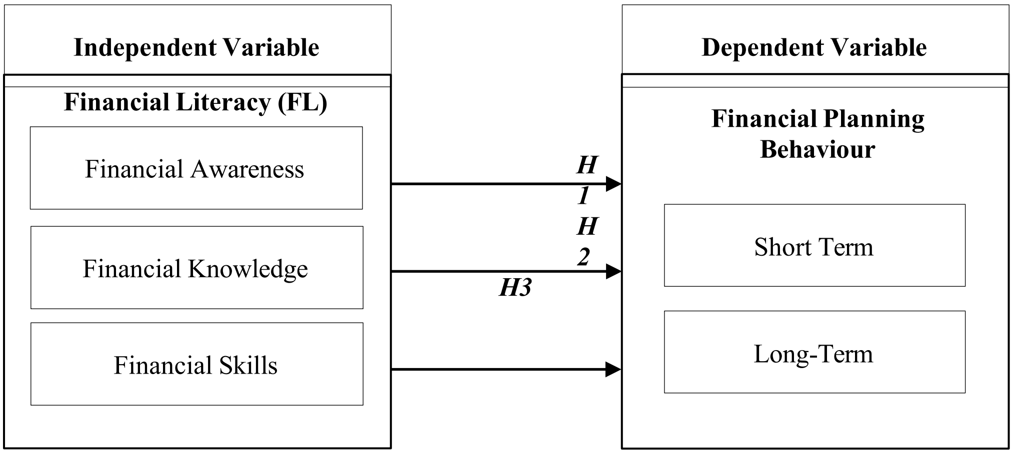
This study employs a quantitative research method to examine the relationship between financial literacy and financial planning behaviour among students at UNIMAS. Quantitative research allows for objective testing of theories through the analysis of numerical data (Apuke, 2019). A causal research design is adopted to explore how variations in financial literacy influence students' financial planning behaviour, offering insight into decision-making patterns. Both primary and secondary data sources are used to ensure analytical depth, where primary data is gathered via structured surveys, while secondary sources, including academic journals and articles, support the theoretical framework.

The target population comprises undergraduate and postgraduate students at UNIMAS. A sample size of 375 respondents is determined using Krejcie and Morgan's (1970) model, based on the university's total student population of 17,163, ensuring a 95% confidence level. Students from all faculties are included to ensure representation and reduce sampling bias. This diverse and statistically adequate sample enhances the study's generalizability and strengthens the validity of the findings.

Primary data is collected through a self-administered questionnaire distributed via Google Forms. The survey employs a five-point Likert scale to measure perceptions and attitudes, ranging from 1 (strongly disagree) to 5 (strongly agree). Ethical standards are maintained by ensuring anonymity and confidentiality. Data analysis is conducted using SPSS version 28.1, enabling multiple regression analysis to identify relationships between independent and dependent variables. This rigorous methodological approach ensures reliable, valid, and interpretable results.

Conceptual Framework

Figure 1: Conceptual Framework



Dependent Variable

The dependent variable in this study is financial planning behaviour, defined as the actions individuals take to manage their personal finances effectively in both the short and long term. Among UNIMAS students, this will be measured through key practices such as budgeting, saving, goal setting, debt management, and preparation for future financial needs (e.g., emergency funds, investments, retirement). Data will be collected using a structured questionnaire with Likert-scale items to assess the frequency and consistency of these behaviours. This variable serves to quantify students' level of responsible financial planning and will be analyzed in relation to the dimensions of financial literacy to evaluate their influence on students' financial decision-making and management.

Independent Variable

The independent variables in this study are dimensions of financial literacy, which are financial awareness, financial knowledge, and financial skills. Financial awareness refers to students' sensitivity to financial matters and the importance of financial planning. Financial knowledge involves understanding key concepts like interest rates, debt, and savings. Financial skills relate to the practical application of this knowledge, such as budgeting and using financial tools. These will be measured using a Likert scale and knowledge-based questionnaire items to assess perceptions, understanding, and competencies. The study will examine how each dimension influences students' financial planning behaviour.

Descriptive Analysis

The descriptive analysis starts with an overview of the respondents' background data, such as their gender, age, year of study, and faculty, in terms of frequency and percentage, to aid the understanding of the sample's diversity. Descriptive statistics will also be computed, including the mean, standard deviation, minimum, and maximum values. The three primary components of financial literacy, which are financial awareness, financial knowledge, and financial skills, as well as the study's primary variable, financial planning behavior, will be examined using these numbers. The standard deviation provides insight into how much respondents' responses vary from one another, whereas the mean displays the average response. Using these statistics allows us to observe broad patterns in the attitudes and financial actions of students. For instance, we can determine whether the majority of students still lack financial literacy or are confident in their ability to manage their finances. Additionally, frequency distributions for every item on the questionnaire will be displayed. This makes it easier to spot trends in the replies, including the proportion of students who agree or disagree with certain statements about money management. Overall, this analysis gives a better understanding of the financial habits, knowledge, and skills of the students who took part in the survey.

Multiple Linear Regression Analysis

To examine the influence of the different dimensions of financial literacy, namely financial awareness, financial knowledge, and financial skills on students' financial planning behavior, multiple linear regression analysis will be employed. This analytical approach allows for the assessment of the individual and combined effects of these independent variables on the dependent variable, which is financial planning behavior. The regression model will be specified as follows:

Financial Planning Behavior = β_0 + β_1 *(Financial Awareness)* + β_2 *(Financial Knowledge)* + β_3 *(Financial Skills)* + ε

Where:

- β_0 is the intercept,
- β_1, β_2, β_3 are the coefficients representing the impact of each financial literacy dimension,
- $\boldsymbol{\varepsilon}$ is the error term.

The results will be interpreted based on the significance levels (p-values), the strength of the relationship (R^2 and adjusted R^2), and the magnitude of the coefficients (β values). A significant positive coefficient would suggest that higher levels of that specific dimension of financial literacy are associated with better financial planning behavior among students. This regression analysis will provide insights into which aspects of financial literacy are the most influential in shaping students' financial behaviors, thereby guiding targeted educational interventions.

Descriptive Findings

The target sample included both undergraduate and postgraduate students. The questionnaires were distributed to all faculty at UNIMAS. Through this distribution process, researchers successfully achieved the intended sample size, obtaining responses from 400 participants, which consisted of 51.5% females and 48.5% males. This illustrates the balanced participation of both genders. Most respondents were undergraduate students (88.5%), while postgraduates represented 11.5% of the total respondents.

Based on the age group, the largest proportion (49%) belonged to the 22 to 25-year age group. Meanwhile, the 19 to 21-year-old and 25 and 25-and-above age groups showed relatively balanced participation, with 26.5% and 24.5% respectively. All 10 faculties at UNIMAS were represented in the study. The highest number of respondents came from the Faculty of Social Sciences and Humanities (16%) and the Faculty of Economics and Business (15%). Regarding the year of study, 26% were Year 1 students, 33.5% in Year 2, 28% in Year 3, and 12.5% in Year 4.

In terms of financial background, most respondents (35.5%) reported a monthly allowance or income ranging from RM601 to RM900. This was followed by 33.75% who received between RM301 to RM600, and 16.75% who received less than RM300. The main sources of monthly income or allowance were the PTPTN loan (35.75%) and scholarships (34.75%). Additionally, 15.5% of respondents received financial support from parents or family members, while 14% earned income through part-time employment.

Following the demographic profile, descriptive analysis was conducted to examine respondents'
levels of financial awareness, financial knowledge, financial skills and financial planning behaviours.

Table 1: Descriptive Findings

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Awareness (FA)	400	1.60	4.60	3.8875	.98329
Financial Knowledge (FK)	400	1.40	4.60	3.8480	1.01739
Financial skills (FS)	400	1.60	5.00	3.9400	1.01734
Financial Planning (FPB)	400	1.50	4.70	3.9245	1.02881

Illustration in table 1 shows that financial skills had the highest mean, 3.94 (SD = 1.02) which indicates that most of the students generally perceived themselves as possessing a high level of practical financial abilities, such as budgeting, tracking expenses and managing their daily cash flows. Financial awareness had a mean of 3.89 (SD = 0.98), while financial knowledge showed a mean of 3.85 (SD = 1.02). This value suggests that the student perceived themselves as having a high level of understanding of financial concepts. The mean score for financial planning behaviour was 3.92 (SD = 1.03), suggesting a good level of planning behaviour among the students.

Financial Literacy and Financial Planning Behaviour

Table 2: Regression Coefficient Table for Financial Literacy and Financial Planning Behaviour

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.042	.046		-.913	.362

FA	.292	.035	.279	8.222	<.001
FK	.427	.038	.423	11.255	<.001
FS	.302	.032	.298	9.651	<.001

The multiple linear regression model examined the role of three financial literacy elements in influencing the financial planning behaviour (FPB) of respondents. The three variables, namely financial awareness (FA), financial knowledge (FK) and financial skills (FS), were all statistically significant and had a positive relationship with FPB, as proven by their p-values less than 0.001 across the model. The most influential predictor was financial knowledge with a standardized beta coefficient of $\beta = 0.423$ and an unstandardized coefficient of $B = 0.427$. This suggests that enhanced financial knowledge results in increased financial planning behaviour. The correlation between financial skills and FPB was also positive, with a high standardized coefficient of $\beta = 0.298$ and an unstandardized coefficient of $B = 0.302$. This illustrates that individuals who are knowledgeable in terms of utilizing financial skills tend to exercise effective planning methods. Financial awareness was also found to have a positive impact on FPB, although its effect was weaker compared to financial knowledge and financial skills. With an unstandardized beta coefficient of $\beta = 0.292$ and an unstandardized coefficient of $B = 0.279$, financial awareness still plays a significant role in explaining FPB.

Short-Term vs Long-Term Financial Planning Behaviour

The comparative regression analysis of both short-term and long-term FPB proves that financial awareness, knowledge, and skills are important predictors in both models. However, the disparities in predictor strength and intercept values imply varying behavioural and psychological factors influencing short-term and long-term FPB.

Table 3: Regression Coefficient Table for Short-Term Financial Planning Behaviour

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.136	.059		2.313	.021
FA	.320	.045	.317	7.087	<.001
FK	.368	.048	.377	7.610	<.001
FS	.282	.040	.288	7.076	<.001

In the short-term financial planning model, all three financial literacy components were tested to be significantly positive. Financial knowledge was tested to be the most predictive variable with a Beta = 0.377, implying that students with higher financial knowledge have better abilities to budget, keep track of spending and pay bills on time. Financial awareness with a beta of $B = 3.17$ indicates that being informed about financial tools and services supports immediate financial decisions. Financial skills with

A Beta of B =0.282 was tested to be the least strong predictor. Nevertheless, the variables still showed a significant impact, highlighting the importance of practical money management skills to address daily financial tasks.

Table 4: Regression Coefficient Table for Long-Term Financial Planning Behaviour

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.220	.059		-3.712	<.001
FA	.263	.046	.236	5.763	<.00z1
FK	.487	.049	.453	9.962	<.001
FS	.321	.040	.299	7.997	<.001

In the long-term FPB model, all three components of financial literacy remained significant, with financial knowledge remaining the most significant with a beta of B = 0.453. This suggests that students with greater levels of financial knowledge are more likely to plan for future-oriented goals that require strategic thinking and a deeper understanding of financial concepts such as retirement and investments. Financial skills were still seen to have a significant impact on long-term FPB with a beta of B = 0.299, reinforcing the importance of being able to apply financial knowledge when making long-term financial decisions. In contrast to short-term FPB, financial awareness had the weakest influence in the model with a beta of B = 0.236, suggesting that awareness alone is not sufficient for long-term planning without the necessary knowledge and skills to act on the obtained information over time.

Another key distinction between the two models lies in constant terms. The constant in the short-term model is positive and significant (B = 0.136), indicating that even in the absence of financial literacy, individuals may be able to engage in basic financial behaviours, possibly due to immediate needs or social norms. In contrast, the constant in the long-term model is negative (B = -0.220), indicating that individuals are unlikely to engage in proactive long-term financial planning. This highlights an alarming discrepancy that suggests that students may be reactive in the short term but are ill-prepared for future financial responsibilities unless equipped with adequate knowledge and skills.

Overall, these findings show that while financial literacy is important, its components serve different roles depending on the financial time horizon. Short-term behaviour appears to be more responsive to general awareness and practical skills, while long-term planning requires more efficient use of cognitive resources, mainly financial knowledge. These findings underscore the importance of the need to focus on financial education efforts to address both short-term financial competence and strategic future-oriented thinking.

RESULTS AND DISCUSSION

The primary objective of this study was to investigate the impact of financial literacy on financial planning behaviour among UNIMAS students. This study evaluated financial literacy through three primary dimensions: financial knowledge, financial awareness, and financial skills. A structured questionnaire was employed to collect data on students' levels of financial planning behaviours. The data gathering period spanned from April to May 2025, during which the researchers successfully obtained responses from 400 respondents.

This study demonstrated that financial literacy significantly influences students' financial planning behaviour. Among the three dimensions of financial literacy, financial knowledge exhibited the most significant impact, indicating that students with a greater comprehension of financial concepts are more inclined to engage in prudent financial planning behaviour. This finding aligns with prior research by Aydin and Akben Selcuk (2019) on Turkey's university students, indicating that individual with better financial knowledge tend to demonstrate more favourable financial behaviour. A possible explanation for this result is that students with greater financial knowledge comprehend the negative consequences of poor financial choices, which encourages them to engage in more responsible behaviours. Furthermore, financial knowledge bolsters an individual's confidence in executing smart financial decisions. When the students comprehend essential concepts such as budgeting, saving, debt management and investment, they are better equipped to plan for their financial needs both in the short term and long term. Financially knowledgeable individuals are more inclined to foresee future financial responsibilities, establish financial objectives, and undertake proactive measures to realize them.

Financial skills exhibit a considerable positive relationship with financial planning behaviour. This finding indicates that students possessing superior financial skills are more inclined to engage in prudent money management. This finding was supported by a study conducted by Lahiri and Biswas (2021), which suggests that people possessing greater confidence in their financial skills positively affect the individual financial planning behaviour. These skills are practical tools that convert knowledge into action. A student may comprehend the significance of saving, but without the skills to formulate a savings plan or manage a budget, that knowledge may not lead to behavioural change. Financial skills serve as a bridge between awareness and action, enabling students to render their financial objectives attainable and quantifiable.

Lastly, financial awareness also positively impacts financial planning behaviour. Although the influence was not as strong as financial knowledge, the results still suggest that students with higher financial awareness are more inclined to engage in favourable financial planning behaviour. Students who are financially aware are more inclined to track their income and expenditure, avoid unnecessary debts, and adjust their spending in alignment with their financial objectives. Awareness fosters a mindset of accountability and caution, essential for financial planning. When students recognise their financial constraints and responsibilities, they are more inclined to plan ahead, establish priorities, and distribute resources accordingly.

Therefore, all three hypotheses were supported, and the research objectives were successfully achieved. The results indicate that enhancing students' financial literacy can result in enhanced financial planning behaviour, particularly crucial for young adults who are in the early stages of managing their own finances. This study offers significant insights for educators, policymakers, and financial institutions in developing targeted financial education initiatives that encompass both theoretical knowledge and practical skills, as well as self-awareness.

CONCLUSION AND RECOMMENDATION

This study examines the connection between financial planning practices and financial literacy among Universiti Malaysia Sarawak (UNIMAS) students, focusing on three key areas: financial awareness, financial knowledge, and financial skills. Grounded in the Financial Literacy Theory and Theory of Planned Behaviour, it explores how behavioural, social, and cognitive factors influence young people's financial decision-making processes.

Using a quantitative approach with 400 respondents, the study investigates how financial literacy impacts prudent financial planning practices such as debt management, saving, and budgeting. Preliminary research suggests all three dimensions significantly affect financial planning behaviour, with financial knowledge having a particularly strong influence.

This research is important both practically and academically, as it identifies the key aspects of financial literacy that most strongly influence behaviour. The results are intended to guide the creation of focused financial education initiatives catered to the requirements of college students, addressing challenges like rising educational costs, limited income, and easy access to credit.

Ultimately, enhancing financial literacy in university students requires investing in human capital to equip them with the skills for responsible and confident financial decision-making. Collaboration among universities, policymakers, and educators is essential to incorporate financial literacy into academic and support programs, promoting sustainable financial habits for Malaysia’s future workforce.

However, there are a number of limitations to this study that should be taken into account when interpreting the findings. First, only Universiti Malaysia Sarawak (UNIMAS) students are included in the sample, which might not accurately reflect the overall student body in Malaysia or other areas. The results might not apply to other institutions or national contexts since student financial literacy and planning practices can differ by university, academic field, and geographic location. A more comprehensive view of the problem might be obtained by broadening the sample to comprise a more varied collection of students from various colleges, areas, and backgrounds.

Furthermore, self-reported data from a structured questionnaire, which is susceptible to response bias, were used in the study. It's possible that participants inflated or underestimated their financial behaviours and knowledge, particularly if they felt pressured to give responses that were socially acceptable. Furthermore, the cross-sectional design of the study, which collects data at a particular point in time, makes it difficult to evaluate how financial behaviour and literacy have changed over time. To better understand the factors influencing university students' financial planning, future research should address these constraints by utilizing longitudinal designs or including objective measures of financial behaviour.

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