



Factors Affecting Subjective Financial Well-Being of Emerging Adults in Malaysia

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Abstract. Many emerging adults experience financial stress which causes a low subjective financial well-being, especially in Malaysia. Many uncertainties make emerging adults feel worried about their financial conditions, especially during the Covid-19 pandemic period. This phenomenon has attracted the authors' attention to learn the determinants of the subjective financial well-being of this group in Malaysia. In terms of data collection, questionnaires were distributed to emerging adults in Klang Valley. Then, the SPSS software is used for data analysis. The results showed that the subjective financial well-being of Malaysian emerging adults could be influenced by psychological factors such as financial stress and internal locus of control, own's attitude towards finance as well as financial knowledge. Gender has been added as a moderating variable to examine its impact on financial knowledge and SFWB and it showed a significant result too. This research could serve as a reference for the government and stakeholders for enhancing financial well-being at the stage of emerging adulthood.

Keywords: Financial well-being · Emerging adults · Covid-19 pandemic · Financial stress · Internal locus of control · financial attitude

1 Introduction

Financial well-being ("FWB" thereafter) is defined as an individual's or a household's sustainability in achieving comfortable living requirements, at the same time possessing sufficient income and savings (Carton et al. 2022). Meanwhile, Consumer Financial Protection Bureau (CFPB) (2017) refers to FWB as one's confidence in satisfying financial commitments, achieving financial security and making financial choices without any restraint.

Subjective financial well-being ("SFWB" thereafter) explained one's perception of sustaining living standards and financial freedom which enabled him to enjoy life (Joshanloo, 2022). It involves one's control over financial resources as well as feelings toward financial security. SFWB is a personal matter, and it could be affected by different personality traits (Fan et al., 2022). Individuals with different personal characteristics will have different judgments on SFWB (Das et al., 2020).

In 2019, the Malaysian Well-being Index (MyWI) revealed an improvement in the overall well-being of Malaysians (Department of Statistics Malaysia [DOSM], 2020).

However, the Credit Counselling and Debt Management Agency (AKPK) (2019) discovered that emerging adults in the age range of 18 and 25 years old did not reflect such positive indications in their well-being. It is mainly due to low savings, lack of emergency funds, and high indebtedness. Adzis et al. (2017) reported a total of 47% of young Malaysians have a high debt-to-income ratio which means they committed at least one-third more than their income to debt. These debts include loans for purchasing vehicles, mortgage loans, personal loans and credit cards. The high commitment to different debts caused a worrying surge in bankruptcy cases among Malaysians.

Insurance is also one of the important spending among emerging adults. Global Consumer Study 2020–21, ReAffirm Life found out young Malaysians become more health conscious and show greater interest in insurance after the Covid-19 pandemic outbreak (ReMark, 2021). However, they are still those who have less insurance coverage or no insurance makes them exposed to high medical bills. An increase in medical bills has caused a financial burden on people where the income earned might not be enough to cover the medical bills (Hyeon-Ju et al. 2022). With little insurance coverage, it will cause financial hardship where they are not able to pay their medical bills which leads to financial toxicity that indirectly affects individual SFWB.

The low SFWB among emerging adults caused by a lack of sufficient savings would lead individuals to suffer from mental depression (Downward et al., 2020). Downward et al. (2020) concluded that SFWB will be affected by an individual capacity to participate in social activities which might incur costs and burden their finances. Emerging adults who are uncertain about their future financial conditions make their individual SFWB affected as they might feel worried about facing financial distress despite their current financial status.

Emerging adults' financial conditions could be worsened when there is a change in the external macroeconomic environments. When Prime Minister Ismail Sabri Yaakob declared that Malaysia is experiencing inflation which will cause the living costs to be increased, people need to spend more to maintain their current purchasing power and sustain their current living standards (FMT, 2022). Changes in a financial condition not only lead to financial stress and anxiety among emerging adults, it affects negatively, especially those who have less financial literacy. The chances of making irrational financial decisions and unnecessary spending increase, hence affecting their SFWB (Zhe, 2020).

From another perspective, job security among emerging adults is another concern. Having a poor mental health status due to unhealthy financial conditions, may affect individual performance at work and increase the chances for them to get discharged from their job due to low productivity and underperformance. The youth unemployment rate that consists of youth between ages 15 to 24 has increased close to 10%, from 2.2% in 10 years to 12% in 2020 (Hirschmann, 2020) and one of the main reasons for the increase is due to low-quality job performance. (Lee, 2020). Job insecurity even lowered the income stream of emerging adults which in turn trapped the emerging adults in the vicious cycle of insufficient savings, hence creating stress and insecurity in finance, lowering their FWB.

Job insecurity that creates financial stress among emerging adults increases the tendency of family issues especially when they cannot find a way to release their stress

properly. Joshanloo (2022) research concluded that emotional stability is an important element contributing to subjective financial well-being. Hence, unstable emotions and economic hardship make emerging adults more vulnerable to abuse and violence, especially those who play a role as parents in a family (Friedline et al., 2020). Family issues will lead to a broken relationship between husband and wife, hence increasing the tendency of marriage problems (Showalter, 2016). This argument is supported by DOSM (2020) which revealed a 12% increase in the divorce rate in 2019. Mental health affects individual SFWB (Downward et al., 2020). Individuals who are depressed and have tense personal or family relationships result in a low SFWB. It shows that a low SFWB not only brings impact to individuals but also society as a whole.

During the critical and challenging period due to the pandemic, Fan et al. (2022) mentioned that the post-Covid-19 pandemic period makes the transition of emerging adults into a financially independent stage more difficult. As SFWB is a vital issue to be concern by society, especially the group of emerging adults, this research is carried out to learn the determinants that affect SFWB of Malaysian emerging adults. Through this research, emerging adults will know what factors contribute to or what is affecting their SFWB. Emerging adults play an important part in the foundation of a country, their well-being is concerned. Only when emerging adults have a positive SFWB, a successful future generation and society will be created. On the other hand, this study serves as a guideline to the Malaysian government in designing and implementing suitable policies to assist emerging adults to improve their SFWB.

2 Literature Review

Understanding the SFWB is important because it can significantly affect one's physical and mental health in the long run (Fan, Chatterjee & Kim, 2022). SFWB focuses on evaluating well-being and financial satisfaction based on individual perception (Mahdzan et al., 2019). Individual happiness and satisfaction with their financial situation are important issues when assessing the individual SFWB (Sorgente & Lanz, 2017).

2.1 Theories

2.1.1 Theory of Reasoned Action

The research of Gudmunson et al. (2016) emphasised the factors that control the actual behaviour choices based on the Theory of Reasoned Action (TRA). They discovered that the main factor that impacts behavioural intention is the respondent's attitudes (Gudmunson et al., 2016). Danes & Yang (2014) suggested that an individual's financial action or decision is very personal as it is linked to his behavioural beliefs and intention. Behavioural beliefs in TRA refer to the messages that an individual used to persuade and support himself in making any financial decisions. The individual would evaluate possible outcomes based on his personal beliefs, and subsequently carry out the respective action. TRA also implied that financial behaviours are the result of possessing a certain level of skill, knowledge and resources.

2.1.2 The Transactional Theory of Stress and Coping

Berjot & Gillet (2011) explained that psychological stress arises when an individual feels the available resources or abilities that he possesses are not enough to fulfil his current status or expectation, hence endangering his well-being. The theory highlighted the subjective factors in handling stress as well as the impact of praise given by people around on well-being. Witherspoon (2017) suggested that there is a strong relationship between the individual ability to cope with stress (more than financial stress) and individual well-being. Caplan and Schooler (Witherspoon, 2017) suggested an individual who feels little or no control over his own financial situation, which is most probably due to unexpected changes, has a higher tendency to face financial stress.

2.2 Hypothesis Testing

2.2.1 Financial Stress and SFWB

Financial stress occurs when an individual is not able to fulfil their financial resources (Friedline et al., 2020; Ismail & Zaki, 2019). For instance, financial stress comes from increasing debt during unemployment and spending beyond ability. There are four categories of life that will affect well-being including income, wealth and debt, and economic hardship (Friedline et al., 2020).

The economic hardship that brings financial stress to individuals might negatively impact a family relationship. The chances of abuse and violence increase when an individual fails to find a way to release stress in a proper way. Osman et al. (2019) suggested individuals experience financial stress and worriedness when they have no emergency fund and default on loan repayment. Nonetheless, individual financial stress varies from family financial stress as the concerns are different (Friedline et al., 2020).

In most of the family, women will be responsible for household financial decisions which will make them more anxious and stressed. They worried about being unable to allocate the budget and spend properly which might bring financial struggles that affect not only individuals but their spouses and children. It is because women are reported to be more stressed than men (Friedline et al., 2020).

Financial anxiety can affect employees' work performance negatively due to emotional exhaustion (Jawahar et al., 2022). When employees are upset and worried about their financial condition, it will shift their work focus, hence negatively affecting their work performance. The impact is increasing the cost of employees' health care.

H1: There is a significant relationship between financial stress and SFWB.

2.2.2 Financial Attitude and SFWB

Financial attitude is defined as the capability of an individual to plan, maintain or improve his financial situation (Rai et al., 2019). However, the key indicator that causes individuals to react and behave differently is due to their different interpretations of financial wellness (Ismail & Zaki, 2019). Osman et al. (2019) suggested that parents play important roles in emerging adults' financial behaviour and development. At the stage of adolescents and transitions, parents are the main influencers on their children when it comes to financial self-sufficiency and FWB (Osman et al., 2019).

Financial attitude describes how individuals plan and manage their finances including personal financial planning, investment, and savings decisions (Osman et al., 2019). This attitude also drives individuals to manage their finance well by making use of the financial information available to them. Thus, financial literacy can allow individuals to make smart financial decisions compared to others. Rai et al. (2019) also concluded that a positive attitude from knowledge from financial literacy, or vice versa. However, financial attitude also will impact negatively even if individuals possess adequate financial knowledge but fail to practise them in their financial behaviours.

H2: There is a significant relationship between financial attitude and SFWB.

2.2.3 Internal Locus of Control and SFWB

Locus of control is defined as how individuals describe sources or factors that impact their life (Frankham et al., 2020). The internal perspective of LOC indicates individuals determine and believe they are the ones that could manage their lives (Buccioli & Trucchi, 2020). People possess internal LOC, self-control which is one of their personalities that makes them believe their life is in their control (Adiputra et al., 2021). This group of people has a higher level of happiness and satisfaction towards their lives when they are able to control their life (Mahdzan et al., 2019).

Mahdzan et al. (2019) research revealed a strong positive correlation between LOC and FWB. This means that internal LOC promotes financial satisfaction and financial confidence. Indeed, higher internal LOC tend to be more confident and capable of dealing with challenges including those related to finance (Adiputra, 2021). Abbas et al. (2020) research also proved the linkage between internal LOC and financial behaviour. They are also less likely to seek and be involved in risky situations like those with external LOC, hence the possibility of them facing financial distress is lower which in turn enhances their FWB (Nadzri & Yaacob, 2020).

H3: There is a significant relationship between internal LOC and SFWB.

2.2.4 Financial Knowledge Moderator and SFWB

In past studies, most of the journals found that individuals are more rational in investing, spending, or planning when they are equipped with adequate financial knowledge. This is because by being financially knowledgeable, individuals are more wisely in analysing their financial choices (Mahdzan et al., 2019). Therefore, more options available enable them to make well-informed financial decisions and reduce planning costs in future (Sekita et al., 2022). When an individual is able to perform sound financial behaviour based on the knowledge he possesses, it reduces or eliminates exposure to financial issues, resulting in a higher level of SFWB (Mahdzan et al., 2019).

Also, when an individual has financial knowledge, it increases one's capability and confidence which enables them to make financial decisions (Kempson & Poppe, 2018). The lack of financial knowledge causes people to make inappropriate financial decisions and carry out improper financial behaviours especially when they are trapped in financial fallacies. Besides, they tend to easily believe rumours in the market without fundamental knowledge of judgement.

H4: There is a significant relationship between the financial knowledge moderator and SFWB.

2.3 Conceptual Framework

The framework of Mahdzan et al. (2019) was adapted to form the conceptual framework of this research. The new variable, financial attitude, is added to extend the original framework and gender is added to the model to test its effect on financial knowledge and SFWB.

It suggested that there is a financial literacy gap between men and women (Buchwald, 2021). Gender roles and gender norms contribute to different money management capabilities among emerging adults (Fan et al., 2022). It causes disparities in making financial decisions, hence SFWB. By adding gender as the moderating variable, research suggested that females might have lower SFWB as compared to males. Research conducted in the Netherlands concluded that female respondents tend to answer “do not know” in a financial-related survey, which concluded that financial women have less financial knowledge than men. However, the research also suggested that women’s confidence levels that are lower than men’s are another important factor that causes them to have less confidence in answering financial-related questions (Fig. 1).

3 Research Methodology

3.1 Sampling Design

Quantitative methods are chosen to study the factors affecting SFWB of emerging adults in Malaysia. Malaysians aged 18 to 25 that currently stay in Klang Valley are chosen as target respondents. Based on the target age range which is from 18 to 25 years old, Arnett and Mitra (2020) research supported that they are representing emerging adults. Because at this stage of their life, they are undergoing a transition period from being

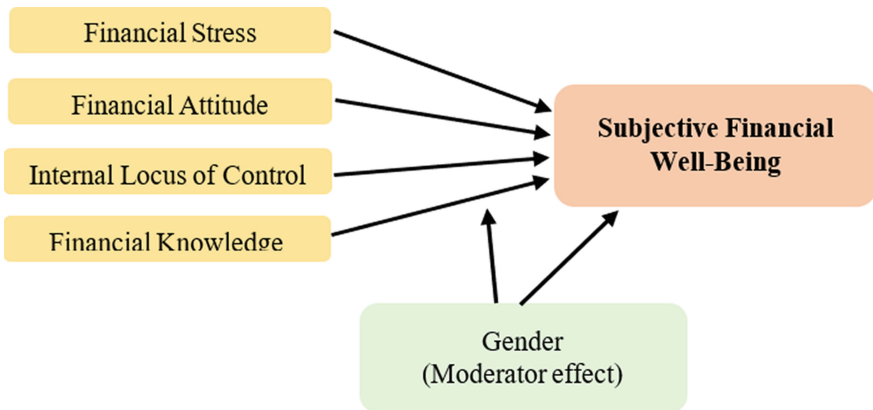


Fig. 1. Proposed Research Model, adapted from Mahdzan et al. (2019)

financially dependent on their parents or family to becoming financially independent (Shim et al., 2009). Hence, they will face more financial issues due to inexperience or making a wrong financial decision (Shim et al., 2009).

For the past 20 years, Klang Valley is known as the area that recorded the fastest population growth (Rashid et al., 2014) and it contributes to most of Malaysia's national GDP, at about 40% (Kimiyağahlam et al., 2019). It creates many job opportunities for both locals and Malaysians from other states as well. Many foreign investors will choose to place their investment here which will make it become a well-developed city which is surrounded by many shopping centres and development projects (Deng, 2012). Emerging adults that stay in such a place surrounded by different kinds of entertainment might be lured easily to overspend or spend unconsciously.

It is very common now to have credit cards when individuals are short of funds, which opens chances for emerging adults to experience over-indebtedness, and hence suffer financially (Barrington, 2019). The living costs in Klang Valley are far more expensive as compared to other areas of Malaysia (The World Bank, 2020). Citizens there will need to spend more to sustain their living. This study examines how emerging adults react when staying in a place with a lot of temptations, and whether the personal factors included will affect individual SFWB.

3.2 Research Procedure

Questionnaire is created via online Google Form to make sure data is able to gather in an effective way. The survey was conducted for one month and a questionnaire was distributed via the Internet to target respondents in June 2021. The snowball sampling method is used to approach respondents to reach out to the respondents in a similar age range. Because the research is conducted during the period of movement control order (MCO), hence by adopting such a method, eases the data collection (Stephanie, n.d.). A minimum response of 384 is required for the sample of this study, referring to The Researcher Advisors (2006).

There are a total of three sections in the questionnaire that were sent to the respondents. The first session includes 6 items that derive the demographic profile and status of respondents, refer to Table 1. The second session of the survey consists of items that were asked on the Likert scale: strongly disagree (1), somewhat disagree (2), agree (3), somewhat agree, (4) strongly agree (5). There are 8 items that derive respondents' subjective financial well-being including emerging adults' confidence and satisfaction with their current financial status. Financial stress includes 5 items that examine whether emerging adult income is able to cover their expenses and understand their financial health status. 5 items derive financial attitude including items to understand their spending behaviours and mind-set while 8 items derive internal locus of control and examine emerging adult financial independence and responsibility.

The third part of the survey consists of 8 multiple-choice questions related to financial knowledge which give the option for respondents to answer "true", "false" or "do not know". A correct answer is given a score of 1, or else is given a score of 0. 8 questions consist of questions with different difficulty levels where the first five are basic and the others are advanced. Therefore, constructing a basic SFWB index ranging from 0 to 5.

Table 1. Demographic profile of respondents

Variables	Frequency (n = 384)	Percent (%)
Gender		
Female	211	54.9
Male	173	45.1
Age		
18–21 years old	107	27.9
22–25 years old	277	72.1
Employment Status		
Government sector	29	7.6
Private sector	101	26.3
Self-employed	18	4.7
Unemployed	22	5.7
Student	214	55.7
Highest Education		
High school	80	20.8
Certificate holders & Diploma	66	17.3
Bachelor's degree	221	57.6
Master & PhD	16	4.2
Others	1	0.3
Marital Status		
Single	357	93
Married	27	7
Divorced/Widowed	0	0
Individual Income		
Less than RM 2000	233	60.7
RM 2000–RM 3999	99	25.8
RM 4000–RM 5999	33	8.6
RM 6000–RM 7999	13	3.4
RM 8000–RM 9999	5	1.3
RM 10000 and above	1	0.3

The data analysis in terms of descriptive analysis, reliability test, moderator test and inferential analysis was then carried out.

4 Data Analysis

4.1 Descriptive Analysis

From the data collected, 45.10% of respondents are male and 54.9% are female. 26.3% of them are working in the private sector, 7.6% are employed in the government sector, self-employed and unemployed have 4.7% and 5.7% respectively. Besides, 57.6% of respondents have completed a bachelor's degree while others are still high school students, Diploma holders or Master's or PhD students. Moreover, 93% of respondents are single and the remaining 7% are married. Most of the respondents earn less than RM 2,000 every month which contributes to 60.7%.

Descriptive statistic below shows the means for the construct of SFWB which shows a higher than average with highest 3.82 and lowest 2.97 (out of the maximum value of 5). Most of the emerging adults are confident that they are able to meet monthly living expenses which indicate that they are ready for short-term planning, but not long term which shows they are less likely to feel secure with retirement planning. Overall, respondents show a positive SFWB (Table 2).

Financial stress item consists of the lowest mean values at 2.97 and highest at 4.08 (out of a maximum of 5). Most of the respondents will try their best to outperform in work to improve their financial condition. Their confidence level somehow relies on their financial condition which means when their financial status is poor, some of them might start to doubt and be less confident in dealing with financial issues or making decisions. Overall, based on this research, it shows high financial stress among emerging adults.

As for financial attitude, respondents know what they want and are willing to save money to fulfil their wants which have the highest score at 4.43 out of 5. They have a certain level of worry toward debt as well even though it scores the lowest mean among

Table 2. Result of Subjective Financial Well-being

Item	Ranking	Mean	Median	Max
I feel confident to meet my monthly living expenses.	Highest	3.82	4	5
I feel confident to meet my future living expenses.		3.49	4	5
I feel confident with my own decision.		3.76	4	5
I am satisfied with my personal finances.		3.33	4	5
I feel satisfied with my income sources.		3.09	3	5
I feel satisfied with my current financial condition		3.31	4	5
I have my own retirement plan.	Lowest	2.97	3	5
I can afford my desires and wants based on my financial condition.		3.38	4	5

this construct but still higher than average. This indicates emerging adults have a positive mind-set and react positively toward their finances (Tables 4, 5 and 6).

Internal locus of control with the smallest range of mean among all the constructs with the highest mean at 3.91 and lowest mean at 3.24 out of 5. Respondents are still not really at the stage of financial independence, but they strongly believe their financial status can be improved as long as they are determined enough in handling their finances. Overall, the internal locus of control among the respondents is higher than average.

Financial knowledge which uses 1 and 0 to indicate respondents that answer correctly and inaccurate shows the highest mean at 0.59 and lowest mean of 0.18. The item with the highest mean was related to inflation which indicates that respondents are more concerned and more understanding of this scope of financial knowledge. There are 5 out

Table 3. Result of Financial Stress

Item	Ranking	Mean	Median	Max
I have enough money to achieve my financial goals.		3.14	3	5
I have money left over every month.		3.82	4	5
I have saved my money for emergency case.		3.38	4	5
I can continue my daily activities even though I feel stress.		3.96	4	5
I always work harder to improve my work performance and financial situation.	Highest	4.08	4	5
I can sleep at night even though my financial situation is bad.		3.69	4	5
I always active in attending any events even my financial situation is bad.		3.54	4	5
I lost confidence in myself because of my financial situation.	Lowest	2.75	3	5

Table 4. Result of Financial Attitude

Item	Ranking	Mean	Median	Max
I never make late credit card payments.		4.18	4	5
I never worry about my outstanding debts.	Lowest	3.74	4	5
I try to increase financial knowledge.		4.13	4	5
I think it is better to enjoy my life it rather than worry about money.		3.81	4	5
I think it's important to save up for things I want.	Highest	4.43	5	5
I will reduce my expenditure to save money.		4.28	4	5
I always adjust my spending on non-essentials when my financial changes.		4.31	4	5

Table 5. Result of Internal Locus of Control

Item	Ranking	Mean	Median	Max
I am financially independent.	Lowest	3.24	4	5
My support my own financial situation.		3.27	4	5
I can improve my financial status if I am determined.	Highest	3.91	4	5
There is always a solution for me to solve my financial problems.		3.89	4	5
I feel confident to settle my own financial problems in my life.		3.70	4	5
I have my own control over in financial decisions.		3.76	4	5
I can upgrade my financial situation.		3.79	4	5
I am certain about my future financial condition as it is under my control.		3.72	4	5

Table 6. Result of Financial Knowledge

Item	Ranking	Mean	Median	Max
It is good idea to use a credit card to withdraw cash from an ATM.		0.49	0	1
The longer the maturity of a loan, the smaller the instalments.		0.55	1	1
The premium of insurance paid by a regular smoker is not different with non-smoker.		0.43	0	1
Buying a bond when the interest rate drops is a good investment strategy.		0.34	0	1
The risk of investing in a company's stock is always lower than mutual fund.		0.44	0	1
If your bank account balance remains zero over a year, the bank will close your account.	Lowest	0.18	0	1
Purchasing power of money will be lower when the inflation rate is higher than the nominal interest rate.	Highest	0.59	1	1
When you invest RM 100 in your savings account with interest rate at 2% per annum, your account balance will be more than RM 102 after five years.		0.58	1	1

of 8 items with a mean less than 0.5 which means more than half of them cannot get the right answer for more than half of the questions. It shows poor financial knowledge among the respondents, especially bank-related knowledge which shows the lowest mean.

Table 7. Result of Cronbach's Alpha Reliability Analysis

Items	Cronbach's Alpha	
	30 respondents	384 respondents
	(Pilot Test)	
Subjective Financial Well-Being	0.904	0.926
Financial Stress	0.702	0.704
Financial Attitude	0.606	0.717
Internal Locus of Control	0.893	0.901
Financial Knowledge	0.528	0.725

Table 8. Result of Pearson's Correlation Analysis

Dependent Variable	Independent Variables	Pearson's Correlation	Significant at 0.01
Subjective Financial Well-Being	Financial Stress	0.709	<.001
	Financial Attitude	0.311	<.001
	Internal Locus of Control	0.742	<.001
	Moderator (Financial Knowledge \times Gender)	-0.225	<.001

4.2 Reliability and Inferential Analysis

Cronbach's Alpha Reliability Analysis is used to examine the reliability of each respective construct. When the Cronbach's coefficient of a variable is greater than 0.700, the construct is acceptable and it is considered a reliable variable for the study. From this study, all constructs represent its variable which is proven by Cronbach's coefficient that is greater than 0.700. SFWB has the highest reliability with $\alpha = 0.926$ which means that the construct highly represents the variable, followed by internal LOC with $\alpha = 0.901$. Meanwhile, financial stress, financial attitude and financial knowledge scored similar levels of reliability, i.e. 0.704, 0.717 and 0.725 respectively (Table 7).

The purpose of Pearson's Correlation Analysis is used to examine the association between the subjective financial well-being and other independent variables. Financial attitude and financial knowledge (the moderator) have a correlation of 0.311 and 0.225 respectively, showing a weak correlation but they are statistically significant which means that they bring impact to SFWB, but there are other important factors that should be taken into consideration (Wayne, 2021). As for financial stress and internal locus of control, the correlation of 0.709 and 0.742 show a strong relationship between them with SFWB. They show a significant relationship toward SFWB at a 1% confidence interval (Refer to Table 3) (Table 8).

Table 9. Result of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	Beta	Std. Error			
(Constant)	-1.18	0.251		-4.694	<.001
Financial Stress	0.562	0.06	0.372	9.352	<.001
Financial Attitude	0.144	0.056	0.082	2.58	0.01
Internal Locus of Control	0.539	0.044	0.476	12.116	<.001
Moderator (Financial Knowledge × Gender)	-0.059	0.03	-0.061	-1.952	0.052

Multiple linear regression analysis that tests the significance of the independent variable toward the dependent variable is carried out. 99% confident that financial stress and financial attitude are positive significant SFWB. In addition, this study also concluded that financial stress has a negative impact on SFWB. As for the financial knowledge which added gender as moderator, the p-value is 0.052, showing the variable is significant, at the 10% level, in affecting the SFWB as well. This research shows a significant relationship between all the independent variables with SFWB (Table 9).

5 Conclusion and Discussion

The result of the data analysis has shown that there is a positive association between financial stress and SFWB. It indicates that the financial stress that is faced by an individual could be turned into motivation which encourages the person to work harder and improve his work performance. Thus, he can earn a higher income with his increased productivity. This result is supported by Ismail and Zaki (2019) who concluded that if someone is earning a low income but has a positive attitude toward managing their finances, this person will see improvement in their financial condition slowly, which in turn increases his SFWB. In this study, many respondents earn an income of RM2,000 or less but they still show a positive response to SFWB. Hence, this research concludes a positive relationship between financial stress and SFWB among emerging adults in Malaysia.

Besides, this research also discovered that financial attitude has a significant positive impact on SFWB. A favourable financial attitude shows an individual's confidence in making wise financial decisions, hence improving their finance and living standard which results in a positive SFWB (Rai et al., 2019). A further explanation has been given by Osman et al. (2019), mentioning that individuals who can analyse and utilize financial information could make wise financial decisions and bring financial satisfaction, thus increasing emerging adults' SFWB.

On the other hand, internal LOC has the strongest relationship with SFWB among other variables included in the research. It shows that emerging adults are yet to be financially independent, but they will be happy when they have a chance to make their

own financial decisions. This is because people with higher internal LOC could achieve higher self-satisfaction when they can assess financial risks and make a call in their finance (Kempson & Poppe, 2018). When they possess a high level of internal LOC, they are more confident in handling financial challenges and hard times. If their financial status is improved due to the financial decisions made, their SFWB improves as well.

Financial knowledge also shows its significant influence on SFWB of emerging adults, but it is the least significant among the factors. This is because female respondents are more than male respondents in the research. Sabri and Ahmad (2020) mentioned that women are relatively having less financial knowledge, especially the knowledge that is related to investment, hence this might affect women's financial literacy as well as their SFWB. This is because women tend to focus more on family matters and let their spouses make the key financial decisions, such as investment or buying a house (Rai et al, 2019). Fan et al. (2022) also concluded that gender difference results in the difference in SFWB. There is another interesting finding gained from this research, i.e. financial knowledge could affect SFWB negatively. Research by Alsemgeest (2015) concludes that even individuals who are well equipped with financial knowledge, external or personal factors could impact their well-being in a negative way. When emerging adults possess higher financial knowledge, they will have higher expectations toward achieving their financial goals. When they are in poor financial status, they might feel more discouraged and not enjoy the process of financial management, resulting in lower SFWB.

In conclusion, this study contributes in the way of giving reference to the Malaysian government to revise the policy which could improve the SFWB of emerging adults. Carcaba et al. (2022) suggested that the government would bring a very strong and significant effect on SWB. This means that SFWB can be improved with better management or actions implemented by the government. Government can establish a few programs related to finance to provide financial literacy to Malaysians. Some online financial programs and promotions can be launched through social media, schools or other social platforms. When the government shows initiative to improve SFWB, emerging adults will have more confidence to improve their SFWB as they know which relevant party to reach out to when they struggle financially.

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