



DETERMINANTS INFLUENCING THE SPIKE IN MALAYSIAN YOUTH BANKRUPTCY

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ABSTRACT

This research intends to identify the factors that have contributed to the recent increase in youth bankruptcy in Malaysia. This research may also provide beneficial and theoretical evidence and information to society, such as the government, family, youth, and future researchers, considering that young people are the primary backbone for national development. Hence this research comes with two objectives: to identify the relationship between sociodemographic (education level and occupation) factors and to determine the relationship between usage of credit cards, materialism and medical expenses to the increase in the number of young people declaring bankruptcy. Sociodemographic information about the respondents who filed for bankruptcy was acquired from the Malaysia Department of Insolvency (MDI) in Kuala Lumpur and Negeri Sembilan branches. The questionnaire was constructed using primary data and distributed to 119 people who had filed for bankruptcy with the Malaysian Department of Insolvency (MDI). Multiple Linear Regression method is used to examine the relationship. Education, occupation, credit card usage, materialism, and medical expenses are the five independent variables used to determine youth bankruptcy. As a result, three out of five turn out to be significant in explaining youth bankruptcy which are education, credit card usage and medical expenses. A great deal of misconception has been practiced by many youths nowadays, seeing as they do not acknowledge how severe the problem is and what the causal effects will be, due to their inattention to financial management.

Keywords: Youth, Bankruptcy, Education, Credit Card, Medical Expenses.

INTRODUCTION

Background

According to the Malaysian Insolvency Department, a bankrupt is someone who has been officially declared not able to pay his debt by judicial order. All the bankrupt's assets will be vested in the Director General of Insolvency (DGI) who will then be responsible for selling all those assets and distributing the proceeds to creditors who have submitted proofs of debt with the DGI's office. Shortly before the government amended the latest Bankruptcy Act 1967 in 2020, emphasizing the individual perspective, an individual will be declared bankrupt if he/she is unable to pay his/her debts totalling at least RM30,000. However, following the latest amendment in April 2020, the government has agreed to increase the minimum bankruptcy threshold from RM50,000 to RM100,000, providing much-needed relief to Malaysians (Malaysian Department of Insolvency, 2021). Throughout the last fifteen years or more, lawyers and economists who specialize in economics have started to turn their attention to the issue of bankruptcy along with the interest in these legal issues. It becomes much more appealing for the specialist as the younger folks start to take a lead and also becoming a great contributor in these troubles. Nancy Shukri, Minister in the Prime Minister's Department once mentioned that "This millennial generation is supposed to become the next leaders. Instead, we have those who are already experiencing financial problems at such a young age" (The Star Online, 2014). This has certainly indicated that Malaysia faces a serious problem that should be made aware to each of the Malaysian citizen.

The significance of financial management in deterring bankruptcy in early years appears to be overlooked by today's youth. They were obscured by the sophistication and luxury of wasting cash on something unneeded just to ensure that their needs and desires were fulfilled. The passion to pursue unity trends and technology has become a disease that cannot be successfully treated by others as they never prioritize their intention to save money for the future. Rivalry for showing off the branded product with friends only to look super wealthy and glamorous does seem to be the critical behavior that portray financial literacy among youth in Malaysia alarmingly low and yet still lacking on the ground. According to Bank Negara, approximately 84 805 Malaysians were declared bankrupt between 2015 to 2019 with 26% below 34 years old (Mohamad, 2020). This evidently shows that young people really enjoy living and spending without doubt due to unrestrained buying behavior since they can also have quick access on seamless online purchases. They are even likely to incur debt and risk bankruptcy by relying on banks for loans and credit cards to assist their lifestyles. Moreover, the world has been struck by an unprecedented event,

namely COVID-19 pandemic which so far has greatly led to the rise of bankruptcy in Malaysia.

Numerous studies have been conducted to find factors which may influence bankruptcy for young people, however most of the studies indicate that youth bankruptcy affected by the excessive credit card such as the study conducted by Chong et al. (2020) and Zamzamir et al. (2015). Credit cards usage has triggered expenditure that makes the credit cardholders underestimated the price of products and overlooked the amount spent on the procurement activities which soon lead to overuse problems (Durkin, 2000). In contrast, in real life, several other variables may also affect the youth bankruptcy such as sociodemographic factors, materialism and medical expenses. Since most people are now paying more attention to their intense desire and forego the crucial factors that may potentially contribute to bankruptcy, many studies that often involves other significant determinants should be widely published around the world to raise bankruptcy awareness among people nowadays. From that, people will be more concerned and will begin to understand the value of other variables to prevent experiencing bankruptcy.

A study has been undertaken by Sullivan et al. (2002) declare that bankruptcy involves people that once were firmly middle class but afterwards tumbled into the bottom class. The thoughts and emotions of financial struggles and regard bankruptcy as a particularly negative effect on people's lives since money woes can transform easily into psychological and emotional troubles as they ought to carry the embarrassment with them all the way around and leaving debt sufferers in ways they cannot even realize. Even so, certain studies have shown a paradox, seeing as declaring bankruptcy allowed themselves to tackle debt as well as to free up their income. This has been supported by Zywicki (2005) as they claimed that insolvency is regarded as a "last resort" to address insoluble financial problems caused by exogenic factors like high personal debt as well as unforeseen income and expenses disruptions like unemployment, health or relationship breakdown.

Much of the research focuses on disparities in sociodemographic factors since they store a number of variables under one term and yet can affect bankruptcy in a multitude of ways. From this vantage point, it appears reasonable that using sociodemographic data as an independent variable in this study is one of the most certain paths to track insolvency. Research from Faizal and Mohd Ashhari (2015) asserting that gender, ethnicity, education, marital status, employment, work and loans contribute to bankruptcy among youth. Based on the outcome, gender has a positive significant correlation with the total amount of debt. Since the Department of Statistics stated that males outnumbered females in Malaysia, the discoveries support the claim that more

males declare bankruptcy than females. Race also has a positive relationship with the overall amount of debt. In fact, significant results and a positive correlation with the total amount of debt have also been gained, demonstrating that level of education, job experience and occupation are indeed eligible for consideration in this study.

“Universal” card products have been introduced which allowed customers to buy goods and services in so many other places while offering a variable loan feature. These cards are now recognized as credit cards that have become common in today's society and now one of the prime drivers why they are over payable (Lim et al., 2014). In the context of the relationship between bankruptcy and credit cards, a study has been carried out by Murthy and Mariadas (2017). Based on their findings, a positive and significant relationship with the credit card usage has been demonstrated by the fresh graduate bankruptcy. Interestingly, the study found a strong correlation (0.951) between the credit card and factors that have a great influence in recent graduate bankruptcy. Syan et al. (2020) reinforces the evidence further by declaring that most bankruptcies were mainly due to the incompetence of payment purchases, personal credits, or credit card liabilities in support of debt. This certainly proves many young people today have a great deal of misconception and misapplication of credit cards seeing as they do not acknowledge the severe effects of the problem.

Another fact that should be brought to light is the effect of materialism on bankruptcy. Richins (2004) asserts that the centrality of owning and acquisition in people's lives and possession of goods for the accomplishment of important life goals can be defined as materialism. It would be indisputable as Mishra and Mishra (2016) stated that materialism is related to the act of consumption. Ku et al. (2012) also view in the same way as they stated that the escalation of youth materialism is worrying because their urge for material possessions and luxury is accelerating while academic performance and intrinsic motivation are declining. Duh (2015) noted a paradox about this by declaring that materialism can satisfy the need for distinctive character. It might be because materialism can drive people to perform better and work harder to raise their buying power and standard of living without easily giving up. As a result, the effect of materialism on youth bankruptcy is still being examined since they could behave differently.

Other aspects that should be emphasized is the medical expenses as Dobkin et al. (2018) proved that exorbitant medical expenses and the loss of wages income cause some people to have been forced into bankruptcy due to the costs resulting from illness or injury caused to hospitalization. Recent studies have also shown that bankruptcies have also stemmed from the fact that people

are struggling to pay medical bills when unexpected health conditions occur (Amadeo, 2022).

OBJECTIVES

This study hence intends to gauge the following objectives:

1. To identify the relationship between sociodemographic (education level and occupation) factors to the surge amount of youth declaring bankruptcy.
2. To determine the relationship between usage of credit cards, materialism and medical expenses to the increase in the number of young people declaring bankruptcy.

This study targeted young people from 18 to 40 years old in Malaysia. The age range for this research was referred to and filtered through Yunus (2007) along with the amendment to the Youth Societies and Youth Development Act 2007. Structured questionnaires will be used to collect the data using the primary information. To evaluate the growing number of youth bankruptcy in Malaysia, the data is classified into four categories which are sociodemographic status (education level and occupation), credit card usage, materialism and medical expenses.

LITERATURE REVIEW

Previous Studies

A) Bankruptcy

Almost all of us familiar with the thoughts and emotions of financial struggles and regard bankruptcy as a particularly negative effect on people's lives, since money woes can transform easily into psychological and emotional troubles as they ought to carry the embarrassment with them all the way around and leaving debt sufferers in ways they cannot even realise. Research conducted by Turunen and Hiilamo (2014) have found that persons with unmet loans had suicidal thinking and were more likely than those without such difficulties to experience depression.

Even so, certain studies have shown a paradox, seeing as declaring bankruptcy actually allowed themselves to tackle debt and to recover from urgent medical bills as well as to free up their income to concentrate on monthly expenses, outstanding mortgages, auto-loans and taxes. Zywicki (2005) also view in the same way by claiming that insolvency is regarded as a "last resort" to address insoluble financial problems caused by exogenic factors like high personal debt as well as unforeseen income and expenses disruptions like

unemployment, health or relationship breakdown. Certain people who file for bankruptcy may also struggle with the disease, disabilities, injuries as well as other related problems, have been substantiated by the study of Jacoby (2006).

Several more researches have been conducted to uncover young people's characteristics and failure as young people's issues had already drawn a great deal of attention. To be much more detailed, youths in Malaysia are categorised as somewhere between the ages of 15 and 40, but development programmes within the country would then prioritise young people between the ages of 18 and 25 (Yunus, 2007). But then, Syed Saddiq, 26, who is also the youngest cabinet member, redefined through an amendment to the Youth Societies and Youth Development Act 2007, the term "youth" is for those 30 years and below (Act 668) to counter the generation gap among youths in Malaysia (Zainuddin and Kaur, 2019). Researchers believe that youths nowadays have come into existence and grew up in a thriving economy. Compared to previous generations, this generation has better opportunities and better quality of life. This would profoundly impact younger generation to be under pressure to ensure they can fulfil societal standards and "fit" with their peers and could indirectly induce them to a financial collapse and bankruptcy.

The "own now, pay later" credit mentality has now spread across youths depicting uncontrolled and untrained attitude of youth merely to meet their desires. The Star newspaper reported in 2018 that throughout the previous 5 years, about 64,632 Malaysians between 18 and 44 had been found bankrupt according to parliament. In a written reply, Minister of Prime Minister Liew Vui Keong stated that in 2014, a total of 13,098 cases were recordable amongst the most elevated cases of youth bankruptcy followed by 13,036 cases in 2013 in accordance with Insolvency Department statistics. In 2015 there was a total of 11,277 bankruptcies and then in 2016 there was still a modest increase of 11,875 (Carvalho et al., 2018). Those evidences appear to demonstrate that youth bankruptcy has so far been influenced by quite variety of factors.

B) Sociodemographic Factors

Much of the research focuses on disparities in sociodemographic factors since they store a number of variables under one term and yet can affect bankruptcy in a multitude of ways. From this vantage point, it appears reasonable that using sociodemographic data as an independent variable in this study is one of the most certain paths to track insolvency. According to common knowledge, socio-demographic aspects involve age, gender, education, religious affiliation, migration background and ethnicity, marital status, employment, household, and income. Recent studies carried out by Miller (2015) managed to discover a

considerably positive relationship between the available factors and the rate of bankruptcy of the racial group.

The presence of research from Faizal and Mohd Ashhari (2015) reinforces this evidence further by demonstrating that gender, ethnicity, education, marital status, employment, work and loans contribute to bankruptcy among youth. Those factors may simply be referred to as socio-demographic factors, that will be included in this current research as a variable. This paper indicates that those variables included in the research article might be used as a guidance for the other researchers to expand their data further as well as to continue to provide people with the information regarding this topic. Based on the outcome, gender has a significant positive correlation with the total amount of debt. This evidence clearly explains the necessity of sociodemographic to be a part of variable for this research.

C) Credit Card Usage

In the mid-1900s, Diners Club issued its first “transport and entertainment” card to expand its transactions to several traders beyond their geographical areas. A few years later, "universal" card products have been introduced which allowed customers to buy goods and services in so many other places while offering a variable loan feature. These cards are now recognized as credit cards that have become common in today's society and now one of the prime drivers why they are over payable (Lim et al., 2014). An article by Wiggins (2008) asserted that credit cards are introduced further into market permitting consumers to spend far above beyond their income and that will certainly make people more prone to bankruptcy.

The failure truly lies within consumers themselves as stressed by Soman and Cheema (2002), revealed that consumers choose their own paths and end up taking their own decisions without any interruption from external sources. Consumers frequently try to keep their standard of living and consumption baskets throughout their lives even if their wealth and income will fluctuate over time clearly and unambiguously supported the previous research mentioned. It has become worse ever since human demands have evolved and increased over the years from necessities like food and education to luxury sources such as technological products, superior food and education quality which straightforwardly urged credit card consumption. The problem of the reckless use of credit cards lies in consumer irrationality as they expect that their future earnings will surpass their existing income highlighting that consumers ought to change their mentality and demeanor.

In the context of the relationship between bankruptcy and credit cards, a study has been carried out by Murthy and Mariadas (2017). A positive and

significant relationship with the credit card has been demonstrated by the fresh graduate bankruptcy. Interestingly, the study found a strong correlation (0.951) between the credit card and factors that have a great influence in recent graduate bankruptcy. Worse still, in 2018, Nazrul Hisyam Mohd Noh, Assistant Governor of Bank Negara, Malaysia (BNM), reported a high level of credit card indebtedness of 47 per cent of youth. Most bankruptcies were mainly due to the incompetence of payment purchases, personal credits, or credit card liabilities in support of debt (Syan et al., 2020).

D) Materialism

Richins (2004) asserts that the centrality of owning and acquisition in people's lives and possession of goods for the accomplishment of important life goals can be defined as materialism. Numerous people believe that acquisition of goods is a central focus for their lives. They devote considerable time to plan important future purchases and willingly make ultimate sacrifices to obtain desired objects by envisioning the purchase outcomes. In this connection, Richins et al. (1992) classified that materialists are individuals that consistently seek their next unneeded acquisition. Due to that, people are much more likely to go bankrupt if they continue to engage in this behavior. Apart from that, it would be indisputable as Mishra and Mishra (2016) stated that materialism is related to the act of consumption. The combination of the materialism and financial welfare indicators such as amount of debt, financial concerns, the spending motive, the abilities of cash management, and compulsive procurement were studied by Gardarsdottir and Dittmar (2012) displaying that it is possible factor that increase the debt level. Depending on the outcome, it reveals that people that support materialistic values have increased financial concerns, poorer money-management skills, and a higher inclination to compulsive buying.

Nowadays the materialism of the millennials, which is also recognized as GenMe has already been growing over the years and has reached unprecedented levels (Twenge and Kasser, 2013). Chaplin et al. (2019) emphasized a few critical factors that aid in reducing materialism in young people evidencing that materialism is a major concern for people today and should be addressed immediately to avoid troubles, as this could contribute to bankruptcy for the youth. This has been ensured to have unpleasant and harmful impacts as parents, educators, scientists and also medical communities have expressed their concern about how dire the problem currently is. In relation to that, marketing seems to be a major reason why young consumers are encouraged to adopt materialistic values that are against their health and happiness (Jiang et al., 2016). Furthermore, Abdul Adzis et al. (2017) conducts a thorough investigation into this topic in their study titled "Factors Influencing Young Adult Debt in

Malaysia." Interestingly, she has discovered that materialism is insignificant, which signify that young Malaysians represented in her sample do not have materialistic attitudes that contribute in personal debt, implying that it would not be significant to be among the indicators that can lead to bankruptcy. Thus, the current study will include materialism as one of the variables to conduct additional research on the relationship between materialism and youth bankruptcy.

E) Medical Expenses

A handful of research findings considered medical debt as causative agent of consumer bankruptcy since the problem of medical bankruptcies remains a central issue in the health debate. Different studies yield a broad spectrum of medical debt estimates, it is therefore not something that should be surprised by the results as it will feed opposing positions in health policy debate. According to Crenshaw (2000), consumer debt is today so much higher for families, that they can be financially devastated even by a modest medical bill. This has been proved by Dobkin et al. (2018) as they assert that exorbitant medical expenses and the loss of wages income cause some people to have been forced into bankruptcy due to the costs resulting from illness or injury caused by hospitalization. Banegas et al. (2015) analysed the proportions of survivors reported in debt or bankruptcy proceedings due to cancer and debt incurred by the debtors. According to the eventual result, roughly one-third of the survivors had become indebted, and 3% had declared bankrupt. It was more startling since young survivors of cancer with a lower income and public medical insurance were much more prone to bankruptcy than older ones with a higher income and private insurance.

Thus, this has been turned into one of the country's most critical problems since youth are the ones to be lining up in the country's administration in the future. Recent study from Gotberg and Sousa (2019) bolstered further the previous evidence. This research paper allows us to enhance a general understanding of the relation between health care insurance and bankruptcies which both extends and improves earlier efforts to assess medical and financial problems. Based on the findings, it clearly demonstrates that disruption of health insurance cover whether reflecting a portion of a larger constellation of life circumstances that connect to bankruptcy filings or itself leading to an increase in financial distress is a predictive of an individual bankruptcy filing. "Even brief insurance coverage gaps may be catastrophic and therefore should be regarded as harmless" (Wilper et al., 2009). In addition, the data showed that the type of medical insurance cover that individual possess can contribute to a breakdown of

coverage and in turn to a future bankruptcy filing. Thus, this clearly display the necessity of medical expenses to be a part of variable for the current research.

Conceptual Framework

Figure 1 shows the conceptual framework of the study variables, where the dependent variable is the total amount of debt, while independent variables are sociodemographic factors (education level and occupation), credit card usage, materialism and medical expenses amount.

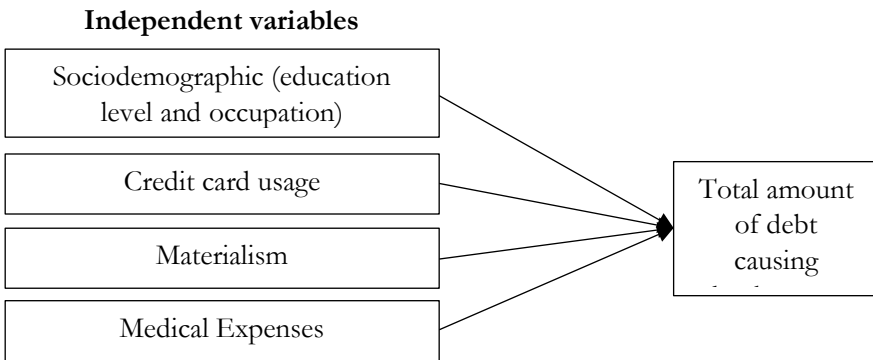


Figure 1: Research framework

METHODOLOGY

This study employs primary data collection with information gathered via questionnaires and distributed to 119 respondents around 18-40 years old with the assistance of Malaysia Department of Insolvency employees. This study targeted at young people from 18 to 40 years old in Malaysia. Youth age range was referred to and filtered through (Yunus, 2007) along with the amendment as in Zainuddin and Kaur (2019). The pilot study has been carried out with 30 respondents to validate the reliability of the questionnaire. The collected data are summarised using descriptive analysis. Five independent variables that were expected to have a significant impact on Malaysian youth bankruptcy are analyzed using the Multiple Linear Regression Model. The five factors used in this study were obtained based on the review of the literature. The details of variables are depicted in Table 1.

Table 1: Specification of Variables

No	Factors	Variables	Description	Type
1	Bankruptcy	TDB	Total amount of debt	Dependent
2	Education level	SEL	Education (1=Basic (UPSR, PMR and SPM), 2=STPM, diploma and certificate skills education, 3=undergraduate level (Degree) and 4= postgraduate level (Master, PhD))	Independent
3	Occupation	SOC	(1=Student, 2=self-employed, 3= government servant, 4= private sector, 5=others)	Independent
4	Credit card usage	CC	(1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5=strongly agree)	Independent
5	Materialism	MTL	(1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5=strongly agree)	Independent
6	Medical Expenses	MDE	Dichotomous variable (1= yes, 0= no)	Independent

Descriptive analysis

The descriptive analysis was used to analyse the respondents' profiles and provide simple summaries of the information collected. It measures the average and standard deviation of the proxy bankruptcy as well as evaluates the dependent and independent variables.

Cronbach's alpha

The data from the pilot study of 30 respondents are tested using the Cronbach's Alpha coefficient to evaluate internal consistency and to improve the set of questions in the survey. When the alpha coefficient is greater than or equal to 0.7, as well as the variance-extracted measure is 0.50 or greater, the questionnaires' reliability is considered acceptable. According to the questionnaire, the Likert scale is used to assess only two variables in this study which are credit card usage and materialism. Table 2 shows the questions used to calculate Cronbach's Alpha.

Table 2: Information of Likert Scale Questions

No	Variable	Question	Description
1	Credit card usage	<p>Which of the following describes your experience with your main credit card during the last 12 months?</p> <ul style="list-style-type: none"> -I always paid my credit card balance in full -In some months I carried over the balance and was charged interest -In some months I only made the minimum payment -In some months I was charged a fee for late payment -In some months I was charged a fee for exceeding the credit limit -In some months I used the card for a cash advance 	(1=strongly disagree, 2=disagree, 3= neutral, 4= agree, 5=strongly agree)
2	Materialism	<p>Which of the following describes your experience in your lifestyle?</p> <ol style="list-style-type: none"> 1. I like a lot of luxury in my life. 2. I like to drive imported car. 3. I like to own things that impress people 4. I would be happier if I could afford to buy more things. 5. It bothers me that I cannot afford to buy all things I like 6. The things I own say a lot about how well I am doing in life. 7. My life would be better if I owned certain things I do not have. 8. I admire people who own expensive homes, cars, and clothes. 	(1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5=strongly agree)

Variance Inflation Factors

The VIF helps to calculate how much the variance of a regression coefficient is inflated due to multicollinearity in the model.

Multiple Linear Regression Model

The econometric model is used to examine the factors influencing the spike in youth bankruptcy. The dependent variable is total amount of debt (TDB), while the independent variables are sociodemographic (educational level) (SEL), sociodemographic (occupation) (SOC), credit card usage (CC), materialism (MTL) and medical expenses (MDE). The equations used to identify the relationship between the variables are shown below. Equation (1) shows the functional form used in this study whereas Equation (2) depicts the equation for the empirical model.

$$TDB = F (SEL, SOC, CC, MTL, MDE) \quad (1)$$

1) Empirical model

$$TDB = B_0 + B_1 SEL + B_2 SOC + B_3 CC + B_4 MTL + B_5 MDE + \varepsilon \quad (2)$$

2) Hypothesis

$$H_0 : B_j = 0$$
$$H_A : B_j \neq 0$$

H_0 = There is no relationship between X variables and Y variable

H_A = There is a relationship between X variables and Y variable

RESULTS AND ANALYSIS

Results

This section will present the findings, including the sociodemographic profile of respondents, descriptive analysis of the data, pilot study and the interpretation of coefficients. Sociodemographic profile of respondents depicts in Table 3 and 4 below.

Table 3: Sociodemographic Profile of Respondents

Demographic	Categories	n	%
Residential state	Kedah	1	0.8
	Melaka	4	3.4
	Negeri Sembilan	45	37.8
	Pahang	1	0.8
	Perak	2	1.7
	Pulau Pinang	4	3.4
	Selangor	14	11.8
	Sarawak	3	2.5
	Terengganu	1	0.8
	W.P. Kuala Lumpur	40	33.6
	W.P. Putrajaya	4	3.4
Age	18-24	10	8.4
	25-29	17	14.3
	30-34	13	10.9
	35-39	48	40.3
	40	31	26.1
Gender	Male	46	38.7
	Female	73	61.3
Ethnic	Malay	71	59.7
	Chinese	26	21.8
	Indian	19	16.0
	Others	3	2.5

Table 4: Sociodemographic Profile of Respondents

Demographic	Categories	n	%
Total of monthly household income	RM0-RM4,849	110	92.4
	RM4,850-RM10,959	8	6.8
	RM10,960 and above	1	0.8
Marital status	Single	32	26.9
	Married	56	47.1
	Divorce	18	15.1
	Widow/Widower	13	10.9
Residential area	Rural	18	15.1
	Urban	101	84.9

Highest academic qualification	Basic (UPSR, PMR and SPM)	62	52.1
	STPM, diploma and certificate skills education	35	29.4
	Undergraduate level (Degree)	18	15.1
	Postgraduate level	4	3.4
Occupational type	Student	5	4.2
	Entrepreneur / self-employed	34	28.6
	Private employee	16	13.4
	Government servant	57	47.9
	Others	7	5.9
Occupational status	Permanent	59	49.6
	Contract	28	23.5
	Part-time	32	26.9

Descriptive statistics

The statistics for the variables discussed are summarized in Table 5.

Table 5: Summary of Descriptive Statistics

Statistic	Total debt	Education	Occupation	Credit card	Materialism	Medical expenses
Mean	9.3747	1.6975	3.2269	2.6134	2.7647	.2269
Median	11.1273	1.0000	4.0000	3.0000	3.0000	.0000
Mode	.00	1.00	4.00	3.00	3.00	.00
Std. Deviation	4.8059	.8493	1.0612	.8647	.9452	.4206
Variance	23.096	.721	1.126	.748	.893	.177
Minimum	.00	1.00	1.00	1.00	1.00	.00
Maximum	20.91	4.00	5.00	5.00	5.00	1.00

Based on Table 5, youth with only a basic education had the highest percentage of bankruptcies. It is because they may not have a larger salary due to their lower educational level and their limited exposure to financial knowledge.

Private sector employees recorded the highest number of bankruptcies among the others. While the majority of today's youth are apathetic toward credit cards and materialism behaviour. Finally, more than half of the youth do not owe money to creditors for medical bills.

Cronbach's Alpha

Table 6: Reliability Statistics of Credit Card Usage

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.757	.766	6

Table 7: Reliability Statistics of Materialism

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.965	.966	8

Table 6 and 7 show the results for the Cronbach's alpha of credit card usage and materialism. Based on the outcomes, the value of Cronbach's alpha are greater than 0.7 and hence the questionnaires' reliability is considered acceptable.

Multiple Linear Regression Model

Table 8 shows the estimation results of the multiple linear regression model. From equation 2, the analysis produces the output in Equation 3 based on Table 8.

$$TDB = 4.896 + 0.251 SEL - 0.062 SOC + 0.231 CC - 0.077 MTL + 0.271 MDE \quad (3)$$

Table 8: Estimation Result

Variables	Coefficients	t-stat	p-value	VIF
(Constant)	4.896	2.056	.042	
Education	.251	2.891	.005	1.048
Occupation	-.062	-.722	.472	1.037
Credit card	.231	2.634	.010	1.069
Materialism	-.077	-.860	.391	1.109

Medical expenses	.271	3.055	.003	1.096
R-square	.186			
Adjusted R-square	.150			

Based on the results, the spike in Malaysian youth bankruptcy is explained by the overall variation in explanatory variables by only 18.6% showing that there are several other important independent variables in the error term which must be modelled out. However, this result can still be used to draw important conclusions about how changes in the predictor values are associated with changes in the response value since there are statistically significant variables among the predictors. Table 8 also shows the variance inflation factor outcomes, where all values are less than 5, meaning that no multicollinearity issues are present among the independent variables.

Depending on the outcome, education has a positive relationship with youth bankruptcy since 1 level increase in the level of education will lead to an increase to the amount of debt by RM0.251. Due to that, considering that youth with a higher level of education are more likely to be offered a higher salary since they are exposed to a wider range of information and knowledge while studying. As a result, their desire to buy everything to fulfil their own wishes grows in tandem with their assumption that they can buy those things without a limited budget.

Occupation has a negative correlation with youth bankruptcy, with each level of occupation reduction resulting in an RM0.062 increase in total debt. According to the findings, occupation does not have a significant impact on bankruptcy, and thus youth bankruptcy is not really influenced by the type of occupation. Given that youth somehow still experience bankruptcy, regardless of whether they are students, self-employed, government employees, private employees, or others, it is abundantly obvious that the reasons for youth declaring bankruptcy are tightly related to other factors. Since each and every type of occupation has its own set of advantages and disadvantages, especially in light of the current pandemic situation.

Same as the study undertaken by Murthy and Mariadas (2017) a positive and significant relationship with the credit card has been demonstrated by the youth bankruptcy. Credit cards have a strong and positive relationship with a substantial impact on youth bankruptcy, since an increase in 1 number of credit card usage increasing the amount of debt by RM0.231. This is attributed to the reason that young people have grown excessively comfortable with credit cards since they do not see the direct reduction of their money after purchasing something, allowing them to overspend. Wiggins (2008) has demonstrated even further by asserting that credit card is introduced into market permitting

consumers to spend far above beyond their income and that will certainly make people more prone to declare bankrupt.

Next, materialism shows a negative correlation with youth bankruptcy showing that the youth with higher materialistic value have lower chance to experience bankruptcy. The independent and dependent variables tend to move vice versa with the decrease by 1 unit of materialistic value will increase the total debt by only RM0.077. This depicts the findings of study by Duh (2015) as he asserts that materialism can gratify the need for distinct character. Because persons with greater materialism perform better and work harder to enhance their purchasing power and living standard without even being easily discouraged, compared to a person with relatively low materialistic values.

As predicted by Banegas et al. (2015), medical expenses have a positive correlation with youth bankruptcy, displaying that they appear to move in tandem. As a result, an increase in 1 unit of medical expenses will result in an RM0.271 increase in debt, since health and illness are both unforeseen. Undoubtedly, youth cannot forecast what will occur in the future and what will happen just after today, whether they are in excellent condition or even whether an unfortunate incident will occur and eventually result in an injury. As a result of that occurrence, youth will favour that situation by having to spend their funds to offset the expensive bills by taking out loans as well as using all their savings.

It certainly demonstrates the importance of education for all younger people to upgrade their knowledge of how to budget their income and expenses. With adequate education and information, the likelihood of youth experiencing bankruptcy will be reduced, as they will already have the ability to spend wisely at a young age. This has been proven earlier by Sullivan et al. (2002), as they found highly significant results and a negative correlation between total amount of debt and level of education. Hence, education is one of the most essential aspects for young people to ensure that they have a stable and efficient life in the future.

The outcome for occupation behaves differently with the previous study by Faizal and Mohd Ashhari (2015) since occupation in this study does not have significant impact on current youth bankruptcy. It is possible that this is because most young people have been laid off as a result of the current pandemic. Self-employed youth have also been forced to close their businesses since they do not have a satisfactory financial return, especially with rising goods prices and a decrease in customer numbers.

Credit cards appear to be statistically different from zero at a 1% significance level with a satisfactory VIF value and reached the same conclusion with Murthy and Mariadas (2017). This is because youth frequently try to keep their standard of living and consumption baskets throughout their lives even if

their wealth and income will fluctuate over. It has become worse ever since youth demands have evolved and increased over the years from necessities like food and education to luxury sources such as technological products, superior food and education quality which increased credit card consumption. This clearly demonstrates that overuse of credit cards is indeed leading young people to their financial ruin.

Materialism yielded different results with Duh (2015) but in support of Abdul Adzis et al. (2017), who discovered that variable materialism is insignificant in their study. In relation to the study by Abdul Adzis et al. (2017), based on the data on Table 9, materialism appears not significantly different from zero, not even at the 10% significance level. This study has conducted a thorough investigation and discovered young Malaysians represented in this sample do not have materialistic attitudes that contribute to total debt, implying that it would not be significant to be among the indicators that can lead to bankruptcy. This is attributable to the fact that young people are declaring bankruptcy for a variety of reasons, including the current pandemic situation, which has affected the world in ways that could not be described or imagined before.

Medical expenses are not affected by multicollinearity problem as the VIF is close to one. Unfavourable events take place without warning, forcing youth who are still new to career and industry and have inadequate savings to use out-of-pocket medical bills to cover the costs. Not only the situation that occurs to them, but also need to deal with the incident that may occur to their family.

CONCLUSION AND RECOMMENDATION

Conclusion

So far, most Malaysian studies have focused on and investigated the same factors that may have contributed to the spike in the number of young people declaring bankruptcy resulting in a paucity of literature in Malaysia. Only a handful of it deals with both internal and external factors and least of them includes medical expenses as one of its variables which could genuinely impact Malaysia's rising rate of youth bankruptcy. In conclusion, all of the relationship between the response and the explanatory variables appears to be similar to the other previous. Meanwhile, most significant and insignificant factors also can be recognized from the outcome of this research. Education, usage of credit card and medical expenses appear to be the most significant factors that could have an impact on Malaysia youth bankruptcy, whereas other factors such as the occupation and materialism are considered as insignificant factors to explain on youth bankruptcy in this study. Furthermore, three explanatory variables, all of which have a positive relationship with the amount of debt, contribute to the

increase in Malaysian youth bankruptcy. Whereas occupation and materialism tend to move in the opposite direction with youth bankruptcy due to their negative correlation with the dependent variables.

Recommendation

Since the explanatory variables explain only 18.6 percent of the overall variation in youth bankruptcy, it appears to indicate that there are other crucial components that need to be subjected and considered when analyzing youth bankruptcy in Malaysia. Hence, future studies should consider including supplemental important factors besides those included in this study, such as financial literacy, financial distress, and savings habit. To improve precision in measuring youth bankruptcy, it is recommended that data be collected from a wider range of locations, with larger sample sizes, and over a longer time period. Additional research is needed to uncover critical areas that eventually led to youth financial ruin that this study could not explore.

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