

The Impact of Allowances, Financial Management and Spending Behaviour on Academic Performance among University Students

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ABSTRACT

This study investigates the relationship between allowances, financial management, and spending behaviours on academic performance among Malaysian university students. Rising living costs are creating financial pressures that may impact academic achievement, making it essential to understand whether students' financial decisions influence their academic performance. Using a quantitative research design, data were collected through a structured questionnaire administered to 200 students from Malaysian public universities using stratified random sampling. The survey captured demographic information, monthly allowance levels, financial management practices, spending behaviours, and academic performance. Data were analysed using IBM SPSS Statistics 27, employing Pearson correlation and multiple regression analyses. The findings show that monthly allowance has a weak positive correlation with academic performance ($r = 0.21$, $p < 0.01$) but does not significantly predict academic performance in the regression model ($\beta = 0.12$, $p = 0.10$). In contrast, financial management ($r = 0.25$, $p < 0.01$; $\beta = 0.18$, $p = 0.02$) and spending behaviour ($r = 0.22$, $p < 0.01$; $\beta = 0.15$, $p = 0.03$) demonstrate statistically significant positive relationships with academic performance. The regression model is statistically significant ($F = 7.54$, $p < 0.001$) and explains 10.3 percent of the variance in academic performance ($R^2 = 0.103$). Academic success depends more on how students manage money than how much they receive. The study suggests that financial discipline is key to better grades. It recommends that universities integrate financial literacy and counselling to improve students' academic performance and financial well-being.

Keywords: Academic Performance, Financial Management, Monthly Allowances, University Students, Spending Behaviour

1. INTRODUCTION

University is a transitional period during which many students experience a newfound independence. Academic performance is commonly assessed through students' grades, test scores, and class participation (Britt et al., 2016). According to Kumar (2024), students who are financially stressed are more likely to perform poorly in their studies due to increased anxiety, decreased concentration, and the need to juggle multiple responsibilities.

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Usman and Banu (2019) stated that the landscape of financing higher education has undergone significant changes. This transformation can be attributed to factors including rising education costs, evolving curricula, increased workloads, and economic challenges. These elements contribute to various forms of stress that can significantly affect college students' academic performance. Hassan and Wahid (2023) stated that a student's allowance is a financial contribution from their parents or guardians to assist with the costs of attending school, such as housing, meals, and transportation. In addition to their monthly allowances, some students also benefit from scholarships, sponsorships, or education loans to assist with their financial needs. According to Britt et al. (2016), personal financial management involves behaviours like budgeting, saving, and investing, which can improve one's financial situation, reduce stress, and increase overall life satisfaction. Spending habits vary among individuals due to factors like age, income, gender, ethnicity, family history, and personality. It's essential to understand how these factors influence spending habits, particularly among young people. Students should not only have financial knowledge but also be able to implement it in their daily routines (Kumar et al., 2022).

This study focuses on these relationships, offering valuable insights for policymakers, universities, and students. Policymakers can utilise the findings to design targeted interventions and support programmes that enhance student success. Universities can adopt strategies to more effectively address students' financial needs and encourage sound financial management practices. Additionally, students can gain a deeper understanding of how their financial habits affect their academic performance, allowing them to implement strategies that optimise their financial resources.

1.1 Problem Statement

An allowance is a predetermined amount of money or resources, usually provided for specific purposes. Financial constraints pose a significant challenge for many university students in Malaysia and often negatively impacting their academic performance. Research suggests that financial difficulties can lead to increased stress and anxiety, hindering students' ability to concentrate and engage fully in their studies. For instance, Norazlan and Al-Majdhoub (2020) found a strong correlation between financial problems and academic performance, with students reporting that insufficient financial support compromised their ability to focus on their studies, resulting in lower grades.

Effective financial management is crucial for university students to optimise their academic performance (Hairin et al., 2022). Financial literacy, the ability to understand and apply various financial skills, is a key factor in this regard. A study conducted at Universiti Malaysia Kelantan demonstrated that students with higher levels of financial literacy tend to manage their finances more effectively, leading to improved academic outcomes (Ehsan et al., 2024). Financial literacy includes skills like budgeting, saving, and credit management, which are vital for making effective financial decisions.

Spending behaviour is another critical factor influencing academic performance. Research by Leclerc (2012) suggested that poor spending habits have impacted university students' academic performance. A study focused on Universiti Tunku Abdul Rahman revealed that various factors, including parental income and peer influence, significantly impact students' spending behaviour (Ying et al., 2019). The findings suggest that students with greater awareness of their spending habits tend to allocate their resources more effectively, which correlates positively with their academic performance.

The frequency and number of monthly allowances significantly influence students' financial behaviours. Students receiving regular allowances tend to exhibit better financial management practices than those who do not. Banquerigo et al. (2024) noted that students with consistent monthly allowances are more likely to budget effectively, enabling them to cover essential expenses while saving for future needs. This structured approach can reduce financial stress, allowing students to focus more on their academic pursuits.

The rising financial pressures faced by university students in Malaysia underscore a crucial concern related to their academic performance. As the cost of living and educational expenses increase, many students find it challenging to manage their finances effectively. For instance, research has shown that around 59 percent of students from underprivileged or low-income families worked 15 or more hours per week, achieving a C average or lower in their academic performance (Carnevale & Smith, 2018). Further, financial difficulties have been shown to negatively impact academic performance, with a clear link established between financial distress and lower academic outcomes (Norazlan & Al-Majdhoub, 2020).

Allowances play a vital role in influencing students' financial management and spending habits. A study indicated that students who received allowances more frequently tended to have a better perception of their financial well-being, although many still allocated only a small portion of their funds to savings (Banquerigo et al., 2024). This finding suggests that while regular financial support can aid in budgeting, it doesn't always foster effective financial management practices. The consequences of poor financial management are becoming increasingly evident. According to the Malaysia Department of Insolvency (2024), between 2020 and October 2024, 16.39% of bankruptcy cases involved young adults. In Malaysia, university students reportedly spend between RM201 and RM400 monthly on basic needs, reflecting the significant rise in living costs (Hui & Yong, 2024). This trend highlights the importance of cultivating strong financial habits and strategies to maximise limited resources.

This study aims to investigate the intricate relationship between monthly allowances, financial management, and spending behaviour on the academic performance among university students in Malaysia. Therefore, this study will explore how the size of monthly allowances correlates with academic performance, measured by past academic performance, and how students' spending habits, influenced by their allowances, impact their academic engagement. Additionally, the study will delve into the role of financial management practices in optimising the impact of monthly allowances on academic performance. Below are the research objectives of this study:

- To investigate the relationship between allowances and academic performance among university students.
- To investigate the role of financial management towards academic performance among university students.
- To investigate students' spending behaviour toward academic performance among university students.
- To investigate the influence of allowance, financial management, and spending behaviour on academic performance among university students.

2. LITERATURE REVIEW

This study is grounded in the Theory of Planned Behaviour (Ajzen, 1991), which explains how individuals perceived control and behavioural practices influence outcomes. In this context,

allowance represents students' financial resources and perceived behavioural control, while spending behaviour and financial management reflect financial decision-making behaviours that may influence academic performance. This study provides a comprehensive explanation of how financial resources and financial behaviours jointly affect students' academic outcomes by integrating these constructs within a single framework.

2.1 Academic Performance

Academic performance refers to students' ability to complete academic tasks, typically evaluated through objective criteria such as final course grades and grade point averages (GPA) (Kumar et al., 2021). Redondo-Flórez et al. (2022) conducted a study that primarily focused on the relationship between stress and sympathetic modulation responses, neglecting other physiological factors that could also influence academic performance. This aligns with the findings from Moore et al. (2021), who discovered that students experiencing financial stress often report difficulties concentrating on their studies due to concerns about their financial situations, which can hinder their cognitive abilities and overall academic success. For instance, a study revealed that many Malaysian undergraduates experience moderate levels of financial distress and perceived stress, with family income playing a mediating role in their psychological well-being (Khoo & Farah, 2021). Past research suggests that financial distress is a major stressor impacting a student's mental health and academic performance. However, effective financial management and support systems are crucial in mitigating these stressors, which may affect university students' academic performance.

2.2 Allowances

Generally, allowances can be defined as a sum of money provided to someone regularly or for a particular purpose. Hassan and Wahid (2023) described a student's allowance as financial support provided by parents or guardians to help cover expenses related to schooling, including costs for housing, meals, and transportation. In relation to allowances and motivation, based on past research by Mudhofar (2021), there is no significant direct effect of performance allowances on motivation, employees' work achievements, or organisational performance. This indicates that the number of allowances does not reflect the overall performance of someone. Research by Banquerigo et al. (2024) showed that students who receive their allowances regularly, particularly daily, often have a more positive perception of their financial well-being, even if they set aside only a small amount for savings. This indicates that consistent financial support can enhance students' views of their financial health, regardless of the limited portion they allocate toward saving. In the context of university students in Malaysia, most students manage their finances independently, with financial support coming from sources such as the National Higher Education Fund Corporation (PTPTN), scholarships, personal savings, or family contributions. Several previous studies have explored student finances, focusing on areas such as financial management awareness, spending habits and expectations, as well as the relationship between monthly allowances and academic performance (Hassan & Wahid, 2023).

2.3 Financial Management

Financial management is the process of organising financial activities, including planning, implementation, control, and ensuring financial accountability (Sukenti, 2023). Nana (2024) conducted a study examining the influence of financial management practices on the performance of

Small and Medium-Sized Enterprises (SMEs). The findings revealed that effective working capital management and capital budgeting notably improved organisational performance, whereas asset management showed no significant impact. Norazlan et al. (2020) found a significant relationship between financial difficulties and academic outcomes, with students facing financial difficulties tending to have lower academic performance. Moreover, Francis et al. (2025) discovered that online learners who balance studies with work showed that financial outcomes influence their academic performance.

2.4 Spending Behaviour

Spending can be defined as the act of using funds to acquire goods or services that meet a person's needs or desires (Gierczak et al., 2019). In comparison to previous generations, the younger generation today allocates more of their spending toward online gaming, convenience, travel, socialising, and online shopping, rather than investing in assets like homes and cars (Ahmad et al., 2024). This tendency reflects poor spending habits, as they often follow trends and make impulsive purchases without careful consideration. Recent studies by Sandrasegaran and Rambeli (2023), which studied on spending patterns among Malaysian public and private university students, have revealed a significant link between income, financial literacy, and spending behaviour. It emphasised the importance of students' ability to distinguish between needs and wants in shaping their financial decisions. The findings suggest that improving financial literacy could positively impact students' spending habits and overall financial behaviour.

Prior studies consistently demonstrate that university students' academic performance is influenced by their financial circumstances, particularly the adequacy of allowances, financial management practices, and spending behaviour. Existing research shows that insufficient or unstable allowances are associated with higher financial stress, reduced study focus, and poorer academic outcomes, while adequate financial resources can support learning-related expenditures and academic engagement. In parallel, studies on financial management suggest that students with stronger money management skills experience lower financial stress and better self-regulation, which are indirectly linked to improved academic performance. Research on spending behaviour further indicates that impulsive or non-essential consumption may divert financial resources and attention away from academic needs, thereby negatively affecting academic outcomes. However, much of the existing literature tends to examine allowance, financial management, and spending behaviour in isolation, or focuses primarily on financial literacy without directly linking financial management behaviours to measurable academic performance. Moreover, few empirical studies integrate these financial factors into a single explanatory model to determine their simultaneous influence on students' academic performance, particularly among university students.

Therefore, this study addresses these gaps by examining the relationships between allowance, financial management, and spending behaviour and academic performance, while also determining their combined influence, thereby providing a more comprehensive understanding of how students' financial resources and financial behaviours shape academic outcomes.

3. RESEARCH METHODOLOGY

This study targeted local university students in Malaysia, with the survey exclusively conducted online. The data for this study were collected using primary data from survey respondents. According to Ajayi (2023), primary data are collected in real-time, while secondary data pertain to information from the past. Stratified random sampling was used, which divides the population into smaller groups according to factors including education level, course fees, monthly allowance and expenses. This strategy was used to reduce the possibility of a low response rate and expedite the process of collecting data (Iliyasu & Etikan, 2021). A five-point Likert scale was used due to its suitability for a large sample size (Yue et al., 2024). Conducting online surveys facilitated faster and more efficient data collection (Zimba & Gasparyan, 2023).

3.1 Population and Sampling

The target population for this study comprises 200 respondents from public university students in Malaysia. These students are selected as they commonly manage allowances, financial responsibilities, and academic workloads, making them suitable for the study's objectives. The population represents the complete group or phenomenon under investigation (Ahmad et al., 2023).

A stratified sampling technique is employed to ensure representation across subgroups such as gender, academic programmes, and family income levels. The process involves the following steps. First, defining strata, the population is divided into mutually exclusive subgroups (strata) based on relevant characteristics such as gender (male, female, non-binary), academic programmes (e.g., business, engineering, social sciences), and family income levels (low-, middle-, high-income groups). Second, determining the sample size for each stratum, the proportion of each subgroup in the sample reflects their actual distribution in the population. If necessary, an equal allocation can be used for comparative analysis. Third, random selection within each stratum, participants are randomly selected from each subgroup to reduce bias and improve generalisability. Lastly, combining samples, after selection, all subgroup samples are combined to form the final sample for analysis. Sampling methods involve selecting a subset from a larger population and are fundamental to research, as the reliability and generalisability of findings depend on them (Ahmed, 2024).

A compilation of various sample size tables has been prepared, including those based on the Kappa agreement test, intra-class correlation test, and Cronbach's alpha test. According to Bujang et al. (2024), at least 30 samples are necessary for conducting Pearson correlation analysis. Hence, approximately 200 students are approached to ensure reliable results and generalisability. The sample size refers to the number of observations selected to estimate characteristics of a given population (Hossan et al., 2023). A larger sample size generally increases the reliability and validity of the results, reducing sampling errors and enhancing statistical power for hypothesis testing (Hair et al., 2019).

3.2 Reliability Analysis

Reliability analysis was conducted to assess the internal consistency of measurement items and to ensure that the instrument consistently measures the intended constructs, thereby reducing measurement error and enhancing the credibility of the findings (Cronbach, 1951). Although none of

the constructs achieved the "very good" threshold, all demonstrated adequate reliability, supporting their suitability for further analyses such as correlation and regression. The data were analysed using IBM SPSS Statistics 27 for reliability tests. Reliability analysis for the four key constructs in this study, which are allowance, financial management, spending behaviour, and academic performance, is presented in Table 1. Each of these variables was measured using a set of five items. The reliability of each construct was assessed using Cronbach's alpha (α), a statistical measure used to evaluate internal consistency, or how closely related a set of items are as a group.

Table 1 Cronbach Alpha

Variables	Number of items	Reliability, α
Allowance	5	0.73
Financial Management	5	0.78
Spending Behaviour	5	0.77
Academic Performance	5	0.74

The reliability coefficient for allowance was $\alpha = 0.73$, indicating that the items used to measure this construct were consistently capturing the same underlying concept. Although slightly lower than the others, this value still meets the minimum acceptable threshold of 0.70, suggesting satisfactory internal consistency. The construct for financial management showed the highest reliability, with a Cronbach's alpha of $\alpha = 0.78$. This indicates that respondents answered consistently across all items related to financial management, reflecting a strong level of internal agreement among the items. Similarly, spending behaviour showed a reliability coefficient of $\alpha = 0.77$, suggesting that the items effectively measured the same behavioural tendencies regarding expenditures among respondents. Academic performance also demonstrated good internal consistency with Cronbach's alpha of $\alpha = 0.74$. This implies that the items used to assess academic outcomes were reliable and appropriately linked to each other.

According to Wong et al. (2023), Cronbach's alpha values above 0.70 are considered acceptable in most social science research and values above 0.80 are considered very good. While none of the constructs reached the 'very good' category, all constructs demonstrated sufficient reliability to proceed with further analysis such as correlation or regression. This consistency indicates that the survey instrument used in the study was well-constructed and that the results derived from these variables can be considered dependable and valid for interpretation.

3.3 Data Collection

Data were collected through online surveys distributed via email and social media platforms to reach a broader audience (Lay et al., 2023). Participants were briefed on the purpose of the study and assured of anonymity and confidentiality before providing informed consent. Each variable was appropriately measured and sourced to allow for robust statistical analysis, such as regression or correlation, aligning with the study's objectives. The survey was conducted between February and the end of March 2025. A total of 200 questionnaires were distributed to university students across Malaysia who were included in the study. Following data coding and entry, an initial data screening was performed to detect outliers and address any inconsistencies.

4. RESULTS AND DISCUSSION

In terms of gender, the sample was fairly balanced, with females representing a slight majority at 52.5 percent ($n = 105$), while males made up 47.5 percent ($n = 95$). Studies have shown that generally, women are more likely to engage in voluntary survey research due to higher levels of conscientiousness and willingness to participate in educational activities (Smith, 2008). Ethnic distribution showed a predominance of Malay participants at 33 percent ($n = 66$), followed by Chinese (20.5%, $n = 41$), Indian (20%, $n = 40$), and Others (26.5%, $n = 53$). According to Aminnuddin (2020), the ethnic group in Malaysia is Malay-dominated. In line with that, Malay ethnicity is the highest percentage in this study. The demographic profile of the respondents is presented in Table 2.

Table 2 Demographic Information

Variables	Frequency (n)	Percentage (%)	
Gender	Female	105	52.5
	Male	95	47.5
Ethnicity	Malay	66	33.0
	Chinese	41	20.5
	Indian	40	20.0
	Others	53	26.5
Age	18 – 20 years old	28	14.0
	21 – 22 years old	62	31.0
	23 – 24 years old	69	34.5
	24 years old & above	41	20.5
Area of living	Rural	77	38.5
	Urban	123	61.5
Education level	Pre-university	21	10.5
	Diploma	45	22.5
	Bachelor	71	35.5
	Master	41	20.5
	PhD	22	11.0
Year of study	Year 1	46	23.0
	Year 2	68	34.0
	Year 3	62	31.0
	Year 4	24	12.0

In terms of age, the largest proportion of respondents fell within the 23–24-year-old category (34.5%, $n = 69$), followed by those aged 21–22 years (31%, $n = 62$). Respondents aged 24 and above constituted 20.5 percent ($n = 41$), while those between 18–20 years represented the smallest group at 14 percent ($n = 28$). According to Abbas et. al. (2024), the average age of university students was 23.25, which reflects the high percentage of the age group between 23 and 24 years old. Regarding residential background, a majority of participants reported living in urban areas (61.5%, $n = 123$), while 38.5 ($n = 77$) were from rural areas. Thomas et. al. (2015) found that most people prefer to stay in urban areas. As for education level, most respondents were pursuing a Bachelor's degree (35.5%, $n = 71$), followed by those at the Diploma level (22.5%, $n = 45$), Master's degree (20.5%, $n = 41$), PhD (11%, $n = 22$) and Pre-university (10.5%, $n = 21$). Webb et al. (2020) reported that bachelor's students mostly dominate universities. Lastly, the breakdown by year of study showed that most

participants were in Year 2 (34%, n = 68), followed closely by Year 3 (31%, n = 62), Year 1 (23%, n = 46), and Year 4 (12%, n = 24).

Pearson correlation analysis was used to determine the relationship between allowance and other income, financial management, spending behaviour, and academic performance among university students in Malaysia. Table 3 provides details on the Pearson correlation coefficients between the variables. Based on Hong et al. (2023), correlation coefficients between 0.10 and 0.29 are considered weak, those between 0.30 and 0.49 are considered moderate, and those between 0.50 and 1.0 are considered strong. The correlation coefficient ranges from -1 to +1, where 0 indicates no correlation, +1 signifies a perfect positive correlation, and -1 signifies a perfect negative correlation.

Table 3 Pearson Correlation Analysis

Variables	Academic Performance	
	Sig.	Pearson Correlation
Allowance	0.00**	0.21
Financial management	0.00**	0.25
Spending behaviour	0.00**	0.22

**Correlation is significant at the 0.01 level (2-tailed)

All three variables exhibit statistically significant positive correlations with academic performance, with all reported p-values of 0.00, indicating a strong likelihood of statistical significance. The correlation coefficient for allowance is $r = 0.21$, suggesting a weak, but statistically significant positive relationship with academic performance. This implies that students who report higher levels of allowance tend to have slightly better academic performance, though the strength of the relationship is modest. Research on public university students in Bangladesh found a positive correlation between academic performance and financial circumstances (Alam et al., 2024). The study noted that students with financial difficulties often struggle to afford essential learning materials, which can contribute to poor academic performance. They also found that financial satisfaction leads to students being more confident and less stressed. In addition, Iwai & Churchill (2020) highlight that financial support that adequately meets a student's needs is strongly correlated with improved attendance, persistence, and graduation rates. The study suggests that financial support helps students overcome educational barriers and focus on their academic and social engagement, which leads to better outcomes.

Financial management shows a slightly stronger positive correlation with academic performance ($r = 0.25$), indicating that students who are more effective in managing their finances are likely to achieve better academic performance. The relationship is still modest but more pronounced than that of allowance and other income, reflecting that good financial management may contribute to a more stable academic environment for students. Daud et al. (2021) conducted a study on Malaysian students and found that financial problems are a serious issue that leads to health issues and negatively impacts academic performance. They found a significant relationship between financial problems and academic performance, with students facing financial difficulties struggling to afford daily necessities and learning materials. Moreover, Villanueva and Suninguit (2024) found that students who were satisfied with their daily allowance, which implies effective management, tended to be more confident and less stressed. This emotional well-being is a key component of academic success.

Spending behaviour also has a positive correlation with academic performance ($r = 0.22$), suggesting that students with more controlled and purposeful spending habits tend to perform better academically. A report from Embark (2024) emphasises that developing good financial habits, such as budgeting and saving, can help students feel more in control of their finances, which in turn reduces stress and allows them to focus on their academic goals. It also notes that financial education is crucial for empowering students to make sound financial decisions (Embark, 2024).

This relationship further supports the notion that financial behaviours, such as budgeting and responsible spending, might play a role in academic performance by reducing stress or providing resources necessary for learning. All the correlations are statistically significant but relatively weak in magnitude. This indicates that while financial factors like allowance, financial management, and spending behaviour are associated with academic performance, other variables not included in the analysis may also influence academic performance. These findings highlight the importance of financial awareness and discipline as potential factors in enhancing academic performance.

This study was conducted to determine the various factors that can influence students' academic performance. It was hypothesised that academic performance can be explained by three identified factors, namely allowance, financial management, and spending behaviour. Hence, multiple regression was used. Results show a significant effect on academic performance ($F(3,196) = 7.537$, $p = 0.00$), with $R^2 = 0.103$, suggesting that 10.3 percent of the variance is explained by the factors (Table 4). Based on the unique individual contributions of the predictors, the results show that financial management ($\beta = 0.18$, $t = 2.41$, $p = 0.02$) and spending behaviour ($\beta = 0.15$, $t = 2.19$, $p = 0.03$) positively influence academic performance.

Table 4 Multiple Regression Analysis

Variables	Unstandardised β	SE	Standardised β	p
Constant	9.13	1.41	-	0.00
Allowance	0.10	0.06	0.12	0.10
Financial management	0.16	0.07	0.18	0.02
Spending behaviour	0.15	0.07	0.15	0.03

Note. * $R^2 = .103$, $F(3,196) = 7.5,4$, $p = 0.05$

Allowance has an unstandardised coefficient of $\beta = 0.10$, which suggests that for each unit increase in allowance and other income, academic performance is expected to increase by 0.10 units. In Table 3, the standardised beta coefficient of $\beta = 0.12$ shows a weak, positive relationship with academic performance. However, the t-value is $t = 1.63$ and the significance value is $p = 0.10$, which is above the common significance threshold of 0.05, indicating that the relationship between allowance and other income and academic performance is not statistically significant. Students receiving higher allowances and other income may not necessarily direct these resources toward academic purposes such as educational materials, tutoring, or study-related expenses. Moneva et al. (2020) found no significant association between the amount of school allowance and students' determination in their studies. The researchers concluded that a student's performance was not affected by whether their allowance was high or low. Instead, they found that a student's willingness to learn was the primary factor driving their academic performance.

This pattern suggests a disconnect between financial support and its strategic application to academic efforts. The results present an interesting similarity to existing literature, including Mukolo (2023), who has documented strong correlations between financial resources and academic success. Adequate allowances may contribute to financial support and reduce stress related to basic needs, but their capacity to predict academic success is constrained. The findings suggest that the mere presence of financial resources without corresponding financial responsibility and strategic allocation toward academic priorities provides limited predictive value for academic performance. This marks the importance of financial education in helping students maximise the academic performance derived from their current resources.

Financial management, on the other hand, shows a significant impact on academic performance. With an unstandardised coefficient of $\beta = 0.16$ and a standardised beta coefficient of $\beta = 0.18$, financial management appears to be a stronger predictor of academic performance compared to allowance and other income. The t-value of $t = 2.41$ and the significance value of $p = 0.02$ indicate that the relationship is statistically significant. This suggests that students who manage their finances better are more likely to perform well academically. This finding supports previous literature by Usman and Banu (2019) and Moore et al. (2021), which emphasised that students with stronger financial planning skills were more focused, less stressed, and better prepared for academic responsibilities. Efficient financial management reduces financial uncertainty, which in turn frees cognitive resources that can be redirected toward studying and coursework. The result highlights the value of financial management among university students in Malaysia. Teaching students how to manage their finances effectively could have a direct and positive impact on their academic outcomes.

Spending behaviour also has a significant positive effect on academic performance. The unstandardised coefficient of $\beta = 0.15$ and the standardised beta of $\beta = 0.15$ indicate a moderate relationship between spending behaviour and academic performance. The t-value of $t = 2.19$ and the significant value of $p = 0.03$ suggest that this relationship is statistically significant, indicating that students who exhibit better spending habits are more likely to achieve higher academic outcomes. Effective spending behaviour may reduce financial stress and allow students to allocate their resources toward essentials such as academic materials, transportation, and proper nutrition, which can contribute to better learning outcomes. This finding is consistent with studies by Kumar et al. (2022) and Schuman-Olivier et al. (2020), which emphasised that students with budget-conscious and mindful spending behaviour often experience fewer distractions and perform better academically. These results imply that the way students manage and prioritise their expenditures is more important than the amount of money they receive. Encouraging financial literacy and budgeting skills among students could positively influence their academic performance.

5. CONCLUSION AND RECOMMENDATIONS

According to these findings, it can be concluded that university students' allowances and other income do not independently relate to academic performance, as evidenced by a weak correlation and lack of statistical significance. It does not significantly predict academic performance. Conversely, spending behaviour and financial management exhibit statistically significant positive relationships with academic performance. Students who spend their finances effectively tend to achieve better academic results. This highlights the importance of financial behaviours that could significantly affect students' academic performance. Effective financial management is a critical factor for students. **The**

study shows that financial management demonstrates a statistically significant positive correlation with academic performance among university students. Teaching students how to manage their finances helps universities and policymakers encourage responsible spending and effective resource use, which can contribute to better academic outcomes. Incorporating financial education into student support programmes is essential to maximise the academic benefits from financial support.

Based on the findings from this study, several recommendations are proposed to support the academic performance of university students through improved financial management and spending behaviour. There is a strong need to embed financial literacy into student life. Institutions should offer structured programmes that teach personal finance skills through workshops, talks, or co-curricular courses. These should be introduced early in the academic journey, ideally during orientation week or as part of first-year experience programmes. Furthermore, universities are encouraged to establish on-campus financial counselling services where students can receive one-on-one support in managing their allowances, setting savings goals, and handling debt. These services can be managed by trained counsellors or in collaboration with external financial institutions. To ensure that interventions are effective, universities should also conduct periodic assessments of students' financial well-being, spending patterns, and academic stress levels, using the data to enhance support initiatives accordingly.

In addition, private higher education institutions should also play a proactive role by implementing campus-level financial management and mental health initiatives. Universities are encouraged to provide regular financial management workshops, covering topics such as monthly budgeting, prioritising academic expenses, and managing allowances effectively. These workshops can be integrated into student orientation programmes or co-curricular activities to maximise participation. Additionally, institutions should establish financial advisory or peer mentoring services to guide students in managing their finances throughout their studies. To address mental health concerns, private institutions should enhance accessible and confidential counselling services, with a particular focus on financial stress as a contributor to anxiety and academic difficulties. Integrating financial counselling with mental health support can create a holistic student support system, enabling students to manage both financial and psychological challenges more effectively, thereby improving academic performance and overall well-being.

Furthermore, government agencies such as the Ministry of Higher Education (MOHE) and related bodies should introduce integrated financial well-being policies targeted at university students. First, national financial management awareness programmes should be embedded into higher education initiatives, including compulsory financial literacy modules focusing on budgeting, responsible spending, and debt management. These programmes could be delivered through digital platforms and collaborations with financial institutions to ensure practical and relevant content. Second, policymakers should consider reviewing student allowance schemes, scholarships, and financial aid mechanisms to ensure adequacy and timely disbursement, thereby reducing financial stress that may negatively affect students' academic performance. In addition, government agencies should strengthen student mental health support systems by increasing funding for on-campus counselling services, training mental health professionals, and integrating financial stress screening into student support services. Such initiatives would help identify financially vulnerable students early and provide timely financial and psychological interventions.

Findings clearly show that academic success is more closely related to how money is managed and spent, rather than the amount received. As such, students are encouraged to develop and adhere to monthly budgets that differentiate between needs and wants. Utilising budgeting apps and maintaining spending logs can significantly help improve financial discipline. It is also vital that

students prioritise their spending on academic-related necessities such as educational materials, internet access, transportation, and healthy food expenditures that directly support their learning and performance. Moreover, students should actively seek out financial knowledge beyond formal instruction by engaging with online courses, personal finance books, and financial literacy campaigns. Practising self-control in spending and building long-term financial awareness can significantly reduce stress and contribute to both academic and personal success.

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