

Financial investments and institutions

[Finance](#), [Investment](#)



A person in its youth is an important period in the cycle of life; so, it is has come to our attention that it is vital to focus on future in order for the current generation to ensure their future continuity and sustainability. Now the world has become more challenging than ever, our societies are aging then it is becoming quite urgent that the young, especially among the university students to invest more in their financial portfolio. Therefore, the ability of managing personal finances is important. Young adults must plan for their long-term investment for their retirement and children education which they must also decide on short-term saving that they might need in case of an emergency happens, this is where they must also invest in medical and life insurance needs (Feldman, 2017).

Financial investment is important now than ever – and not just to family and consumer economics professionals. Financial institutions, the student loan community, financial professionals and educators, and others have identified personal financial management and its education as a priority. Several organizations also have demonstrated an interest in improving the financial literacy of university students, which is important for a number of reasons therefore it is obvious, the financial decisions students make during their varsity years have an important influence on their financial situation after (Nga, Yong & Sellappan, 2010). In addition, their financial situation in the university can affect their academic performance.

According to a study by UITM Faculty of Business (Ibrahim, Harun and Mohamed Isa, 2010), it is found that one in three students reported his/her financial situation was “likely” or “somewhat likely” to affect the ability to complete a university degree. It is also reported that, after controlling for a

wide variety of factors that affect university performance, students receiving at least partial coverage from their parents for tuition and books were more likely than self-financed students to fail courses, to be placed on academic probation, and to earn lower GPAs. Also due to the rapid growth in the economic sector, there have been numerous issues that implicate student's life, which causes a drag in their financial status and capabilities. It has been emphasized in Williams and Oumlil, (2014), that Primarily the high levels of study debt that plague the young adults that put them in difficult position when entering the real working life.

While understanding the financial situations of university students is important, most of the research on university students and their finances have been focused almost exclusively on financial literacy. This paper uses a much broader definition of financial literacy to describe the financial management practices, attitudes of university students, and advantages of investment while they are young for the future. In this context, the objective of this paper is to accentuate the university students regarding the significance of comprehending basic or intermediate skills and knowledge of financial management or investment. Therefore, we firmly believe that investing young is an advantage among university students in terms of financial literacy, future investment and personal wealth growth.

FINANCIAL LITERACY

What does it mean to say that one is “financially literate”? Researchers have only recently attempted to define the concept. Financial literacy is defined as a “meaning-making process” in which individuals use a

combination of skills, resources, and contextual knowledge to process information and make decisions with knowledge of the financial consequences of that decision. In other words, the ability to read, analyze, manage and communicate about the personal financial conditions that affect material well being (Forbes and Kara, 2010). It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions, including events in the general economy. Despite the various differences in definitions, the consistencies are notable.

Derived from the broader construct of general self-efficacy, Entrepreneurship Self Efficacy (ESE) refers to the belief in one's ability to successfully engage in venture creation activities based on a personal assessment of one's entrepreneurial skills. Understanding how ESE develops is important because considerable research indicates that individuals who perceive themselves to possess entrepreneurially relevant capabilities tend to have higher intentions to engage in venture creation activities (Bellò, Mattana, Loi, 2018).

Supporting entrepreneurship has been widely recognized as a key strategy for socio-economic development, specifically targeted to reduce unemployment rates in both developed and developing countries. Consequently, the government prioritizes on promoting youth entrepreneurship and making countries more entrepreneur-friendly. Also according to Bellò, Mattana, Loi, (2018) “ In Europe, college and undergraduate students are the major targets of such policies, as specified by the Strategic Framework for European Cooperation in Education and

Training (ET, 2020), which aims to enhance creativity and entrepreneurship at all levels of education and training. ". In a world where traditional career boundaries are shifting, entrepreneurship is often viewed as an " equalizer" across social and demographic groups.

FUTURE INVESTMENT

Future investment can be categorized as the important component in our life. One of the ways to do so is by practicing saving. Most of the young people nowadays do not realize the power of saving for their future. From only one ringgit per day , to a bunch of money. According to the American Bankers Association (2013) " Invest a little for a long time and you end up with a lot" (pp. 1), these practices really help us when we need them. This is all about our life planning from the young. " Putting off your wants now for a future reward is the key to reaching your goal. It will be a lot easier to save your money if you know what you're saving for." {American Bankers Association, 2013, pp. 2). From the statement from the article, there will be a key to keep saving on priority by setting our mind to discipline our self to do it.

Thus, it will make the saving is a habit and as a commitment that encourages us to do the saving without any hesitation. It is affirmed by the Personal Wealth Advisory (2016), " One key to financial independence is a disciplined mindset" (pp. 1). This mindset setting should be instilled in children`s mind because it is easier for them to build habits such as financial discipline when they are young. Without a mindset setting, it could be just a waste when it becomes a task and tasks are often postponed and finally

failed in saving. Then, when it becomes a habit, this is the best time to improve the saving rate and keep improving regularly.

The most important question that will lead us to save for the future is how you will pay for an emergency? Though, this question also is the answer to why we must do the saving. Some tips to do saving is by setting your goal first either a short-term goal or long-term goal. With this saving, it will help us in the future. Furthermore, one of the advantages of saving is for retirement financial backup. However, many of the students do not realize the importance of saving for the future. As for the argument, the government should influence young people about saving behavior. There are many ways that can be done by the authorities to attract young people to do the saving. One of the ways is establishing a scheme that can bring beneficial reward for them like what has been done by Bank Simpanan Nasional (BSN) on SSPN. It is because “ Investing in bringing youth into the financial system at a young age should help create a generation of adults with stronger money management habits” according to (Kilara & Latortue, 2012, pp. 4).

In addition, growing the saving must be put at the first place. There are many ways for students to invest their money in a proper way. One of the right places is putting your money on business or doing entrepreneurship. Furthermore, the prophet Muhammad S. A. W. was an entrepreneur before and he had encouraged us to do so. “ And when the prayer has been concluded, disperse within the land and seek from the bounty of Allah, and remember Allah often that you may succeed” surah al-Jumu’ah (62: 10) Even

the noble Quran asks us to do entrepreneurship because it is the best way of growing our money. But, as a Muslim, we must adhere the Syariah compliance to get a reward in this world and hereafter.

Other than that, instead of doing business there are many ways that can be our platform to grow our money. Nowadays, we can do investing with our saving as we called unit trust. One of the most popular unit trust in Malaysia is Amanah Saham Nasional Berhad (ASNB). The government of Malaysia encouraged all the citizen to do this investment as a future investment. Though, this platform is approved by Securities Commission Malaysia who responsible to look after trading investment company as adhering to Syariah compliance. In addition, most of the banking institution in Malaysia offers Islamic banking products and services.

Moreover, some of the students are disclosed to the good of the real investment world. The existence of Bursa Malaysia is one of the ways in doing the investment. However, before putting our money in stock trading, we must really understand the consequences of pros and cons about this platform very well. In the same way, goes to trading in cryptocurrency that has been popular a few years ago with the existence of Bitcoin and Ethereum. This blockchain technology is totally different compared to stock exchange process whereby there is no proper policy guided by the world banking institution and it's totally risky. However, most of the traders are attracted to invest their money in this platform because of their high-profit possibility.

According to Pamane & Vikpossi (2014), “ investments with high levels of systematic risk can be expected to produce a high return” (p. 2; vol. 5). All economic scholars all over the world have mutually agreed on the abovesaid statement. The guaranteed high return is the reason why people still invest their money in cryptocurrency even they already knew their risk. But, understanding the market flow and the economic condition is a must as an investor, so it might be the advantage to do some estimation on the market movement. students must explore how the real world is working as much as they can. Birgitt Flohr (1997) wrote an essay that quote “ all our knowledge is founded in experience” (pp. 1). This statement is totally on the right track whereby people are facing in their life. In short, planning for our future investment is a must to be ready for any consequences.

PERSONAL WEALTH GROWTH

According to Office for National Statistic (2012), the definition of wealth is to measure the value of all the assets that owned by a person, company or country. wealth is determined by calculating all the tangible and intangible assets and the capability of the individual or firm in consuming the goods and services. Basically, this is the sum of all property of them. The personal wealth growth planning has to start early by understanding the concept of wealth management and related between purchasing power and consumer behavior. Those ideas were an appropriate knowledge that student must acquire to manage their property well. This is also a crucial element to be a successful person.

A study conducted by Sarah Cormack in 2014 indicates that parents should allow their children in managing their wealth. They must be responsible for all their action toward their money. Young people nowadays are more depending on the parent`s wealth. It is agreed that the wealth can be inherited by children but are they ready in managing the property properly. Therefore, they have stood with the good strategies to avoid the pitfalls and applying the best practice to step forward. Cormack (2014) says that “ great wealth is matched equally by challenges” (pp. 27). It has been thought that every person in this world are facing their own life challenge as quoted in Quran Al Karim; “ Allah does not charge a soul except [with that within] its capacity.

It will have [the consequence of] what [good] it has gained, and it will bear [the consequence of] what [evil] it has earned. “ Our Lord, do not impose blame upon us if we have forgotten or erred. Our Lord, and lay not upon us a burden like that which You laid upon those before us. Our Lord, and burden us not with that which we have no ability to bear. And pardon us, and forgive us, and have mercy upon us. You are our protector, so give us victory over the disbelieving people.” (al-baqarah, 2: 286)

This verse telling us that we are always be tested by Allah s. w. t. to remind us we just a vicegerent of Allah s. w. t. and that wealth and property do not belong to us. we have to do good deeds in our society in order to be check and balance in the society. Islam highlighted the importance of helping others because all people in this world are our responsibility. Because of that, Zakat has been introduced to help the people who entitle to get it such

as students, poor and large debt person. All of this kind of people called as “asnaf”. All of our action is being seen and evaluated. So, put the wealth in the right place.

What we should do in wealth management is cash flow planning over each transaction. This strategy is to measure the financial capability without using the money with a surplus. It might be difficult to control the consumption, but students must do it for future investment. Equally important is investment planning and management. As mentioned above the types of investment, students must verify which kind of investment that suits them whether active or passive investment. In my suggestion, as a student, we are encouraged to do passive investment such as the open saving account in ASNB or other unit trust institution that has low risk. This investment plan is basically depending on the target and willingness to take the risk.

On the other hand, the behavior in consumption is the main role of how to manage the wealth. Students have to know their own capability before consuming any goods or services. Thus, greediness is the bad behavior that all people need to avoid. Therefore, students can just only fulfill their basic needs. In the Islamic context, Dharuriyyat is the basis of our needs which was necessary to us that covering in the preservation of life, faith, intellect, property, and lineage such as rice, clothes, and place to live. Then, Hajiyyat is to release the hardship such as buying the phone for telecommunication. Finally, is tahsiniyyat, whereby is focusing on the luxuries item. Islam encourages us to be moderate in our life or called as Wasatiyyah. Those terms are to remind us to be wise in making the