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EXAMINING THE INFLUENCE OF PARENTAL ROLE, PEERS, AND DEBT LITERACY ON DEBT BEHAVIOUR AMONG UNDERGRADUATE STUDENTS IN INDONESIA AND MALAYSIA

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Abstract

Research background: Debt behaviour is an aspect of financial behaviour that reflects a person's behaviour regarding borrowing money. In order to understand the factors that influence debt behaviour among students in Indonesia and Malaysia, it is crucial to conduct research on this matter. While the

majority of the people in these two countries are Malay, it is possible that there are differences in their debt patterns.
Purpose: This study aims to empirically clarify the influence of parental subjective norms, parental financial teaching, peer influence, and debt literacy on debt behaviour among undergraduate students in Indonesia and Malaysia.
Research methodology: This study's sample included 160 Indonesian and 160 Malaysian students. Using partial least squares structural equation modelling, the factors affecting debt behaviour were identified.
Results: The factors significantly influencing debt behaviour at the 5% alpha level in Indonesia include parental subjective norms, parental financial teaching, and debt literacy, whereas those in Malaysia include parental subjective norms, peer influence, and debt literacy. A consistent finding across both countries is the impact of parental subjective norms and debt literacy, suggesting that parents as role models and knowledge and skills related to debt management are crucial for enhancing students' borrowing behaviour.
Novelty: There is a lack of research on the impact of debt literacy on debt behaviour, and no previous comparisons have been undertaken between Indonesia and Malaysia. A novel discovery in this study is that although Indonesia and Malaysia are cognate countries, the impact of parents and peers on shaping financial behaviour varies slightly.

Keywords: parental subjective norms, parental financial teaching, peer influence, debt literacy, debt behaviour

JEL classification: D14, G51, I22

Introduction

Initially, debt only took the form of simple social relations related to daily socioeconomic activities. However, with the financial system's development, types of debt have become increasingly varied. One type of debt that is currently being heavily advertised is Buy-Now Pay-Later (BNPL), which offers tempting and easy access to young consumers. BNP Moreover, since the coronavirus disease 2019 (COVID-19) outbreak in 2020, shopping habits have changed significantly (Sulistiawan et al., 2023). The PT Pefindo Credit Bureau in Indonesia noted that the total BNPL loans as of April 2023 increased by 61.3% per year to Rp. 26.14 trillion. Further, 50.11% of BNPL users are aged 20–30 years. A survey of the financial behaviour of Millennials and Generation Z found that BNPL is used for the purchase of fashion items and accessories, credit, gadgets, electronics, food, and so on.

According to Research and Markets (2021), the estimated value of merchandise with BNPL in Malaysia is projected to rise from US$ 271.8 million in 2020 to US$ 3,571.8 million in 2028 (Min, Cheng, 2023). Approximately 55% of Malaysia's population is either underbanked or unbanked. Therefore, digital loans, which offer easier access to credit, serve as a solution for certain individuals. The most active users of BNPL are the younger generation, especially millennials and Gen Z (Backman, Caporal, 2023).

Debt behaviour, an aspect of financial behaviour, refers to a person's actions and conduct related to debt (Dusia et al., 2023). Among these students, who are Generation Z, debt is not only used to fund education, but some are frequently exposed to online debt advertisements, including BNPL, to buy consumer goods such as clothes, bags, and cosmetics. Some people can manage their debts effectively, but a small number cannot pay their debts and, as a result, become confused and anxious. In fact, debt can cause difficulties for companies if they fail to meet these obligations (Gajdosikova, Valaskova, 2022), which also applies to individuals in debt.

These behaviours can be caused by psychosocial factors such as socialisation agents (like parents and peers) and financial capability. This study focuses on four key determinants of student debt behaviour: parental roles (including subjective norms and financial teaching), peer influence, and debt literacy – for two primary reasons. First, they reflect psychosocial and behavioural dimensions that are particularly relevant among young adults who are still developing their financial habits. Second, unlike factors such as income level or tax policy – which may have macroeconomic effects or be more relevant in studies at the adult or household level – these psychosocial influences are more directly observable and applicable within the student population, who typically do not yet earn a steady income or pay taxes independently. Moreover, financial behaviour among students is often shaped more by their perceived knowledge and social environment than by structural financial conditions. By focusing on these factors, the study aims to provide insights into the behavioural roots of debt usage rather than its economic constraints.

Cwynar et al. (2019) found that parental subjective norms positively affect debt behaviour. Further, parental norms affect students' debt behaviour (Xiao et al., 2011). Findings from Malaysia indicate that parental influence is essential in children's attitudes toward handling debt and shaping their spending behaviour (Chia et al., 2024).

Furthermore, a person's decisions are influenced by their peers, who serve as reference points for thinking, perceiving, and behaving. Peers play an important role in the learning process (Yanto et al., 2021). Peer influence can encourage changes in individuals' attitudes, behaviours, and values (Dusia et al., 2023). Xiao et al. (2011) explored how peer influence impacts debt behaviour and found that peers exert both negative and positive effects. Peer influence can result in poor financial decisions but can also instil positive financial attitudes. However, Dasia et al. (2023) and Jamilakhon et al. (2020) found that peer influence did not significantly affect the debt behaviour of the millennial generation of BNPL users. However, Scully and Moital (2016) found no relationship between peer influence and reactions to indebtedness, even though peers strongly impact individual decision-making. Moreover, peer influence was minimal during the Movement Control Order imposed in Malaysia owing to COVID-19 (Chia et al., 2024). Additionally, Cwynar et al. (2019) found that debt literacy affects debt behaviour.

While individual-level debt determinants have been widely investigated in the literature, comparative cross-country studies remain scarce, especially in the Southeast Asian context. Indonesia and Malaysia offer a relevant comparison, as both are Muslim-majority countries with similar cultural backgrounds, yet they differ in aspects of financial development, digital adoption, and educational systems. Understanding how these psychosocial determinants of debt behaviour operate across different national contexts can help identify whether such influences are universal or context-dependent. The aim is to obtain empirical evidence regarding the influence of parental role (including parental subjective norms and parental financial teaching), peer influence, and debt literacy on debt behaviour.

1. Literature review and hypotheses development

1.1. Theory of planned behaviour (TPB)

The TPB predicts individual behaviour by considering the intention to adopt a specific activity at a particular time and place. This theory posits that individual conduct is driven by behavioural intentions, which are influenced by three factors – namely, attitudes towards behaviour, subjective norms, and perceived behavioural control. Attitudes towards behaviour pertain to the degree to which an individual possesses favourable or unfavourable sentiments regarding the behaviour in question. Subjective norms pertain to an individual's perception of whether others will perceive their behaviour positively or negatively. Perceived behavioural control pertains to an individual's assessment of the level of ease or difficulty in performing a specific behaviour.

1.2. Social learning theory

Social learning theory suggests that children learn, interpret, and subsequently imitate behaviours by observing others or through direct instruction within a given environment. Based on this theory, parental subjective norms, parental financial teaching, and peer influence are compelling variables in research related to debt behaviour.

According to Bandura's social learning theory (1977), individuals, both children and adults, use their past social experiences to shape their cognitive processes, which, in turn, impact their future behaviour and development. From this viewpoint, children actively seek and combine the knowledge they come across in different social encounters, such as by observing role models, engaging in verbal exchanges, and participating in disciplinary sessions. According to the principles of social learning theory, individuals tend to acquire social behaviours by observing and imitating their peers.

1.3. Social cognitive theory

Albert Bandura developed social cognitive theory during the 1960s and 1970s. This theory suggests that learning is the result of ongoing and mutually influential interactions between individuals, their surroundings, and their behaviours. This theory posits that behaviour can impact cognition and vice versa. Thus, based on social cognitive theory, prior studies have demonstrated that peers significantly influence individuals (Brechwald, Prinstein, 2011).

Parents exert a significant influence on their children's attitudes towards specific actions, such as financing, as youngsters tend to imitate their parents' conduct (Cwynar et al., 2019). Furthermore, engaging with their parents cultivates individuals' aptitudes and expertise (Danes, Haberman, 2007). Parents are the primary socialisation agents for their offspring. Tang (2017) discovered that parents' financial behaviour impacts their children's financial behaviour. Specifically, this study focuses on how parents' behaviour influences their children's handling of debt, cash flow, savings, and credit.

Xiao et al. (2011) assessed parenting norms using the following three indicators: adhering to the budget, fully paying credit card bills monthly, and conserving money monthly for future use. According to Cwynar et al. (2019), parental subjective standards strongly, desirably, and meaningfully influence debt behaviours.

According to Norvilitis and MacLean (2010), parents closely monitoring their children's finances is linked to a higher level of understanding of debt management, which, in turn, lowers debt levels. Peer influence refers to the impact that individuals receive from their peers within their social circles in terms of attitudes, conduct, and knowledge. Peers can influence an individual's attitudes, behaviours, and values, as the latter strive to conform to the values prevailing in their surroundings. According to Scully and Moital (2016), interpersonal influence among peers substantially impacts individual decision-making. Jamilakhon et al. (2020) found a positive correlation between peer influence and debt behaviour.

1.4. Debt Literacy

Debt literacy – a building block of financial literacy – measures an individual's knowledge of different types of debt, how interest works, and how to manage debt effectively (Lusardi, Tufano, 2015). It also includes a person's self-assessment of their overall financial knowledge. In addition, debt literacy forms part of broader financial understanding, encompassing both an individual's objective financial literacy and their awareness of debt-related issues (Cwynar et al., 2019).

1.5. Hypotheses development

Social learning theory is the basis for explaining the relationship between parental teaching in childhood and adult characteristics, including debt behaviour (Cwynar et al., 2019). Parents' financial behaviour influences children's financial behaviour, including debt management (Tang, 2017). Family socialisation can be conducted through direct parental instruction (Mahapatra et al., 2024). Parental financial teaching plays a role in influencing children's financial behaviours and their daily financial management and is important for overcoming future financial obstacles.

Parents' financial teaching positively and significantly affects financial behaviour (Noh, 2022). Accordingly, the following hypotheses are proposed:

H1. Parental subjective norms positively and significantly affect the debt behaviour of Indonesian students.

H2. Parental subjective norms positively and significantly affect the debt behaviour of Malaysian students.

H3. Parental financial teaching positively and significantly affects the debt behaviour of Indonesian students.

H4. Parental financial teaching positively and significantly affects the debt behaviour of Malaysian students.

Peer influence is the influence that a person receives from their peers in their social circles regarding their attitudes, behaviour, and knowledge. The role of peer influence includes changing individuals' attitudes, behaviours, and values because the latter generally want to adapt to the values existing in their environment. Scully and Moital (2016) stated that interpersonal influence between peers significantly impacts individual decision-making. Further, Jamilakhon et al. (2020) found that peer influence is positively related to debt behaviour. Accordingly, the following hypotheses are proposed:

H5. Peer influence positively and significantly affects the debt behaviour of Indonesian students.

H6. Peer influence positively and significantly affects the debt behaviour of Malaysian students.

Financial literacy is related to a person's financial knowledge and self-confidence in using financial products (Gutura, Chisasa, 2024). Financial literacy includes debt literacy as well (Cwynar et al., 2019). People with insufficient debt management skills have a greater risk of over-indebtedness because of poor debt management. Low debt literacy tends to make debt more expensive. Poor debt knowledge, especially difficulty in understanding the interest expense function such that a loan appears more attractive than it actually is, can cause unsatisfactory debt behaviour (Galariotis, Monne, 2023). Moreover, Cwynar et al. (2019) demonstrated that debt literacy affects debt behaviour. Accordingly, the following hypotheses are proposed:

H7. Debt literacy positively and significantly affects the debt behaviour of Indonesian students.

H8. Debt literacy positively and significantly affects the debt behaviour of Malaysian students.

2. Research methodology

This quantitative study tested the effects of parental subjective norms, parental financial teaching, peer influences, and debt literacy on debt behaviour. The study population comprised undergraduates from Indonesia and Malaysia. Sampling was conducted randomly. We determined the minimum sample size following Barclay et al. (1995), as cited in Hair et al. (2017). Their approach involved multiplying 10 with the largest number of structural paths directed at a single construct in the model.

Since all the variables in our study are reflective, the construct with the most incoming arrows is variable Y. Therefore, the minimum sample size should be ten times the largest number of structural paths directed at variable Y in the structural model, which is $10 \times 4 = 40$. We used a sample size larger than the minimum requirement. Specifically, 160 samples each were collected from Indonesian and Malaysian students. The sample was randomly selected to represent the opinions of students from both countries.

The questionnaire distributed to the respondents was prepared based on indicators obtained from previous studies (Cwynar et al., 2019; Dusia et al., 2023; Fachrudin et al., 2022; Lusardi, Tufano, 2015). Table 1 presents the variables and their indicators. All variables used an interval scale measured using a Likert scale ranging from 1 (indicating "strongly disagree") to 5 (indicating "strongly agree"). Testing was conducted twice, first for Indonesian respondent data and then for Malaysian respondent data. In each case, partial least-squares structural equation modelling (PLS-SEM) was used to analyse the data.

The study is mathematically represented by the following equation:

$$\hat{Y} = a + b_1\mathrm{X1} + b_2\mathrm{X2} + b_3\mathrm{X3} + b4\mathrm{X4} + e$$

where:

X1 – parental subjective norms,

X2 – parental financial teaching,

X3 – peer influence,

X4 – debt literacy,

$\hat{Y}$ – debt behaviour,

e – error term.

Table 1. Variables and Indicators

Variable	Indicator
1	2
Parental subjective norms (X1)	X1.1 Parents shop according to the budget
	X1.2 Parents saved money for the future
	X1.3 Parents invest for the future
	X1.4 Parents pay bills on time
Parental financial teaching (X2)	X2.1 Parents discuss family financial matters
	X2.2 Parents explain the importance of saving
	X2.3 Parents taught how to be a smart shopper
	X2.4 Parents discuss how to finance children's college education
	X2.5 Parents taught how to manage finances effectively
Peer influence (X3)	X3.1 Discussing financial management with friends
	X3.2 Comparing the amount of expenses with friends
	X3.3 Spending free time with friends
	X3.4 Involving friends in finance-related activities
Debt literacy (X4)	X4.1 Knowledge about the debt maturity date
	X4.2 Knowledge about the financial costs of the money borrowed
	X4.3 *Skills in managing debt*
	X4.4 Ability to choose a borrowing option with a cheaper cost
	X4.5 Knowing about the risks of debt
	X4.6 Determining which financial institutions issue lists of licensed and registered fintech lending companies

1	2
Debt behaviour (Y1)	Y1.1 Seeking related information before borrowing money
	Y1.2 When borrowing money, first thoroughly examine all the matters involved and carefully consider all the available options
	Y1.3 Never borrowing money to repay former debts
	Y1.4 Never borrowing money simultaneously from more than one source – for example, banks, personal loan companies/payday loans, instalment purchases, pawnshops, and families
	Y1.5 Always paying debts on time
	Y1.6 Always paying bills on time

Source: Adapted and developed from Cwynar et al. (2019); Dusia et al. (2023); Fachrudin et al. (2022); and Lusardi and Tufano (2015).

3. Results and discussion

In this section, the results of the descriptive and inferential statistics are presented. Finally, we discuss the findings.

3.1. Descriptive Statistics

Table 2 shows the frequency distribution of the research variables.

Table 2. Frequency Distribution of the Research Variable

Indicator	Indonesian Students (%)						Malaysian Students (%)					
X1	1	2	3	4	5	total	1	2	3	4	5	total
1	2	3	4	5	6	7	8	9	0	10	11	12
X1.1	1.88	1.88	12.5	25.63	58.13	100	0.63	2.50	16.25	26.25	54.38	100
X1.2	1.88	3.13	8.75	21.88	64.38	100	1.88	3.13	14.38	26.25	54.38	100
X1.3	4.38	5.00	14.38	25.00	51.25	100	1.25	3.13	21.25	30.00	44.38	100
X1.4	1.25	1.88	8.75	23.75	64.38	100	1.25	1.88	1625	30.00	50.63	100
X2.1	4.38	6.88	13.13	22.50	15.63	100	6.88	11.25	2813	27.50	26.25	100
X2.2	2.50	0.63	6.25	16.88	73.75	100	0.63	3.13	11.88	31.25	53.13	100
X2.3	1.25	3.13	8.75	23.13	63.75	100	1.88	3.13	14.38	36.25	44.38	100
X2.4	5.63	5.00	17.50	29.38	42.50	100	4.38	11.25	20.63	29.38	34.38	100
X2.5	1.88	3.75	13.13	17.50	63.75	100	1.25	5.63	17.50	33.13	42.50	100
X3.1	8.75	6.25	38.13	30.63	16.25	100	6.25	10.00	33.13	31.88	18.75	100
X3.2	21.25	12.50	26.25	20.00	20.00	100	15.63	22.50	25.63	22.50	13.75	100
X3.3	7.50	18.75	31.88	25.00	16.88	100	4.38	11.88	32.50	28.13	23.13	100
X3.4	21.25	23.75	28.13	18.75	8.13	100	8.75	16.88	33.75	27.50	13.13	100
X4.1	3.75	3.13	12.50	23.75	56.88	100	1.88	3.75	18.13	36.25	40.00	100

1	2	3	4	5	6	7	8	9	0	10	11	12
X4.2	7.50	8.13	23.75	25.63	35.00	100	3.13	6.88	22.50	38.13	29.38	100
X4.3	2.50	3.75	22.50	35.00	36.25	100	3.13	2.50	31.88	34.38	28.13	100
X4.4	5.63	5.00	30.63	33.75	25.00	100	3.75	7.50	28.13	35.63	25.00	100
X4.5	1.25	0.00	8.13	25.63	65.00	100	0.00	1.25	12.50	31.25	55.00	100
X4.6	13.13	15.00	25.00	18.75	28.13	100	8.13	8.75	29.38	31.25	22.50	100
Y1.1	5.00	0.63	19.38	31.88	43.13	100	1.25	0.63	21.25	40.00	36.88	100
Y1.2	3.75	2.50	21.88	30.63	41.25	100	0.00	2.50	22.50	40.63	34.38	100
Y1.3	5.63	4.38	8.13	16.25	65.63	100	3.13	1.25	18.75	24.38	52.50	100
Y1.4	5.63	1.25	15.00	13.13	65.00	100	3.75	1.88	20.63	28.75	45.00	100
Y1.5	0.63	1.25	13.75	25.63	58.75	100	0.63	1.25	21.88	31.25	45.00	100
Y1.6	0.63	1.88	11.88	25.00	60.63	100	0.00	1.25	20.63	35.00	43.13	100

* All items were rated on a 5-point Likert scale (1 = strongly disagree; 5 = strongly agree).

Source: own elaboration.

Table 2 shows that, among Indonesian respondents, the highest frequency of "strongly agree" responses was observed for indicators X2.2, X4.5, and Y1.4. This indicates that many Indonesian participants reported that parents explain the importance of saving. They also understand the risks of debt, and they avoid borrowing simultaneously from multiple sources – such as banks, personal loan companies/payday lenders, instalment providers, pawnshops, and family members. Meanwhile, among Malaysian respondents, the indicators with the highest frequency of "strongly agree" responses were X4.5, X1.1, and X1.2, corresponding to knowing the risks of debt, parents shopping according to a budget, and parents saving money for the future, respectively.

Based on this descriptive frequency analysis, it appears that awareness of debt risks is the most widely recognized aspect of debt literacy among both Indonesian and Malaysian respondents. The findings also suggest that parental influence plays a significant role in shaping respondents' financial perceptions.

3.2. Inferential statistics

In this study, we obtained two partial least squares structural equation modelling (PLS-SEM) test results: one for Indonesian respondent data and another for Malaysian respondent data. For the former, validity testing based on outer loading indicated that all outer loading values were >0.4, indicating that the validity requirements were fulfilled. Moreover, validity testing based on the average variance extracted (AVE) was fulfilled because all AVE values were >0.5. Reliability testing based on composite reliability and Cronbach's alpha was also

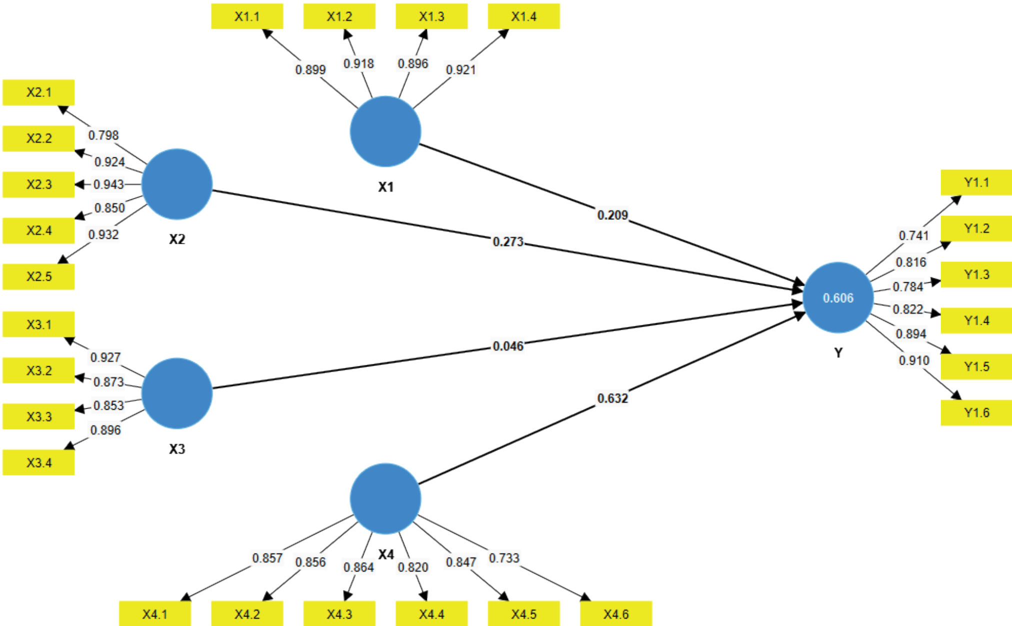

Figure 1. Validity Testing based on Outer Loading: Indonesia

Source: own elaboration.

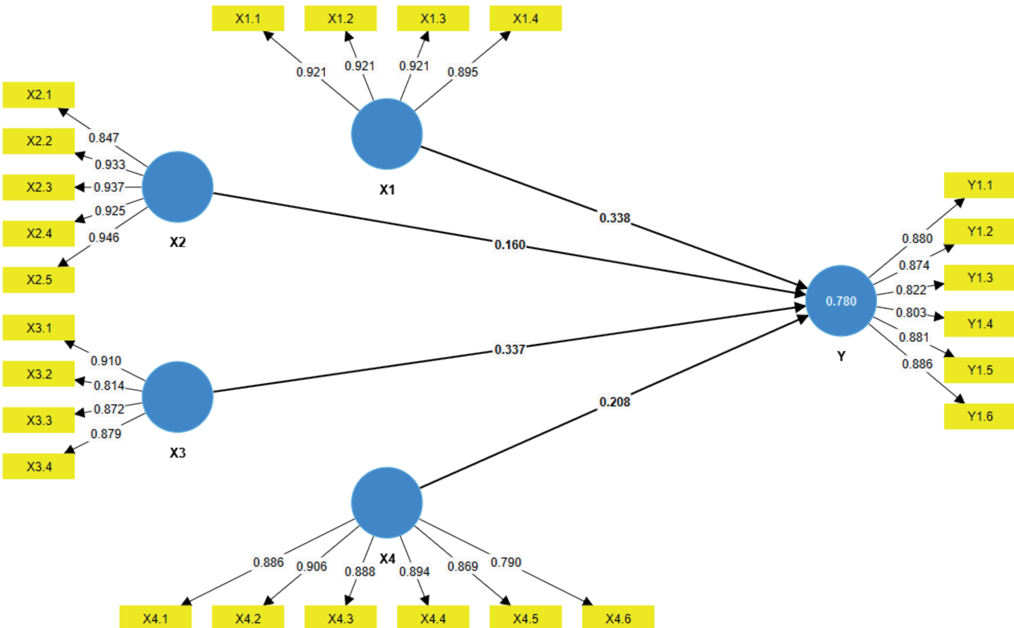

Figure 2. Validity Testing based on Outer Loading: Malaysia

Source: own elaboration.

fulfilled because all composite reliability values were >0.7 and all Cronbach's alpha values were >0.7. Additionally, discriminant validity testing with the Fornell-Larcker approach was performed because the AVE square root value for each latent variable was greater than the correlation value between the latent variable and other latent variables. Based on the results of testing discriminant validity using the heterotrait-monotrait ratio of correlations (HTMT) approach, all values were <0.9, indicating that the requirements for discriminant validity based on the HTMT approach were fulfilled. The same test was conducted for Malaysian respondents, and the results revealed that the validity and reliability tests were fulfilled. Figures 1 and 2 depict the validity testing based on the outer loading for Indonesia and Malaysia, respectively.

Tables 3 and 4 present the results of the path coefficient test and significance of the direct influence test for each country.

Table 3. Path Coefficient Test and Significance of Direct Influence: Indonesia

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X1 → Y	0.209	0.201	0.083	2.505	0.012
X2 → Y	0.273	0.263	0.086	3.185	0.001
X3 → Y	0.046	0.033	0.075	0.614	0.539
X4 → Y	0.632	0.633	0.076	8.271	0.000

Source: own elaboration.

Table 4. Path Coefficient Test and Significance of Direct Influence: Malaysia

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X1 → Y	0.338	0.344	0.091	3.703	0.000
X2 → Y	0.160	0.157	0.088	1.823	0.068
X3 → Y	0.337	0.324	0.060	5.649	0.000
X4 → Y	0.208	0.211	0.070	2.970	0.003

Source: own elaboration.

As Table 3 reveals, the following results were observed for the Indonesian respondents: Parental subjective norms positively affect debt behaviour, with a coefficient value of 0.209; this effect is significant, with t-statistics = 2.505 > 1.647 and p-values = 0.012 < 0.05. Parental financial teaching positively affects debt behaviour, with a coefficient value of 0.273; this effect is significant, with t-statistics = 3.185 > 1.647 and p-values = 0.001 < 0.05. Peer influence positively affects debt behaviour, with a coefficient value of 0.046; however, this effect is not significant, with t-statistics = 0.614 > 1.647 and p-values = 0.539 > 0.05. Debt literacy positively affects debt behaviour, with a coefficient value of 0.632; this effect is significant, with t-statistics = 8.271 > 1.647 and p-values = 0.000 < 0.05. The model demonstrates an R-squared value of 0.606 and a Q-squared value of 0.404, indicating a moderate to strong explanatory and predictive power.

As Table 4 reveals, the following results were observed for the Malaysian respondents: Parental subjective norms positively affect debt behaviour, with a coefficient value of 0.338, and are significant, with t-statistics = 3.703 > 1.647 and p-values = 0.000 < 0.05. Parental financial teaching positively affects debt behaviour, with a coefficient value of 0.160; this effect is not significant, with t-statistics = 1.823 > 1.647 and p-values = 0.068 > 0.05. Peer influence positively affects debt behaviour, with a coefficient value of 0.337; this effect is significant, with t-statistics = 5.649 > 1.647 and p-values = 0.003 < 0.05. Debt literacy positively affects debt behaviour, with a coefficient value of 0.208; this effect is significant, with t-statistics = 2.970 > 1.647 and p-values = 0.002 < 0.05. The model demonstrates an R-squared value of 0.780 and a Q-squared value of 0.561, indicating a moderate to strong explanatory and predictive power.

4. Discussion

The influence of parental subjective norms on Indonesian dan Malaysian respondents was positive and significant. The results align with Xiao et al. (2011) and Cwynar et al. (2019), which reported that parental norms impact students' debt behaviour. These findings also support the Chia et al. (2024) study conducted in Malaysia, which highlighted the significance of parental influence in shaping children's attitudes towards debt management and spending habits. Malaysian parents serve as exemplary models of norms to ensure that their children develop responsible debt behaviour.

Indonesian respondents were positively and significantly influenced by parental financial teaching, whereas Malaysian respondents were positively and not significantly influenced at alpha 5%. Students develop responsible borrowing habits as a result of parental instruction on financial matters. This discovery elucidates Cwynar et al. (2019) finding that parental instruction on financial matters is positively and significantly linked to individuals' knowledge and perceptions of debt. Parents' financial education plays a significant role in shaping their children's behaviour towards debt. However, research in Malaysia has demonstrated that parental financial norms are more effective than parental teaching.

Among the Indonesian respondents, the impact of peer influence is favourable but not substantial; however, among the Malaysian respondents, this influence is both positive and significant. This study's results regarding Indonesia do not align with Xiao et al. (2011) findings, which assert that peer influence impacts debt behaviour. Nevertheless, this aligns with Dusia et al. (2023) and Jamilakhon et al. (2020) findings, which concluded that peer influence has no substantial impact on the debt behaviour of millennial BNPL users. Indonesian students rarely discuss financial concerns with their peers and prefer to engage in conversations on different subjects. Debt literacy among Indonesian and Malaysian students has a significant impact on their debt behaviours. This finding is in line with the results of Cwynar et al. (2019), regarding the impact of debt literacy on debt behaviour.

Children emulate and receive guidance from their parents when shaping their behaviour. Therefore, this study's results align with the TPB. Furthermore, the results concerning the impact of parental subjective norms, parental financial training, and peer influences on debt behaviour align with the principles of social learning theory. The subsequent discovery concerning the impact of peer influence aligns with the principles of social cognitive theory. At a young age, children learn by observing and listening to their parents, which shapes their thoughts and behaviours as they grow. Moreover, formal education plays a key role in student development. Additionally, exposure to various media sources may contribute to their overall literacy.

Conclusions

This study investigated the influence of parental subjective norms, parental financial instruction, peer influence, and debt literacy on debt behaviour among university students in Indonesia and Malaysia. The findings indicate that these influences vary between the two countries. Debt literacy exerted the strongest positive influence on debt behaviour in Indonesia, while in Malaysia, parental subjective norms had the greatest impact.

Regarding the role of parents, parental financial teaching had a more significant effect on students in Indonesia, whereas parental norms were relatively more influential in Malaysia. These findings highlight the significance of customising financial education programs to the unique cultural and contextual requirements of each nation.

Financial education programs should emphasise topics such as seeking in-depth information regarding debt providers, interest rates, and repayment capabilities. This education can be delivered formally through schools and universities and informally through family discussions and budgeting tools. Policymakers can develop programs that encourage parents to participate in financial education by providing resources and promoting effective financial practices.

In conclusion, this study emphasises the importance of debt literacy and tailored financial education programs to improve debt behaviour among university students. Young adults can be empowered to make informed financial decisions by addressing the specific needs of each country and encouraging parental involvement.

The economy improves when more people shop, which keeps money circulating in society and fosters business growth. However, compulsive spending fuelled by debt and poor debt behaviour can precipitate financial difficulties. Conversely, responsible debt management allows individuals to purchase goods or services that increase productivity and leverage business profits without causing future financial difficulties.

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