
Understanding Financial Well-Being Through Social and Psychological Lenses: Evidence from Muslim Working Adults in Malaysia

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Abstract

Financial well-being has gained increasing scholarly attention due to its relevance in economic resilience. Its significance lies in the stability of individuals' finances to navigate uncertainties in living expenses. Malaysia, with Islam as its most widely practiced religion, boasts approximately 22 million Muslims as of 2023, constituting a crucial demographic contributing to the country's economic growth. However, studies indicate that low financial well-being among Muslim working adults contributes to high bankruptcy rates in Malaysia. Thus, the objective of this study is to investigate the determinants of financial well-being among Muslim working adults in Malaysia. This study employed a quantitative method, collecting data through a survey utilizing purposive sampling. A total of 153 Muslim working adults in Malaysia were surveyed, and data were analysed using Structural Equation Modelling through SmartPLS software. The findings confirmed the pivotal roles of social trust and financial self-efficacy in shaping financial well-being, while social networks exhibited an insignificant relationship. This finding suggests that while social networks may provide emotional or informational support, they might not directly impact financial outcomes without accompanying factors such as financial literacy, or trust in the source of information. This study makes a significant contribution to the existing literature by enhancing our understanding of the relationship between social trust, social networks, financial self-efficacy, and financial well-being within a unified framework. By exploring the importance of financial well-being and investigating its determinants, the research adds depth to the existing literature in the context of Malaysian Muslim working adults. From a practical standpoint, this study highlights the necessity of nurturing individuals' confidence in managing finances, prompting educators and practitioners to focus on enhancing financial self-efficacy among Muslim working adults to improve their financial well-being.

Keywords : *Financial self-efficacy; Financial well-being; Malaysia; Muslim working adults; Social trust*
