






Understanding the intrinsic and extrinsic factors in financial literacy of the Orang Asli in Malaysia

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ABSTRACT

Purpose: This study aims to examine the financial literacy of the indigenous people known as Orang Asli in Malaysia and examines the intrinsic and extrinsic factors that may influence financial literacy among the Orang Asli in Banting, Selangor, Malaysia. Four factors are chosen namely, financial attitude and financial knowledge which represent the intrinsic factors and parental socialization and peer influence which represent the extrinsic factors.

Design/Methodology/Approach: The researchers approached the village chief of the Orang Asli in Kampong Tadam, Banting to seek his assistance in conducting the questionnaire survey. The researchers came to the village and distributed the questionnaires to 102 Orang Asli.

Findings: According to the findings of this study, only financial knowledge influences the financial literacy of Orang Asli in Banting, Selangor. As a result, JAKOA can implement a few tactics to improve their financial understanding and their financial literacy such as delivering financial education programmes and teaching financial awareness at an early age. However, this factor contributes 60% to the financial literacy of the Orang Asli despite the fact that only financial knowledge significantly influences the financial literacy of the Orang Asli.

Practical Implication: The findings of this study provide insights and recommendations to enhance financial education initiatives targeted specifically at Malaysian Orang Asli.

Contribution to Literature: The findings of this study contribute to the existing literature on the financial literacy of the Orang Asli.

Keywords: Financial attitude, Financial knowledge, Financial literacy, Orang Asli, Parent socialization, Peer influence.

1. INTRODUCTION

Since 1957, the Malaysian government and non-governmental organizations have undertaken numerous development projects to improve the quality of life of the indigenous people often known as the Orang Asli, including educational, financial, healthcare, resettlement and housing initiatives (Tay, Ulaganathan, Kua, Adan, & Lim, 2022). Nevertheless, poverty among the Orang Asli remains severe despite these initiatives (Rosnon & Talib, 2019). The Orang Asli frequently relies on the traditional economic system for survival. According to the Eighth Malaysia Plan, the poverty rate of the Orang Asli is 50.9% (Harun, Idris, Berma, & Shahadan, 2006). At 7.5%, the Orang Asli's poverty rate is considerably higher than that of other Malaysian communities (1.4%). The government's official information also revealed that the average monthly income of the Orang Asli is significantly lower than that of other ethnic groups (Tay et al., 2022).

One of the obstacles that may contribute to Orang Asli poverty is a lack of personal finance knowledge. Personal finance, specifically money management is an essential aspect of self-discipline for leading a fulfilling life (Ibrahim, Harun, & Mohamed Isa, 2009) because learning financial literacy such as how to make basic financial decisions can

influence how people manage their money throughout their lives. A literature review demonstrates that numerous researchers such as [Castellanous \(2007\)](#) and [Ross and Mikalauskas \(2018\)](#) have studied indigenous poverty. Additionally, [Mahdzan and Tabiani \(2013\)](#) discovered that financial literacy has a substantial and positive effect on individual saving. According to the [Canadian Centre for Financial Literacy \(2015\)](#), only 4.2% of aboriginals have a bank account. In Malaysia, the level of financial literacy among the Orang Asli has led to a lack of awareness regarding their financial literacy.

The objective of this study is to examine the level of financial literacy among the Orang Asli community residing in Banting, Selangor. This study focuses on investigating the internal and extrinsic variables that could impact the level of financial literacy among the Orang Asli community residing in Banting, Selangor. This study provides support for the Sustainable Development Goals (SDG) specifically focusing on SDG 4 which pertains to quality education and SDG 10 which aims to reduce inequality. The findings of this study have the potential to provide valuable insights for Jabatan Kemajuan Orang Asli (JAKOA), a department under the Prime Minister's Office as well as the Ministry of Rural and Regional Development in formulating strategies aimed at improving the overall well-being of the Orang Asli community. These strategies may include several aspects including education and awareness initiatives. Section 2 presents a comprehensive analysis of the pertinent scholarly works pertaining to this subject matter. Section 3 presents the research methodology and section 4 presents the findings. Section 5 serves as the concluding section of this study.

1.1. Orang Asli

The Orang Asli is differentiated from other national populations due to their distinct languages, knowledge systems and beliefs along with their important expertise in sustainable natural resource management practices. According to [Masron, Masami, and Ismail \(2013\)](#), the Orang Asli community has a range of distinct development perspectives that are rooted in its traditional values, visions, needs and goals. They are considered marginalised groups in society because they share various characteristics such as low political representation and involvement, economic marginalisation leading to poverty, limited access to social services and prejudicial experiences. Many indigenous communities face similar obstacles in pursuing their rights despite cultural differences. These people work to have their identities, ways of life and rights to ancestral lands, territories and natural resources recognised.

The definition of "Orang Asli" is stipulated in Article 160(2) of the Constitution of Malaysia. According to the facts mentioned in the article, the Orang Asli population lives on the Land Peninsula. According to Clause 3 of Act 134 of the Orang Asli Act of 1954, an individual is classified as an Orang Asli if

1. The individual's paternal lineage can be traced back to an Orang Asli clan characterized by their proficiency in the Orang Asli language and adherence to the customs and beliefs of the Orang Asli community. This individual is a direct descendant of a member of the aforementioned clan.
2. An individual of any racial background who has been adopted as a child by the Orang Asli and has received an education that aligns with the indigenous culture, lifestyle and traditions of the Orang Asli may be considered a member of the Orang Asli community.
3. A child born to an Orang Asli woman and a man from a different racial background often adopts the language, lifestyle and cultural practices of the Orang Asli group in accordance with their beliefs and traditions.

The Orang Asli population in Malaysia is characterized by its heterogeneity including a multitude of distinct tribes. There are a total of 18 distinct tribal groups which may be further categorized into three main subgroups: the Negriti, the Senoi and the Proto-Malays. The Negriti tribe is mostly found in the northern regions of Malaysia namely Perak, Pahang, Kelantan and Kedah ([Ghani, Muhammad, & Hassan, 2020](#)). The physical characteristics of this group bear resemblance to those of the African Pigmy and they may be differentiated from the Senoi and Proto-Malays tribes. The tribe consists of many sub-tribes including Batek, Jahai, Kensiu, Kintak and Lanoh ([Ismail, Amini, Abdul Razak, & Mohd Zaini, 2013](#)). The Senoi tribe is mostly found in central Malaysia namely in the regions of Selangor, Putrajaya and the federal territory of Kuala Lumpur. According to [Bedford \(2018\)](#), the aforementioned tribe has relocated to Perak and Pahang. [Nicholas \(2000\)](#) asserts that the Senoi population in Peninsula Malaysia is considered to be the most prominent among the Orang Asli communities. The qualities displayed by the Senoi tribe are similar to those observed in the Mongoloid population. However, some historians believe that their ancestors can be traced back to the Australoid population of Australia and the Veddoid population of South India

(Lim, Ang, Mahani, Shahrom, & Md -Zain, 2010). The subtribes include Semai, Temiar, Jahut, Chewong, Semoq Beri, and Mahmeri. On the other hand, Proto-Malays mostly inhabit the southern regions of Malaysia, namely Johor and Melaka. The aforementioned tribes include the Jakun, Kanaq, Seletar, Semelai, Temoq and Temuan subtribes. According to Lim et al. (2010), the origins of this tribe are believed to be in Central Asia.

2. LITERATURE REVIEW

Financial literacy plays a crucial role in an individual's ability to make informed financial decisions. The literature has a multitude of definitions pertaining to financial literacy. According to Hogarth (2002), financial literacy may be defined as the manner in which individuals handle their finances, including activities such as insurance, investment, savings and budgeting. According to the definition provided by Schagen and Lines (1996), financial literacy is defined as the ability to make well-informed evaluations and make effective decisions regarding the use and management of financial resources. Rai, Dua, and Yadav (2019) refer to financial literacy as the cognitive ability to make informed and consequential choices pertaining to the optimal and proficient management of financial resources. On the other hand, according to Paiella (2016), financial literacy may be defined as the ability to effectively use information and skills in order to effectively manage personal financial resources throughout the course of an individual's lifetime.

Financial literacy comprises a comprehensive understanding of financial information, attitudes and behaviours. According to Lusardi and Mitchell (2007), possessing financial literacy is a fundamental need for making informed and prudent financial choices. Insufficient understanding of financial matters contributes to the escalation of an individual's financial debt load, hence establishing a positive correlation between an individual's financial debt burden and the non-utilization of consumer credit (Gathergood, 2012). Financial literacy entails the ability to acquire relevant knowledge, distinguish among several financial alternatives, engage in discussion about financial issues, plan and successfully handle questions regarding financial decisions. The identification of a person's preferences and needs in relation to their personal experiences and requirements has the potential to increase their well-being (Firli, 2017).

Numerous scholarly investigations have used the OECD framework as a means to evaluate the level of financial literacy across various nations. These assessments typically include three key dimensions: financial knowledge, financial actions and financial attitudes (e.g., Agarwalla, Barua, Jacob, & Varma, 2015; Firli, 2017). The technique used in this study is grounded in the OECD framework for evaluating financial literacy across various nations. It encompasses three key characteristics, namely (1) knowledge and abilities; (2) behaviour and (3) attitude. An individual's financial insight and competencies are evaluated on the basis of their knowledge and abilities. Behavioural measures assess an individual's inclination towards fundamental money management, saving practices and financial commitments while attitudinal measures evaluate an individual's mindset towards money and financial accountability.

Another body of financial literacy literature has suggested that there are various factors that can influence the financial literacy of an individual. For example, Ibrahim et al. (2009) found that among the factors influencing financial literacy are financial attitude and parents' education level (Roslan, 2018). However, they found gender and parent socialisation did not influence their respondents' financial literacy. Similarly, Mahdzan and Tabiani (2013) discovered that gender, income and educational level all influence the possibility of saving on a regular basis. A review of the literature shows that the factors can be grouped into two main categories: the intrinsic factors that are within the individual himself and the extrinsic factors that are beyond the individual himself. In this study, the intrinsic factors chosen are the individual's financial attitude and financial knowledge whereas for the extrinsic factors, this study chose parental socialisation and peer influence.

One of the intrinsic factors is financial attitude (Ibrahim et al., 2009; Roslan, 2018). Arifin (2018) defined financial attitude as how people treat, manage and use their money which reflects a personal proclivity towards money concerns. It is the capacity to plan and manage money. According to Bhushan and Medury (2014), individuals must develop a positive financial attitude in order to improve financial literacy among groups. It is believed that financial attitudes can influence financial literacy among young people (Kasman, Heuberger, & Hammond, 2018).

Previous studies have shown that financial attitudes have the potential to impact an individual's level of financial literacy (Rai et al., 2019; Shim, Xiao, Barber, & Lyons, 2009). Sohn, Joo, Grable, Lee, and Kim (2012) conducted a study that revealed that students' favourable attitudes towards finance and money have the potential to impact

their actions in attaining financial literacy and enhancing their comprehension of financial matters. On the other hand, a pessimistic mind set impedes individuals' capacity to make sound financial choices. In their empirical investigation, Soroshian and Teck (2014) observed a significant relationship between students' attitudes towards money and their level of financial expertise. Ajzen (1991) posits that an individual's financial attitudes are shaped by their conduct and these attitudes may be influenced by their economic and non-economic ideas. However, research on the relationship between financial attitudes and financial literacy among the Orang Asli community is limited. Thus, the following hypothesis is proposed:

H₁: Financial attitude significantly influences the financial literacy of the Orang Asli in Malaysia.

The second intrinsic factor is financial knowledge. In the previous studies, the researchers often used the phrases "financial literacy" and "financial knowledge" interchangeably. However, these two phrases are not synonymous (Thomas & Subhashree, 2020). Financial literacy has two dimensions: theory and application whereas financial knowledge refers to the theoretical understanding of financial concepts. Financial knowledge is described as the ability to grasp, evaluate and manage money in order to make solid financial decisions and avoid financial problems (Hafni, Herman, Nurlaelah, & Mustikasari, 2020). One must build financial skills and learn how to use financial tools such as budgeting, investing and selecting an insurance plan to improve financial knowledge (Renaldo, Sudarno, & Marice, 2020). This is consistent with Sanderson's (2015) claim that financial education improves an individual's ability to use his or her knowledge and talents to make appropriate financial decisions for effective financial resource management. Financial information, whether factual or subjective has a significant impact on financial attitudes and behaviour (Robb & Woodyard, 2011; Roslan, 2018). According to Van Rooij, Lusardi, and Alessie (2011), financial knowledge has a favourable relationship with retirement planning and people who have financial knowledge are more financially literate.

According to research, there is a correlation between financial knowledge and financial literacy. The amount of financial literacy among individuals between the ages of 18 and 24 is related to their level of financial education (Ibrahim et al., 2009). Teaching fundamental financial concepts in high school and college helps students improve their capacity to participate in financial decision-making and increase their financial literacy (Cordero, Gil-Izquierdo, & Pedraja-Chaparro, 2019). Financial knowledge facilitates and enhances financial literacy (Mouna & Anis, 2016). Those who lack financial literacy avoid financial interactions because they are unfamiliar with financial goods and services (Thomas & Subhashree, 2020; Yates & Ward, 2011). As a result, the following hypothesis is developed in this study:

H₂: Financial knowledge significantly influences the financial literacy of the Orang Asli in Malaysia.

The first extrinsic factor chosen in this study is parental socialization. Parental socialization is the process by which an individual acquires specific behaviours from his or her parents (Khalisharani, Sabri, Johan, Burhan, & Mohd Yusof, 2022). Parental socialization is a way for parents to instruct their children's character development through a variety of methods that teach children the importance of preserving parental socialization (Antoni, Rootman, & Struwig, 2019). The socioeconomic status of parents also influences their involvement in their children's upbringing. The family as a setting for children's growth and development as well as the role of parents as agents of socialization ensures that parental learning continues until the child reaches maturity. The majority of a child's behaviour is a reflection of their parents (Agarwalla et al., 2015) so parental socialization refers to how parents act. A review of the literature has shown that parents influence their children's financial socialization. Socialization is the process by which individuals learn how to behave and interact in their society. According to Deenanath, Danies, and Jang (2019), financial socialization is a process of acquiring and developing values, attitudes, standards, norms, knowledge and behaviours that contribute to an individual's financial viability and well-being. Moschis (1987) suggested that children learn about finances from their parents through instruction, participation and practice as well as through observation. Parents teach their children how to behave by relying on their own values, beliefs and knowledge (Clarke, Heaton, Israelsen, & Eggett, 2005) thereby influencing their children's financial attitudes and behaviour. According to Firmansyah (2014), children inherit the attitudes and behaviours of their families and this can be used to predict the type of financial decisions and management they will engage in the future. In contrast, Padilla-Walker, Nelson, and Carroll (2012) found that parental factors may contribute to children's financial stability and independence. The same would also apply to the Orang Asli. Therefore, the following hypothesis is developed:

H₃: Parental socialization significantly influences the financial literacy of the Orang Asli in Malaysia.

Peer influence is defined as the extent to which peers influence an individual's state of mind, reasoning and behaviour and consequently their financial decisions (Alekm, Md Salleh, & Mohd Mokhtar, 2018). Peer influence occurs when two or more people of the same age interact frequently and influence and sense each other (Angela & Pamungkas, 2021). In addition to parental influence, according to Youniss and Haynie (1992), peer influence is a powerful agent of socialization that determines the future behaviour of adolescents. As children, people mimic their parents but as adults, they learn through direct and indirect interactions with their peers. Members will be linked to one another as a result of their long-term interactions. Individuals who have motivated savings peers will be driven to save their own money. Peer influence is a group of groups that can influence individual behaviour to save and assist individuals in planning and practicing their finances (Angela & Pamungkas, 2021).

Studies that have examined the influence of peer influence on financial literacy and financial savings have shown that people were more inclined to save money when they were around other adults whereas saving money was more challenging for those who were friends with their own age group (Mangleburg, Doney, & Bristol, 2004). For example, Jamal, Ramlan, Karim, and Osman (2015) proved that peers' influence plays a critical role in determining a student's savings ability. Jamal et al. (2015) discovered similar results indicating that even though parents or guardians have successfully taught their children positive financial habits, the influence of peers on children's saving behaviour still exists. This influence can be observed when students engage in spending activities during their leisure time and exchange ideas about financial management with their peers. Therefore, this study develops the following hypothesis:

H4: Peers significantly influence the financial literacy of the Orang Asli in Malaysia.

This study developed the study framework shown in Figure 1 based on reviewing the literature.

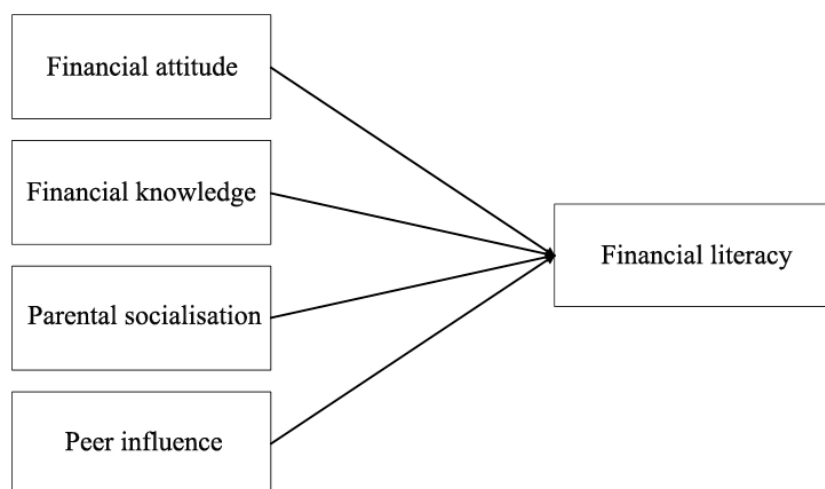


Figure 1. Study framework.

3. RESEARCH DESIGN

3.1. Sample Selection

This study focused on the Orang Asli community residing in Banting, Selangor. There are six distinct indigenous populations residing in six separate villages, namely Kampung Orang Asli Bukit Cheeding, Kampung Orang Asli Bukit Perah, Kampung Orang Asli Bukit Serdang, Kampung Orang Asli Bukit Tadam, Kampung Orang Asli Permatang Pauh and Kampung Orang Asli Telok Tongkah within this geographical region. Nevertheless, this research was conducted only on the Orang Asli population belonging to the Temuan tribe residing in Kampung Orang Asli Bukit Tadam, Banting, Selangor under the supervision of JAKOA. The individuals were chosen based on their attainment of a certain educational level and their presumed possession of prior expertise in the field of financial management. The present population of this study consists of around 500 individuals belonging to the Orang Asli community.

3.2. Research Instrument

This study used the questionnaire as the research instrument. The questionnaire was developed based on a review of the literature. The questionnaire consists of six sections. The first section comprises demographic profile information about the respondents. This section is used to measure the respondents' characteristics such as gender and education level. The second section requests that the respondents answer three questions related to financial literacy. The three questions are: the possibility that you will lose all your investment money if you invest in a start-up company when inflation is high, the cost of living will keep going up and insurance is meant to protect against or reduce certain risks such as health problems and accidents.

The third section requests that the respondents answer six questions related to their financial attitude. The six questions include reading increases financial knowledge, comparing prices every time a purchase is made, preparing a budget, recording expenses and attending a course to learn financial management. The fourth section requests that the respondents complete six questions related to financial knowledge. The questions include ability to manage one's own finances, interest in studying finance, willingness to take a finance course, determining affordability before purchase, considering a few products before deciding which product to purchase and constant monitoring of one's financial situation.

The fifth section requests that the respondents answer questions related to parent socialization. There are four questions related to this section such as discussing financial matters with parents, understanding how parents manage finances, prepare a monthly budget and influencing their financial management style. The sixth section requests that the respondents answer questions related to peer influence. There are five questions related to peer influence. The questions are as follows: interested in learning financial management with friends' encouragement, interested in hearing friends' discussions on financial products, savings due to friends' encouragement, investment decisions and financial management styles influenced by friends. This study uses a five-point scale from 1 (highly disagree) to 5 (highly agree). Table 1 presents the summary of the questionnaire.

Table 1. Questionnaire items.

Category	Code	Statement
Financial literacy	A5	There is a possibility that you will lose all your investment money if you invest in a start-up company.
	A6	When inflation is high, the cost of living will keep going up.
	A8	Insurance is meant to protect against or reduce certain risks such as health problems and accidents.
Financial attitude	B1	Reading can increase my financial knowledge.
	B2	I compare prices every time I make a purchase.
	B3	I prepare a budget for my expenses.
	B4	I record my expenses.
	B5	I learned financial management through formal education.
	B6	I attended a course to learn about financial management.
Financial knowledge	C1	I believe in my ability to manage my own finances.
	C2	I am interested in studying finance.
	C3	I would take a personal finance course if given the chance.
	C10	Before I buy something, I carefully consider whether I can afford it or not.
	C11	I considered several products from different suppliers before deciding to buy them.
	C12	I constantly monitor my financial situation.
Parental socialisation	D1	I often discuss financial matters with my family.
	D2	I understand how my family manages their finances.
	D4	My parents prepare a monthly budget.
	D5	My parents greatly influenced my financial management style.
Peer influence	E1	I am more interested in learning financial management when my friends encourage me.
	E2	I am interested in hearing my friends discuss the best financial products for investment.
	E3	I saved money because of the encouragement of my friends.
	E4	My investment decisions are based on the recommendations of my friends.

Category	Code	Statement
	E5	My friends greatly influence my financial management style.
	F5	I have savings for my future needs.
	F6	I have savings in case of an emergency.
	F7	I have savings to go on vacation.

3.3. Data Collection

This study began collecting data after receiving ethics approval from the university. The researchers first approached JAKOA to obtain permission to conduct the study. Then, the village chief of the Orang Asli in Kampong Tadom, Banting was approached to seek his assistance in conducting the questionnaire survey. The researchers came to the village and conducted a one-day event that was used as a platform to collect the data. One hundred and two questionnaires were distributed and collected on the same day. The data was then entered and analysed using PLS-SEM.

4. RESULTS

4.1. Demographic Profile

The descriptive statistics for the sample used in the study are shown in [Table 2](#). The responses are from 102 Orang Asli who are located in Banting, Selangor. More than half of the respondents are female (72.5%) and the remaining 27.5% are male based on [Table 2](#). Most of the respondents are between 30 and 39 years old (74.5%) followed by respondents who are below 30 years old (23.6%) and the remaining 2% are respondents who are 40 years old. [Table 2](#) also shows that 84 of the 102 respondents have at least Sijil Pelajaran Malaysia (high school) or less (82.4%). Only 12 respondents have acquired a certificate or diploma or 11.8%. Such findings indicate that the Orang Asli's education level in Banting, Klang is still quite low. Aligning with their education level, most of the Orang Asli has an income of less than RM1500 (80.4%) compared with those who earn more than RM1500 (19.6%). When it comes to the respondents' parents' education level, it is identical with the majority of the fathers' education level being Sijil Pelajaran Malaysia or less (88.2%) and the mothers' education level being 92.2%.

Table 2. Demographic profile.

Item	N	Percent
Gender		
Male	28	27.5
Female	74	72.5
Age		
18-22	12	11.8
23-29	12	11.8
30-39	76	74.5
40-49	2	2.0
Academic		
Sijil Pelajaran Malaysia	84	82.4
Certificate	6	5.9
Diploma	12	11.8
Income		
Below RM1,500	82	80.4
RM1,501-RM3,000	12	11.8
RM3,000-RM5,000	8	7.8
Father's education		
Sijil Pelajaran Malaysia	90	88.2
Certificate	4	3.9
Diploma	8	7.8

Item	N	Percent
Mother's education		
Sijil Pelajaran Malaysia Certificate	94	92.2
Diploma	6	5.9

4.2. Measurement Model

This study involves an analysis of the collected data in order to evaluate the instruments' validity and reliability. Reliability pertains to the evaluation of the internal consistency of variables while construct validity pertains to the evaluation of the extent to which a scale accurately measures the intended notion. The assessment of reliability was conducted by using Cronbach's alpha and composite reliability (CR) measures. The measurement of construct validity was assessed by considering both convergent validity and discriminant validity. Convergent validity is established when the items comprising a certain measure converge to accurately reflect the underlying construct as shown by an average variance extracted (AVE) value over 0.50. The criteria put forward by Hair, Howard, and Nitzl (2020) were used in this research. Hair et al. (2020) proposed that loadings ought to exceed a threshold of 0.708, composite reliability (CR) should be above 0.7 and average variance extracted (AVE) should be above 0.5. Nevertheless, it is worth noting that loadings below 0.708 may still be considered acceptable provided the AVE exceeds the criterion of 0.5.

During the preliminary analysis, the whole sample was evaluated and any items that had factor loadings below 0.6000 were excluded from further consideration. The findings of the measurement model are shown in Figure 2.

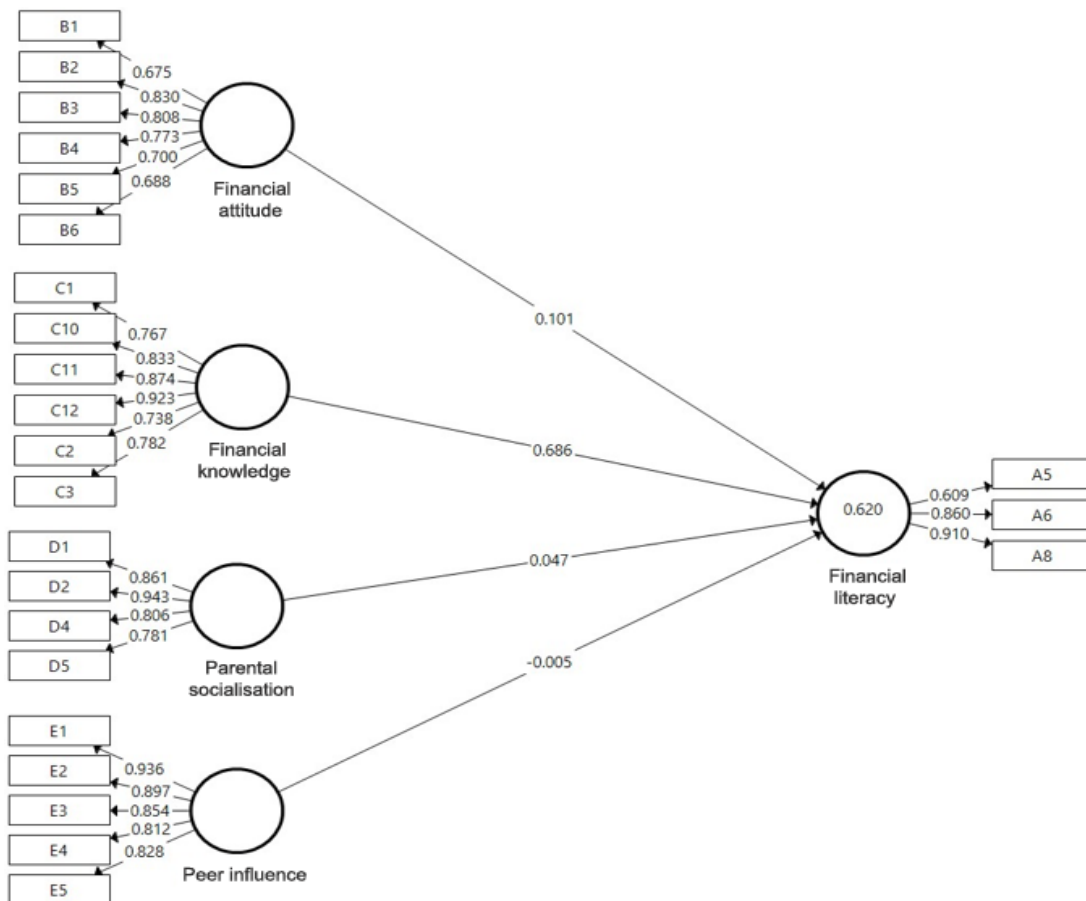


Figure 2. Measurement model results.

The results for reliability and construct validity along with the factor loadings for the remaining items are presented in Table 3. The results in Table 3 show that all the Cronbach's alpha and CR values were higher than the recommended value of 0.700. According to Tavakol and Dennick (2011), the acceptable value of Cronbach's alpha should range from 0.70 to 0.95 to prove the reliability of measurement items for variables.

Table 3. Measurement model.

Category	Code	Loading	Cronbach's alpha	CR	AVE
Financial attitude	B1	0.675	0.860	0.883	0.560
	B2	0.830			
	B3	0.808			
	B4	0.773			
	B5	0.700			
	B6	0.688			
Financial knowledge	C1	0.767	0.903	0.925	0.676
	C2	0.738			
	C3	0.782			
	C10	0.833			
	C11	0.874			
	C12	0.923			
Parent socialisation	D1	0.861	0.875	0.912	0.722
	D2	0.943			
	D4	0.806			
	D5	0.781			
Peer influence	E1	0.936	0.919	0.938	0.751
	E2	0.897			
	E3	0.854			
	E4	0.812			
	E5	0.828			
Financial literacy	A5	0.609	0.724	0.842	0.647
	A6	0.860			
	A8	0.910			

On the other hand, discriminant validity is established to ascertain the individuality of the variables. It shows that variables in the study have their own individual identities and are not too closely related to other variables. It is established using the Fornell and Larcker criteria and cross-loadings. According to Table 4, all the ratios are less than 0.9 which suggests that the respondents understood that the variables were distinct thus ensuring discriminant validity.

Table 4. Discriminant validity: Fornell and Larcker.

Variable	Financial attitude	Financial knowledge	Financial literacy	Parental socialization	Peer influence
Financial attitude	0.748				
Financial knowledge	0.736	0.822			
Financial literacy	0.628	0.783	0.804		
Parental socialization	0.535	0.524	0.457	0.850	
Peer influence	0.672	0.516	0.449	0.682	0.867

Table 5 shows the value of cross-loading where discriminant validity was established when a particular item should have higher loadings on its own parent construct in comparison to other variables in the study.

Table 5. Discriminant validity: Cross loading.

Variable	Code	Financial attitude	Financial knowledge	Financial literacy	Parental socialization	Peer influence
Financial literacy	A5	0.277	0.399	0.609	0.149	0.287
	A6	0.552	0.733	0.860	0.396	0.360
	A8	0.618	0.694	0.910	0.484	0.429
Financial attitude	B1	0.675	0.438	0.370	0.476	0.506
	B2	0.830	0.729	0.771	0.297	0.401
	B3	0.808	0.588	0.459	0.322	0.417
	B4	0.773	0.430	0.292	0.592	0.722
	B5	0.700	0.456	0.246	0.593	0.708
	B6	0.688	0.452	0.206	0.444	0.664
Financial knowledge	C1	0.513	0.767	0.595	0.321	0.388
	C10	0.600	0.833	0.615	0.497	0.389
	C11	0.603	0.874	0.711	0.394	0.342
	C12	0.693	0.923	0.797	0.410	0.361
	C2	0.543	0.738	0.475	0.497	0.536
	C3	0.669	0.782	0.605	0.511	0.613
Parental socialization	D1	0.491	0.463	0.439	0.861	0.528
	D2	0.520	0.546	0.495	0.943	0.585
	D4	0.355	0.330	0.273	0.806	0.567
	D5	0.417	0.386	0.257	0.781	0.728
Peer influence	E1	0.713	0.602	0.464	0.692	0.936
	E2	0.642	0.494	0.479	0.629	0.897
	E3	0.435	0.279	0.273	0.469	0.854
	E4	0.432	0.278	0.246	0.408	0.812
	E5	0.579	0.452	0.379	0.655	0.828

4.3. Structural Model

The next step in the analysis was to assess the hypothesised relationships based on bootstrapping. The direct relationships were tested and the results are presented in detail in [Table 6](#).

Table 6. Results of hypothesis testing.

Code	Variable	Beta	t	p	Decision
H1	Financial attitude -> Financial literacy	0.101	0.532	0.595	Not supported
H2	Financial knowledge -> Financial literacy	0.686	4.603	0.000	Supported
H3	Parental socialization -> Financial literacy	0.047	0.423	0.672	Not supported
H4	Peer influence -> Financial literacy	-0.005	0.042	0.966	Not supported

The results show that all the hypotheses are positive but only one is significant. The results show financial knowledge > financial literacy ($\beta = 0.686$, $t = 4.603$, $p = 0.000$) is positive and significant. Therefore, H2 is accepted but H1, H3 and H4 are rejected.

4.4. Model Development

The development of the model in this study is determined by the combined effect of the independent variables (financial attitude, financial knowledge, parent socialization and peer influence) on financial literacy. This is to determine whether the independence variables in this study are relevant in developing the model as represented

by the adjusted R square. Based on Table 7, the results show that the combined effect of the independent variables contributes 60% to financial literacy. According to Hair, Hult, Ringle, and Sarstedt (2017), such results are moderate or medium.

Table 7. Model development.

Variable	R square	Adjusted R square
Financial attitude, financial knowledge, parental socialization and peer influence > financial literacy	0.620	0.604

5. CONCLUSION

This study focuses on the intrinsic and extrinsic factors that may influence the financial literacy of Orang Asli in Banting, Selangor. Four factors are selected: financial attitude and financial knowledge represent intrinsic factors and parental socialization and peer influence represent extrinsic factors. According to the study, only financial knowledge influences the financial literacy of the Orang Asli in Banting, Selangor. This study provides a new framework that can aid JAKOA and the ministry of rural and regional development in formulating strategies for enhancing the Orang Asli's quality of life. JAKOA can strategize methods to increase the financial literacy of the Orang Asli by designing financial education programmes that take into account their cultural values, dialects and traditions. These programmes should be delivered with cultural sensitivity taking into consideration the community's unique challenges and circumstances.

Another way is by nurturing collaborations between government agencies, non-profit organizations, educational institutions and community leaders. Comprehensive financial literacy initiatives can be developed and implemented for Malaysian Orang Asli. These partnerships can leverage resources, expertise and community networks to guarantee the viability and effectiveness of these programmes. In addition, the Orang Asli should be exposed to financial education at a young age focusing on schools and educational institutions within the Orang Asli communities in Malaysia. Incorporate financial literacy into the curriculum by providing age- and culturally-appropriate financial education materials and activities in order to impart good financial practices and knowledge from a young age.

JAKOA can also develop user-friendly, accessible and culturally appropriate financial tools and resources that appeal to the particular requirements and preferences of Malaysian Orang Asli. These may consist of mobile applications, online platforms or interactive seminars that offer practical advice on budgeting, saving, investing and managing financial risks. JAKOA can also develop user-friendly, accessible and culturally appropriate financial tools and resources that appeal to the particular requirements and preferences of Malaysian Orang Asli. These may consist of mobile applications, online platforms or interactive seminars that offer practical advice on budgeting, saving, investing and managing financial risks.

First, there are 102 participants in this investigation. There are 500 Orang Asli in the Selangor village of Banting. Increasing the sample size may yield more reliable results. Second, this study is a cross-sectional examination of the Orang Asli's financial literacy. Consequently, the findings of this investigation may represent a snapshot in time. In addition, a longitudinal study investigates the long-term impact of financial education interventions on the levels and outcomes of Orang Asli's financial literacy. This can help evaluate the efficacy and sustainability of various educational approaches and identify factors that contribute to the community's long-term financial health. In addition, future research can investigate the impact of cultural factors on the Orang Asli's financial behaviour and decision-making. This study can investigate how cultural values, traditions and beliefs influence a community's financial attitudes, saving habits and investment preferences.

In a nutshell, increasing the Orang Asli's financial literacy is essential for their economic well-being and overall financial liability. JAKOA can assist the Orang Asli community with the knowledge and skills necessary to make informed financial decisions surmount financial obstacles and secure a more prosperous financial future by implementing the suggested strategies and pursuing future research. This will contribute to diminishing socioeconomic disparities and fostering economic prosperity among Orang Asli in Malaysia.

FUNDING

This study received no specific financial support.

INSTITUTIONAL REVIEW BOARD STATEMENT

The Ethical Committee of the Universiti Teknologi MARA, Malaysia has granted approval for this study on 9 May 2022 (Ref. No. REC/04/2022 (ST/MR/70)).

TRANSPARENCY

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

COMPETING INTERESTS

The authors declare that they have no competing interests.

AUTHORS' CONTRIBUTIONS

All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

ARTICLE HISTORY

Received: 23 October 2023/ Revised: 13 December 2023/ Accepted: 29 December 2023/ Published: 9 January 2024

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