

**CMDF**

Dana Pembangunan Pasaran Modal  
Capital Market Development Fund

**MFPC**

Malaysian Financial  
Planning Council  
Competence.Ethics.Standards

# Report of National Findings

# 2024

**FINANCIAL  
CAPABILITY &  
UTILIZATION OF  
FINANCIAL ADVISORY  
SERVICES IN MALAYSIA**

# CONTENTS

06

ACKNOWLEDGEMENT

07

EXECUTIVE SUMMARY

08

MESSAGE FROM MFPC  
PRESIDENT

07

FOREWORD

10

INTRODUCTION

67

CONCLUSION

70

RECOMMENDATIONS

72

REFERENCES

73

RESEARCH COMMITTEE

## List of Tables PART I

21

TABLE 3.1

Financial Literacy

22

TABLE 3.2

Capital Market Literacy

23

TABLE 3.3

Financial Capability

29

TABLE 3.4

Financial Decision

31

TABLE 3.5

Evaluation of Financial  
Service Providers

33

TABLE 3.6

Usage of Financial  
Technology in Money  
Transfer and Payment

34

TABLE 3.7

Usage of Financial  
Technology in Financial  
Planning

34

TABLE 3.8

Usage of Financial  
Technology in Loan

35

TABLE 3.9

Usage of Financial  
Technology in Insurance

## List of Tables PART II

46

TABLE 4.1

Financial Literacy

47

TABLE 4.2

Financial Literacy in the  
Capital Market

47

TABLE 4.3

Financial Capability

56

TABLE 4.4

Financial Decision

56

TABLE 4.5

Evaluation of Financial  
Service Provider

59

TABLE 4.6

Usage of Financial  
Technology in Money  
Transfer and Payment

59

TABLE 4.7

Usage of Financial  
Technology in Financial  
Planning

60

TABLE 4.8

Usage of Financial  
Technology in Loan

60

TABLE 4.9

Usage of Financial  
Technology in Insurance

65

TABLE 4.10

Knowledge and Control  
Over Finances

# CONTENTS

## List of Figures PART I

15

### FIGURE 3.1

Gender, Marital Status  
& Ethnicity

16

### FIGURE 3.2

Education  
Monthly Income

16

### FIGURE 3.3

Age Distribution

17

### FIGURE 3.4

Size of Family

17

### FIGURE 3.5

Employment Status

18

### FIGURE 3.6

Home Ownership

18

### FIGURE 3.7

Monthly Savings

19

### FIGURE 3.8

Assets-to-Debt-Ratio

19

### FIGURE 3.9

Income Adequacy

20

### FIGURE 3.10

Types of Loans

20

### FIGURE 3.11

Type of Assets

25

### FIGURE 3.12

Financial Products  
Information Source

25

### FIGURE 3.13

Have a Financial Planner

26

### FIGURE 3.14

Person Considered as  
Financial Planner

27

### FIGURE 3.15

Need for, Expectation  
and Service from  
Financial Planner

28

### FIGURE 3.16

Perception towards  
Financial Planner,  
Financial Plans &  
Financial Planning  
Company

28

### FIGURE 3.17

Financial Planning  
Companies Information  
Source

29

### FIGURE 3.18

Selection Criteria for  
Financial Plan

30

### FIGURE 3.19

Preferred Qualities of a  
Financial Planner

30

### FIGURE 3.20

E-wallet Services

31

### FIGURE 3.21

Robo-Advisor Usage

32

### FIGURE 3.22

Knowledge on Financial  
Technology

32

### FIGURE 3.23

Financial Technology  
Application

33

### FIGURE 3.24

Frequency of Financial  
Technology Usage

# CONTENTS

---

## List of Figures PART I

---

35

**FIGURE 3.25**

Annual Income Invested

36

**FIGURE 3.26**

Purpose of Investment

36

**FIGURE 3.27**

Financial Resources for Retirement

37

**FIGURE 3.28**

Types of Savings or Investment

38

**FIGURE 3.29**

Participation in Alternative Investment

39

**FIGURE 3.30**

Types of Alternative Investment

---

## List of Figures PART II

---

40

**FIGURE 4.1**

Gender, Marital Status & Ethnicity

41

**FIGURE 4.2**

Monthly Income & Education Level

42

**FIGURE 4.3**

Age Distribution

42

**FIGURE 4.4**

Size of Family

43

**FIGURE 4.5**

Employment Status

43

**FIGURE 4.6**

Homeownership

44

**FIGURE 4.7**

Monthly Savings

44

**FIGURE 4.8**

Assets-to-Debt-Ratio

45

**FIGURE 4.9**

Income Adequacy

45

**FIGURE 4.10**

Types of Loans

45

**FIGURE 4.11**

Type of Assets

50

**FIGURE 4.12**

Financial Products Information Source

51

**FIGURE 4.13**

Have a Financial Planner

51

**FIGURE 4.14**

Person Considered as Financial Planner

52

**FIGURE 4.15**

Need for, Expectation and Service from Financial Planner

53

**FIGURE 4.16**

Perception towards Financial Planner, Financial Plans and Financial Planning Company



# CONTENTS

---

## List of Figures PART II

---

54

**FIGURE 4.17**

Financial Planning  
Companies Information  
Source

55

**FIGURE 4.18**

Selection Criteria for  
Financial Plan

55

**FIGURE 4.19**

Preferred Qualities of a  
Financial Planner

57

**FIGURE 4.20**

E-wallet Services

57

**FIGURE 4.21**

Robo-advisor Usage

57

**FIGURE 4.22**

Knowledge on Financial  
Technology

58

**FIGURE 4.23**

Financial Technology  
Application

58

**FIGURE 4.24**

Frequency of Financial  
Technology Usage

60

**FIGURE 4.25**

Annual Income Invested

61

**FIGURE 4.26**

Purpose of Investment

61

**FIGURE 4.27**

Financial Resources for  
Retirement

62

**FIGURE 4.28**

Types of Savings or  
Investment

62

**FIGURE 4.29**

Participation in  
Alternative Investment

63

**FIGURE 4.30**

Type of Alternative  
Investment

63

**FIGURE 4.31**

Additional Savings or  
Investment

64

**FIGURE 4.32**

Financial Activities

64

**FIGURE 4.33**

Additional Loan  
Acquisition

# ACKNOWLEDGEMENT

*Our sincere appreciation to*

CMDF

Dana Pembangunan Pasaran Modal  
Capital Market Development Fund

---

## ABOUT MFPC



---

**T**he Malaysian Financial Planning Council (MFPC), established in 2004 at the behest of Bank Negara Malaysia, is dedicated to advancing and refining the financial planning profession nationwide. Our primary focus is providing professional education programs that lead to recognized financial planning designations. We uphold rigorous Best Practice Standards and a code of Ethics, ensuring that Registered Financial Planners (RFP) and Shariah RFP designees maintain the highest level of professionalism. This commitment guarantees Malaysians access to top-tier financial planning services.

More over, our mission extends beyond professionalism development. We actively combat the alarmingly low financial literacy rates in Malaysia by offering free financial education programs to the public. Through financial awareness workshops and initiatives, such as "My Money & Me" Financial Planning Workshops and Shariah Financial Planning Awareness Programmes, we empower Malaysians to make informed financial decisions, contributing positively to the nation's progress.



## EXECUTIVE SUMMARY

**A**midst the economic uncertainties by the global pandemic and economic downturn, evolving financial landscape, coupled with changing consumer behaviors and the need for effective financial planning, underscores the timeliness and importance of our investigation. This study encompasses various objectives, including examining the overall financial literacy and financial capabilities of Malaysians, assessing Malaysians' understanding of the Capital Market, and gaining insights into Malaysians' preferences concerning financial planning advisory services.

Predominantly, respondents' express assurance in their capacity to oversee their financial affairs and demonstrate prudence in their monetary decisions. When considering the financial literacy of respondents for Bank Negara and Securities Commission, this survey unveils that the majority of respondents are cognizant of and comprehend its existence. However, a limited number of individuals grasp the significance of saving in the Employee Provident Fund (EPF) for their retirement. They also lack in understanding Private Retirement Scheme (PRS). In addition, there are still misconceptions surrounding insurance eligibility and the role of wills in both insurance matters and EPF nominations. Regrettably, respondents exhibit difficulty comprehending mathematical calculations, especially the concept of inflation

eroding the value of savings and income when it comes to respondents' capital market literacy.

With respect to financial planning advisory services, Malaysians express a preference for enjoying a comfortable life in the present while recognizing the role of financial planners in tailoring financial goals and strategies to prevent costly mistakes. Their investments are driven by a commitment to financial security. The respondents' approach to retirement planning mirrors their proficiency in financial management, as evidenced by their inclination to save and strategize for retirement. They consistently allocate funds for potential unforeseen expenses.

Therefore, implementation of comprehensive financial education programs across diverse platforms and encouraging investment diversity to mitigate risks and achieve financial goals. Bridging the gap between financial planners and the public is crucial, emphasizing the understanding of services and responsibilities. Early involvement in personal financial planning is promoted through the establishment of Financial Planning Clubs at all educational levels. Preventing financial fraud is addressed through awareness campaigns leveraging artificial intelligence, and empowerment via digital platforms is advocated through the development of user-friendly financial applications for accessible resources.

# MESSAGE FROM MFPC PRESIDENT

## Andy Ng Yen Heng

### **WARMEST GREETING,**

It is with great pleasure that the Council presents the 3rd research report on Financial Capability & Utilization of Financial Advisory Services. With utmost gratitude, we extend our thanks to the Capital Market Development Fund (CMDf) for generously funding this longitudinal study. As highlighted in the report, one promising development revealed by this research is the increased awareness among Malaysians. In comparison to the 2020 report, where only 32% were aware, the 2023 report shows a significant rise, with 58% now recognising that their retirement savings in the Employees Provident Fund (EPF) may not suffice for their retirement years. The shift from lagging to leading indicators in the uptake of financial products and solutions gives us reason to be optimistic about the improving financial well-being of Malaysians. However, some staggering findings in this study continue to air us to be cautious. Notably, while 87% of respondents claim to have a financial planner, only 33% are aware of what constitutes a financial planner.

I am also pleased to note that alongside the survey for this research, a nationwide financial literacy programme was conducted. This included programmes in Felda Settlements and for the rural poor. Our simplified "My Money and Me" content in Bahasa Malaysia received positive feedback from this segment of society, emphasising that practicing financial planning is key to upward social mobility.

On behalf of the Council, I express my appreciation to the lead researcher, Prof. Dr. Mohamad Fazli Sabri, for leading the research committee. Collaboration with local academicians and industry practitioners enriched this report with expertise and diligence in data collection, analysis, and interpretation, ensuring its credibility and relevance. I extend heartfelt gratitude to the members of the MFPC National Council and the helping hands at the MFPC Secretariat for their contributions to materialise this research report.

I encourage you to explore this report thoroughly, engage with its findings, and leverage its insights to enhance your personal financial planning practices. I am confident that you will find value in this report, one way or another. Together, let us harness the power of knowledge to create a positive impact, foster sustainable growth, and shape a better environment for personal finance in Malaysia.

Thank you.

Best Regards,

Andy Ng Yen Heng  
MFPC President





# FOREWORD

**Prof. Dr. Mohamad Fazli Sabri**  
*Research Head*

Welcome to the 3rd installment of CMDF's Research Report: Financial Capability & Utilization of Financial Advisory Services in Malaysia, following our previous surveys conducted in 2017 & 2020. This comprehensive 2023 research report maintains the same objectives: (i) to investigate the general financial literacy and financial capability of Malaysians, (ii) to assess Malaysians' literacy on the Capital Market, and (iii) to understand Malaysians' preferences concerning financial advisory services.

To ensure continuity, we engaged repeat respondents from previous surveys to analyse any evolving patterns. This approach allows us to examine whether there have been improvements in respondents' financial capability and understanding of financial advisory services since their initial participation in the first survey in 2017. This progressive methodology enables us to make comparisons and measure changes in financial information, personal financial planning knowledge, and skills possessed by respondents. It also assesses their ability to evaluate options and make decisions that best suit their needs and circumstances.

This study employed the purposive sampling technique, gathering comprehensive data from 2000 respondents spanning various demographic and geographical locations across the country. Among these, 500 were returning respondents, while 1500 were new ones. The gender ratio was approximately 60:40 in favour of females, with 75% of the respondents identifying as Malay ethnicity. A previous study by Loke et al. (2022) revealed that less than 40% of Malaysians meet the minimum financial literacy score, indicating a general deficiency in both capital market literacy and financial literacy.

One concerning finding is the understanding of the importance of Employee Provident Fund (EPF) savings for retirement. Only 32% of respondents stated that EPF savings alone are sufficient to sustain them after retirement, compared to 58% in previous survey findings. This trend is further evidenced by the withdrawal of EPF savings due to financial difficulties in the post-COVID-19 era, resulting in insufficient retirement fund planning. Additionally, there has been a decline of 16% in the comprehension of the Private Retirement Scheme (PRS) for retirement planning. Misconceptions also exist regarding insurance eligibility and the function of Wills in insurance and EPF nominations. To address these challenges, several recommendations are proposed to enhance the financial literacy level of the community: (i) improving Financial Education Programmes, (ii) conducting specialised financial workshops, (iii) engaging periodically with the public to raise awareness, (iv) encouraging early involvement in personal financial planning, and (v) empowering individuals through digital platforms.

Regarding perceptions towards the financial planner profession, despite 87% of respondents consulting a financial planner for personal financial planning, there exists inconsistency in their understanding of the functions and roles of these professionals. Many Malaysians mistakenly assume that unit trust consultants, bank officers/managers, insurance agents, and others can serve as professional financial planners. This indicates that despite the efforts of authorities to uphold the profession, there remains a lack of understanding among the public regarding this matter.

On behalf of the working team, I would like to express our deep appreciation to the Capital Market Development Fund (CMDF) for its continuous and invaluable support of this research report. We also extend our heartfelt gratitude to numerous local academicians and industry practitioners for their collaborative efforts. It is through our collective dedication that we hope this research report serves as a beneficial resource, providing insights to empower readers in planning for their financial endeavours going forward.

Thank you.

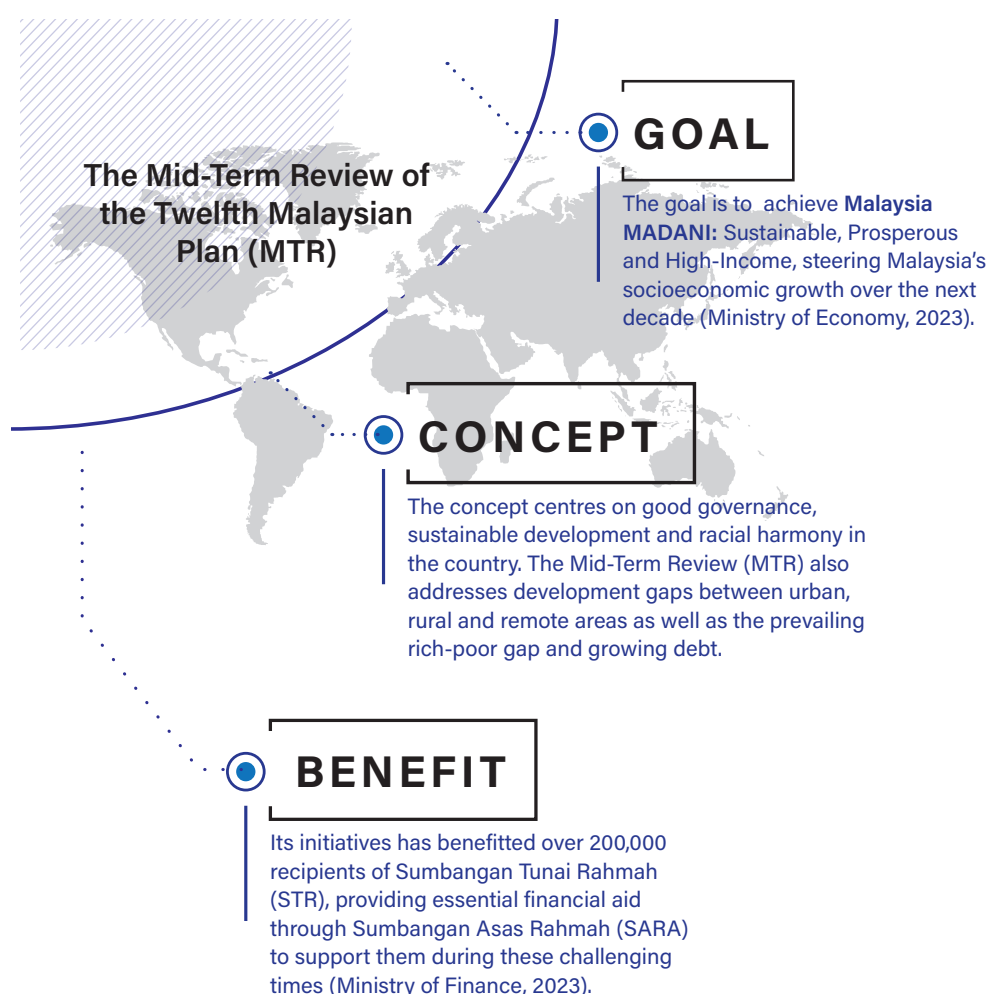




## 1.0 INTRODUCTION

The world is dealing with tough challenges like global inflation, rising interest rates, wars in Ukraine and the Middle East, on-and-off pandemic issues, and the climate crisis. These macroeconomic conditions are creating heightened uncertainties that cloud the economic outlook, making the pursuit of Sustainable Development Goals (SDGs) a formidable endeavour. The SDGs, established by the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development, serve as a global roadmap for addressing pressing issues and fostering a sustainable future. The goals represent a universal call to action, aiming to end poverty, protect the planet, and ensure peace and prosperity for all. From the list of 17 SDGs, the study will specifically integrate SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption). The aim of achieving financial capability aligns with broader objectives, promoting economic growth, and ensuring sustainable consumption (United Nation, 2023).

Global growth is projected to fall from an estimated 3.5 per cent in 2022 to 3 per cent in both 2023 and 2024 (World Economic Outlook, 2023). Amid a resurging COVID-19 pandemic, global economic recovery continues even when geopolitical tension lingers which weigh heavily on the outlook. The effect on Malaysia is not spared when growth for this year is 0.4 per cent point lower than the previous forecast (World Bank, 2023). Amid changing economic trends and political variability, maintaining economic stability and achieving sustainable growth poses significant challenges. The Mid-Term Review of the Twelfth Malaysian Plan (MTR) has introduced new policies and approaches to address current challenges. The goal is to achieve Malaysia MADANI: Sustainable, Prosperous and High-Income, steering Malaysia's socioeconomic growth over the next decade (Ministry of Economy, 2023). The concept centers on good governance, sustainable development and racial harmony in the country. The Mid-Term Review (MTR) also addresses development gaps between urban, rural and remote areas as well as the prevailing rich-poor gap and growing debt. One of its initiatives has benefitted over 200,000 recipients of Sumbangan Tunai Rahmah (STR), providing essential financial aid through Sumbangan Asas Rahmah (SARA) to support them during these challenging times (Ministry of Finance, 2023).

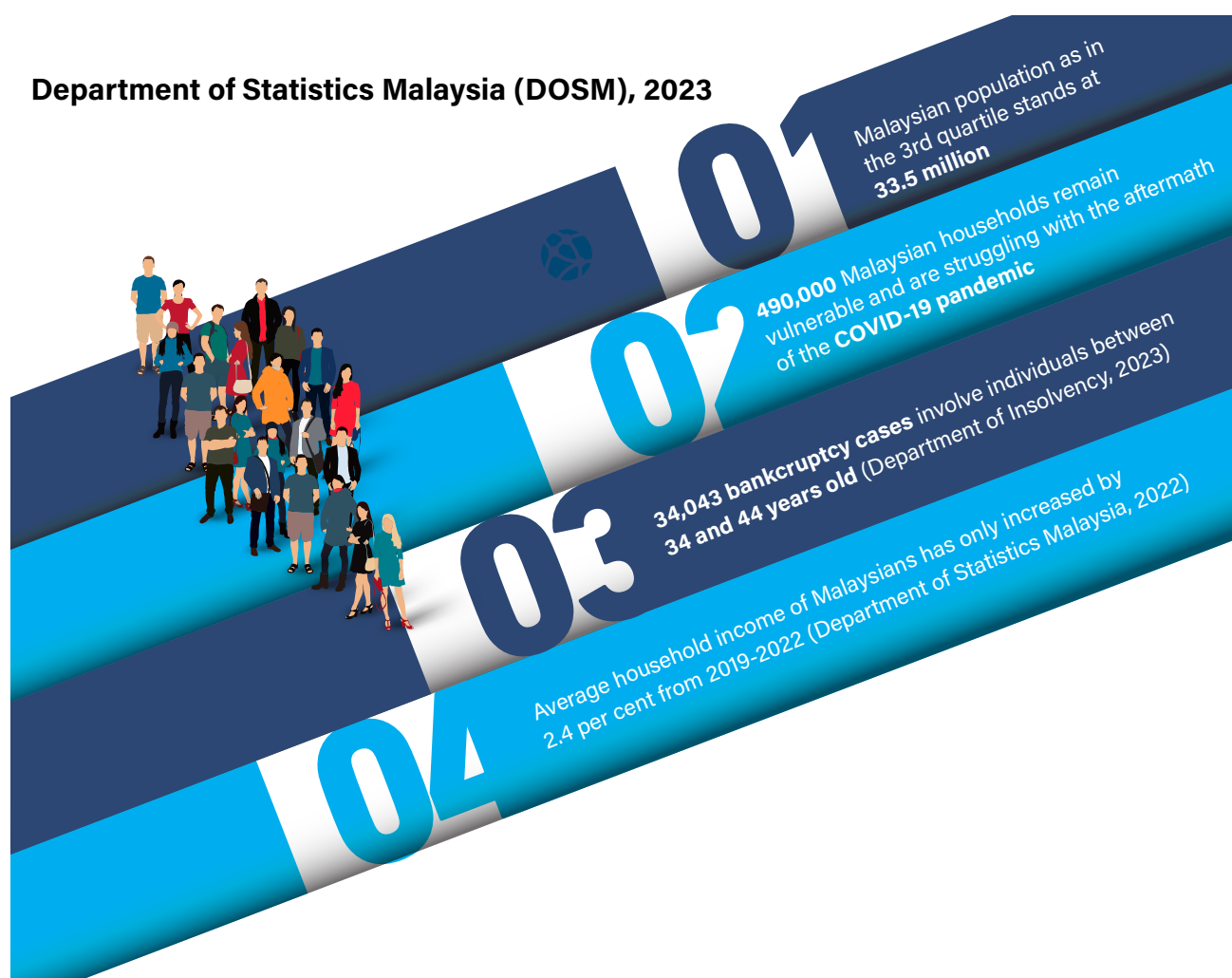


According to the latest data from the Department of Statistics Malaysia (DOSM) in 2023, the Malaysian population as in the third quartile stands at 33.5 million, with an inflation rate of 1.8 per cent and a Gross Domestic Product (GDP) growth of 3.3 per cent. According to the World Bank (2023), 490,000 Malaysian households remain vulnerable and are struggling with the aftermath of the COVID-19 pandemic. Similarly, data from the Malaysian Department of Insolvency spanning from 2019 to April 2023 indicates that 38 per cent of the 34,043 bankruptcy cases involve individuals between 34 and 44 years old (Department of Insolvency, 2023). In addition, DOSM data from the Household Income Survey Report and Household Expenditure Survey Report (2022) indicate that the average household income of Malaysians has only increased by 2.4 per cent from 2019 to 2022 (Department of Statistics Malaysia, 2022).

The significant impact of the pandemic on Malaysians in the last few years is evident in the RinggitPlus Malaysian Financial Literacy Survey (RMFLS) 2022. The survey

highlights that 70 per cent of Malaysians save less than RM500, 55 per cent spend exactly or more than their income, and 52 per cent of individuals above 18 years old have not started investing yet (RinggitPlus, 2022). Additionally, data from the Credit Counselling and Management Agency (AKPK) data in 2022 reveals a concerning trend: the majority of participants in debt management programmes are youths aged between 20 and 30. The breakdown shows that the age groups facing this serious challenge are 20 to 30 years old (13.5%), 30 to 40 years old (41.5%), 40 to 50 years old (28.3%), and 50 to 60 years old (13%) (AKPK, 2022). This is likely due to the introduction of “buy now, pay later” (BNPL) schemes, particularly prevalent among young and lower-income consumers. This BNPL scheme enables individuals to split their expenses into interest-free instalments, potentially leading to increased debt. Irresponsible spending or a lack of understanding of BNPL terms may contribute to over-indebtedness (Cornelli et al., 2023).

### Department of Statistics Malaysia (DOSM), 2023



Given the current scenario of rapidly rising fuel and food prices, the impact is more severe on the vulnerable population in low-income countries. It is unsurprising that many Malaysians have resorted to withdrawing from their Employee Provident Fund (EPF). A total of 2.85 million members, accounting for 59 per cent of the members, applied for COVID-19-related withdrawals, resulting in a withdrawal exceeding RM62 billion. This has significantly reduced their savings for the future (Employer Provident Fund, 2023). When special withdrawals are allowed during the pandemic, the median savings of EPF members have reduced by 50 per cent in 2022. Moreover, EPF's special withdrawals such as i-Lestari, i-Sinar and i-Citra, totaled RM101 billion in 2021 (Ministry of Finance, 2022). As a result, 48 per cent of members under the age of 55 have an EPF balance of less than RM10,000 in their accounts (Ministry of Finance, 2022).

Innovative companies have emerged in recent years offering a wide range of financial technology services via technology platforms and mobile applications as the latest trend of development in the global financial market. Due to its rapid expansion, Malaysians are prepared to adopt financial technology (fintech) in their daily lives. Digital payments, e-wallets, digital transfers, crypto-currency and crowdfunding are leading the way for emerging trends and development in the financial landscape. This can be supported by statistics from the Malaysia Fintech Report (2021), revealing that internet banking in Malaysia has quadrupled over the last decade, showing an increased usage rate of over 100 per cent rate in 2020. Besides that, according to The World Economic Forum's Network Readiness Index in 2019, Malaysia ranked high among 139 countries and secured the top position among emerging and developing Asian countries.

The establishment of the Financial Education Network (FEN) was a key initiative under the National Strategies for Financial Literacy 2019-2023. Its purpose is to support the well-being and financial health of Malaysian households via financial education, while also identifying new opportunities to enhance financial literacy (Financial Education Network, 2023). FEN is an inter-agency platform comprising of institutions and agencies that are coordinated nationally. Its primary objectives is to enhance the financial capabilities of Malaysians. FEN identifies target groups, educational needs, and delivery channels, striving to effectively provide financial education. Financial Literacy Month (FLM) is one of the initial programmes introduced by FEN each year in the month of October to empower Malaysians' financial literacy. It is a month dedicated to reflecting Malaysians' financial situations and gradually improving them through financial education. Activities during the FLM include roadshows, webinars, advisory, symposiums, competitions, pocket talks, as well as exhibitions or virtual information booths.

As the evolvement of financial landscape continues, FEN's commitment to harmonising and advancing the financial education community is crucial. Their continuous efforts to revolutionise and enhance financial literacy play an essential role in progressing towards the target of broad-based financial literacy. It is tasked to develop robust financial resilience among all Malaysians by equipping and empowering them with the knowledge and skills to make responsible financial decisions at different stages of their lives, including saving for retirement, borrowing responsibly, investing wisely, and protecting against financial destruction (FEN National Strategy Progress Report 2019-2022, 2023).

**This study aims to achieve the following objectives:-**

### 1. INVESTIGATE



Investigate general financial and Financial Capabilities of Malaysians

### 2. DETERMINE



Determine Malaysian's literacy of the Capital Market

### 3. UNDERSTAND



Understand Malaysian's preferences regarding financial planning advisory services

The official number of licensed financial planners and financial advisors in Malaysia stands at 1,455 and 1,319, respectively (Bank Negara Malaysia, 2022). Financial planners play a significant role in Malaysians' financial well-being via constructing financial plans that enable clients to meet their financial goals by proposing strategies on how to invest, grow and protect their money (Securities Commission Malaysia, 2015).

## 2.0 DATA COLLECTION AND ANALYSIS

Obtaining data from a small sample of the total population may not enable investigators to estimate the population's financial attributes rather accurately. Thus, in order to minimise sampling errors, a relatively large sample size is required. When a sufficiently large sample size is obtained, potential problems such as coverage, non-response, and measurement errors can be minimised. In addition, the sample data could be representative and generalisable to the target population. According to data from the Department of Economic and Social Affairs Population Division (2022), the annual population growth for the country is a mere 0.2 per cent in 2022, bringing the total population to 32.7 million compared to 32.6 million in 2021.

According to the latest data from the Department of Statistics Malaysia (DOSM) in 2023, the Malaysian population as in the third quartile stands at 33.5 million. Individuals aged between 15 to 64 years make up approximately 69 per cent of the total Malaysian population, and this age group is the focus of the research.

In accordance to the sample size calculation table by Krejcie and Morgan (1970), a sample size of approximately 1,500 is required with a 95 per cent confidence interval and a margin of error of 2.5 per cent for a population equal to or

greater than 1,000,000. This research gathered information from a total of 2,000 respondents where 1,500 are new respondents and 500 are repeat respondents (respondents from the survey conducted in 2017/2019).

The purposive sampling method is adapted to provide a wide coverage of the population. The sample is categorised into four (4) categories: public sector employees, SME/private sector employees/general public, FELDA/rural area residents, and youths in institutions of higher learning. These four (4) categories possess the potential to encompass a comprehensive scope of the entire population for the results to be generalised. All questions in the questionnaires are developed in a close-ended form by providing possible choices of answers. Data is collected from June to September 2023. A pilot study is conducted among forty respondents to check the suitability of research instruments in a preliminary small-scale study. This has assisted the researchers to decide on the most appropriate approach to conduct such a large-scale research project and to ensure that the proposed methods or instruments are appropriate.

Furthermore, some instruments underwent revisions, and instructions were modified after the pilot study to address clarification and understanding issues among respondents. This has enhanced the reliability and accuracy of the questionnaire. The questionnaire is developed in both the Malay and English languages and distributed to all potential respondents. Self-administration of the questionnaire is applied, and assistance and clarification are provided to those who requested them. Reliability tests are conducted and a Cronbach's Alpha coefficients are obtained for all the instruments in order to ensure appropriateness and consistency. In addition, Statistical Package for Social Science version 25.0 (SPSS) is applied to analyse the data.



## FINANCIAL LITERACY

2.1

In this section, the financial literacy levels of the respondents are identified and are further divided into two parts: Part A classifies general financial literacy, while Part B encompasses financial literacy in the capital market. Part A consists of a total of 24 true/false questions, covering information on the nine (9) domains of financial literacy: financial technology, debt management, cash flow management, retirement planning, saving and investment, Islamic financial products, risk management, taxation and estate planning, and general questions on the Malaysian financial system. On the other hand, Part B contains five (5) multiple-choice questions assessing awareness of financial institutions and markets.

## FINANCIAL PLANNING ADVISORY SERVICES

2.2

The objective of this segment is to assess Malaysians' inclination towards financial planning advisory services. It is categorised into five parts, covering sources of information on financial products, financial planning services, perception towards financial planners, financial plans and financial planning companies, as well as financial decisions and participation in the capital market.

## DEMOGRAPHIC AND SOCIO-ECONOMIC INFORMATION

2.3

Respondents' demographic and socio-economic particulars are detailed in this section. A summary of the individual characteristics of all respondents in terms of age, gender, ethnicity, marital status, educational background, employment status, monthly salary, family size, home ownership, savings, financial status, income adequacy and types of existing loans/debt as well as existing property are listed.

## IMPROVEMENT OF FINANCIAL CAPABILITY

2.4

This section is explicitly incorporated for respondents who have previously participated in our surveys. It is an additional section with five (5) questions that aspires to uncover respondents' improvement in saving habit, participation in financial activities, financial literacy and awareness of personal finances.

## 2.1.1 Financial Capability

The financial capability section aims to assess the financial capability of the respondents using 18 statements across four (4) different domains: managing money, planning ahead, selection of products, and staying informed. These instruments were previously applied in financial capability studies such as the Scottish Household Survey (2005-2009), British Household Panel Survey (2006) and Central Bank of Malaysia's Survey on Financial Literacy of Malaysian Adults (2010). Respondents are required to rate their preferences according to the Likert scale.

## 2.2.1 Sources of Information on Financial Products

This section seeks to identify the respondents' preferred medium of acquiring information when choosing financial products. A total of ten options are presented, and respondents are asked to select their three (3) most frequent sources of information.

## 2.2.2 Financial Planning Services

The financial planning services section comprises four (4) questions, each offering options to discern respondents' preferences regarding financial planners. The questions cover topics such as the preferred provider of financial planning services, the perceived need for a financial planner, expected criteria, and the required services from a financial planner.

## 2.2.3 Perception Toward Financial Planners, Financial Plans and Financial Planning

This segment includes four (4) questions with statements that require the respondents to rate the importance of choosing a financial planner and rank their perception towards financial planning companies, financial plans and financial planners.

## 2.2.4 Financial Decisions

This section assesses the sources of information and ability of respondents in making financial decisions. It contains eight questions with alternatives, focusing on where respondents collect financial information, how they gather information prior to making financial decisions, and their knowledge and utilisation of financial technology.

## 2.2.5 Participation in the Capital Market

This segment intends to reveal respondents' participation in the capital market and encompasses six (6) questions with selections disclosing their investment profiles. The topic of relevance includes the proportion of income allocated to investment, starting age of investment, investment purposes, financial resources for retirement, and types of current savings/ investment, and lastly, a question on whether they engage in alternative investments.





### 3.0 FINDINGS

#### 3.1 Profile of Respondents

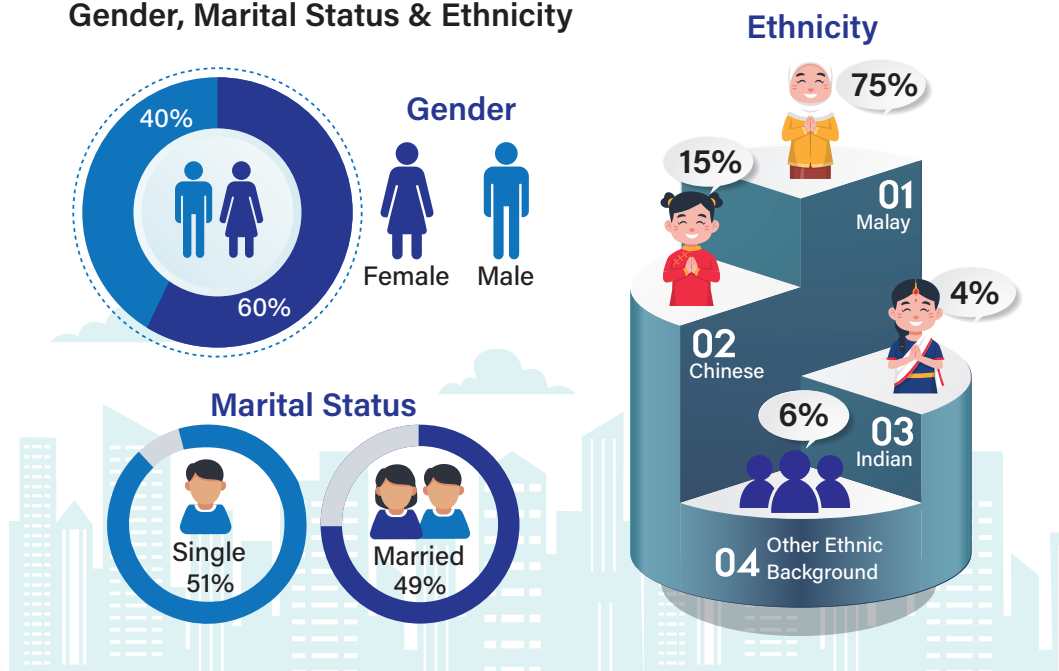
##### 3.1.1 Demographics

Based on the data collected from all 1,500 respondents in 2023, 60 per cent are female, with the remaining percentage being male, as shown in Figure 3.1. There is a slightly higher proportion of female respondents compared to the overall population of the country. The majority of the respondents, at

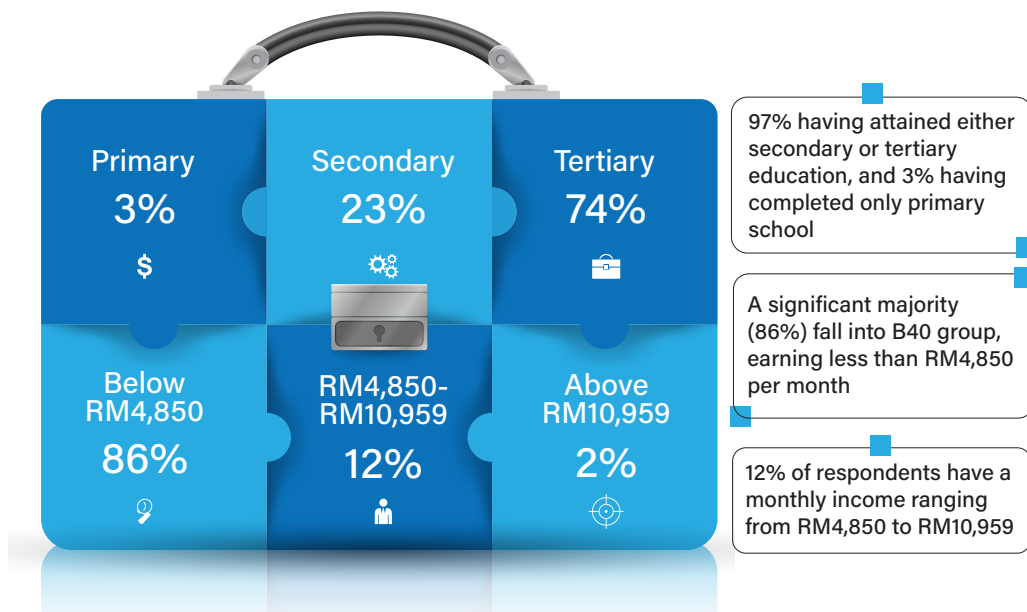
51 per cent, are single and younger, reflecting a trend where youths opt to marry later in life due to financial constraints and the higher cost of living, including childcare, housing, healthcare and education. In terms of ethnicity, this study surveyed approximately 75 per cent Malay, 15 per cent Chinese, 4 per cent Indian, and 6 per cent from other ethnic backgrounds, closely aligning with the national averages of 70, 23, 7 and 0.6 per cent, respectively, as reported by the Department of Statistics Malaysia, (2023).

**FIGURE 3.1**

**Gender, Marital Status & Ethnicity**



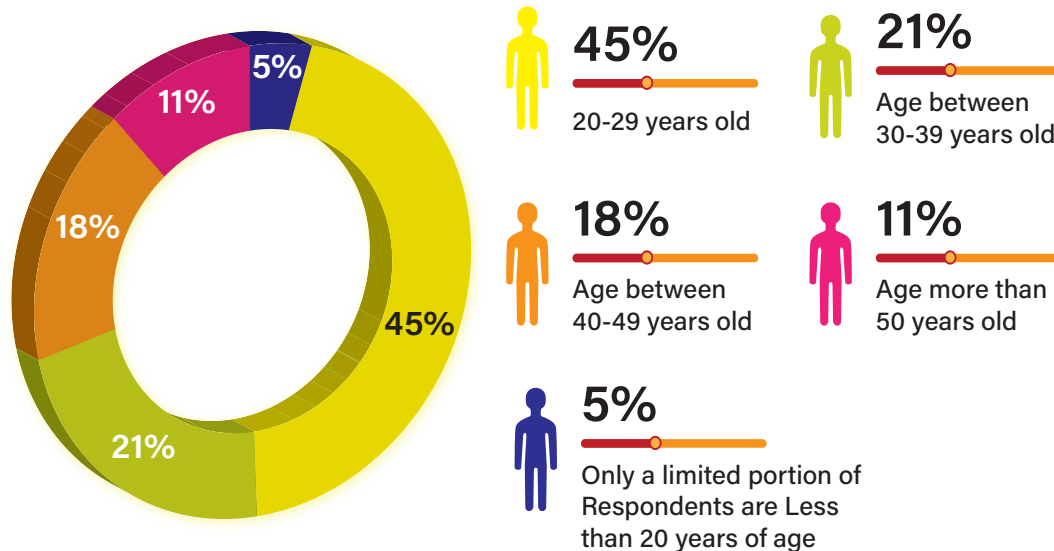
**FIGURE 3.2**  
Education Level & Monthly Salary



The details of respondents' educational background, depicted in Figure 3.2, aligns with the general population, with 97 per cent having attained either secondary or tertiary education, and only 3 per cent having completed only primary school. Examining the average monthly income of respondents, a significant majority (86%) fall into the B40 group, earning less than RM4,850 per month. Twelve per

cent of respondents have a monthly income ranging from RM4,850 to RM10,959, while only 2 per cent of the sample earn more than RM10,959 monthly. In summary, more than half of the respondents are female, single, and of Malay ethnicity, with 97 per cent having at least secondary-level education, and a majority falling into the B40 income group.

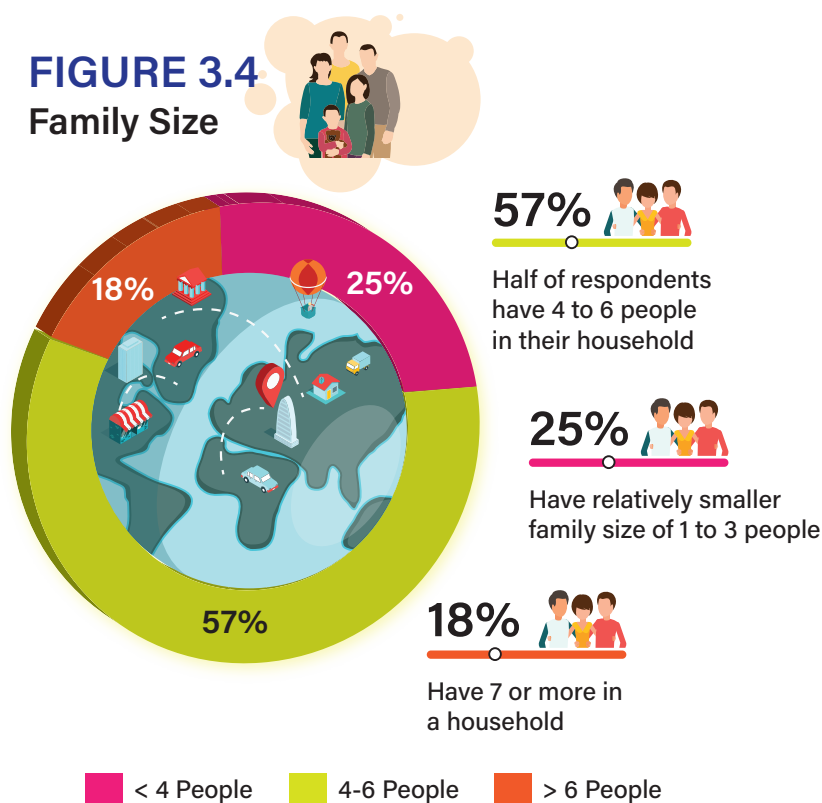
**FIGURE 3.3**  
Age Distribution



Age distribution in Figure 3.3 reveals that 45 per cent of respondents are between the ages of 20 and 29 years old, 22 per cent are between 30 and 39 years old, 18 per cent between the ages of 40 and 49, and only 11 per cent are more than 50 years old. Only a limited portion of respondents (5%) are less than 20 years of age. The details on family size of respondents are exhibited in Figure 3.4 and more than half of

the respondents (57%) have 4 to 6 people in their household. On the other hand, 25 per cent have relatively smaller family size of 1 to 3 people, and 18 per cent have seven (7) or more in a household. In summary, this group of respondents are relatively young with 50 per cent of them less than 30 years of age and 72 per cent of them less than 40 years old.

**FIGURE 3.4**  
Family Size

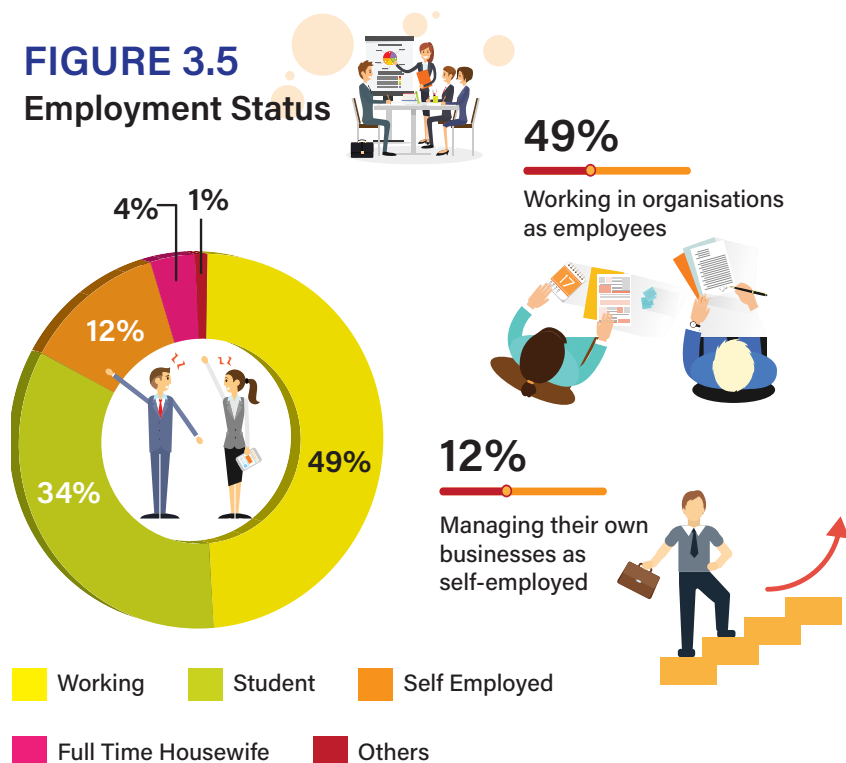


### 3.1.2 Socioeconomic Information

Figures 3.5 to 3.9 reveal the socioeconomic statistics of respondents. Figure 3.5 indicates that 61 per cent of the respondents are employed, with 49 per cent working in organisations as employees and 12 per cent managing their own businesses as self-employed. It is interesting to note that 37 per cent of the sample resides in their own homes, 43 per cent continue to stay with family, and 14 per cent are renting premises, as displayed in Figure 3.6. As majority of the respondents are single and less than 30 years of age (50%), it is most likely that they are still living with family rather than on their own.

It is essential to apprehend the financial position of respondents in this study when analysing their financial capabilities. The data presented in Figure 3.7 regarding the portion of monthly income allocated to savings reveals concerning trends. A notable 14 per cent of respondents indicate they lack sufficient income to contribute to savings. Additionally, 53 per cent save less than 10 per cent of their monthly income, while approximately 27 per cent manage to set aside 10 to 20 per cent of their income as savings. This cumulatively implies that slightly less than 67 per cent of the

**FIGURE 3.5**  
Employment Status

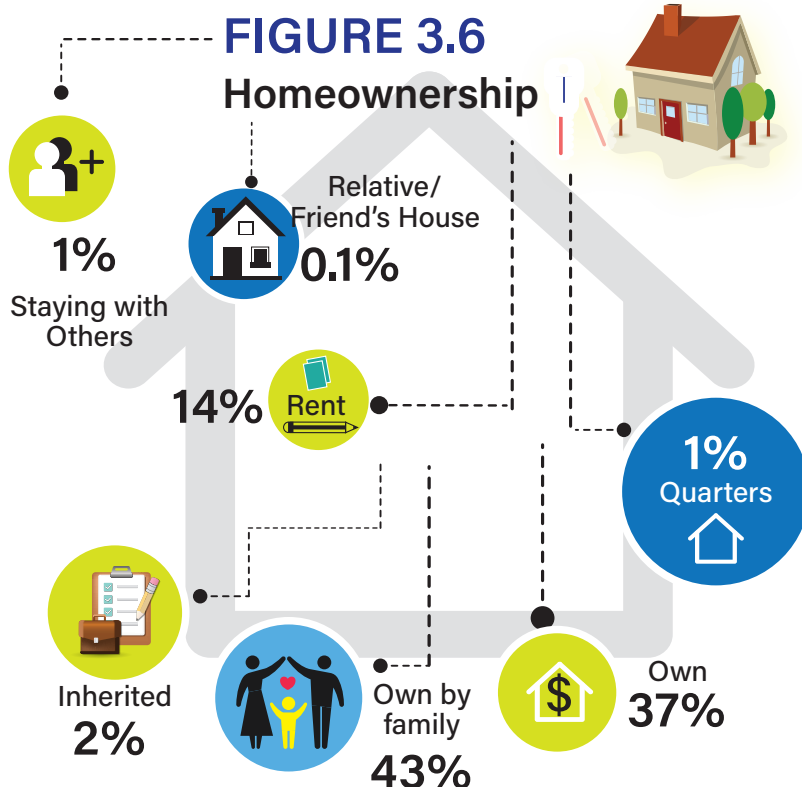


sample saves a minimum of 10 per cent or less of their income. This is certainly a worrying trend as respondents are not able to save after paying for all expenses or do not feel the need to save for future emergencies. There is an undeniably urgent need for increased communication and advice to inculcate financial planning skills for this major group of relatively young respondents (those under 40 years old).

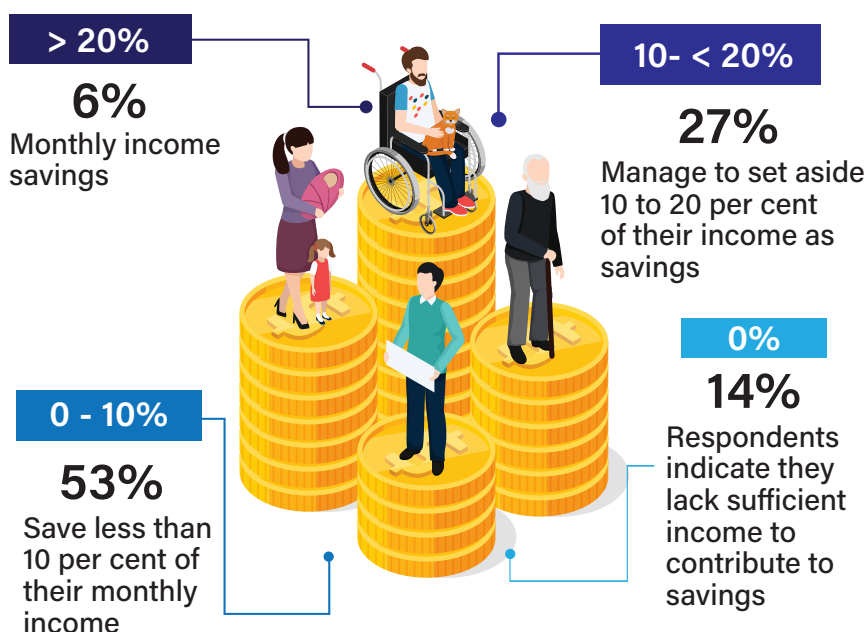
Building upon the income and savings data, it is not surprising to discover that the majority of respondents lack strong financial status in terms of assets-to-debt ratio. Figure 3.8 reveals that 31 per cent of respondents have more debt than assets, 29 per cent possess roughly the same amount of assets and debt, while only 40 per cent boast a higher amount of assets than debt. This suggests that about 60 per cent of respondents carry debt equal to or surpassing their assets. Managing finances effectively is crucial for respondents to steer clear of the debt trap or falling victim to scams, necessitating the services of AKPK. Moreover, it is indeed disheartening to realise that altogether, about 57 per cent of respondents do not have enough or have barely sufficient income to serve their basic needs, as shown in Figure 3.9. Only 16 per cent stated that their income enables them to satisfy their desires and 28 per cent have enough to buy most necessities.

This study further examines the type of financing commonly utilised by respondents and finds that the most common debt is education loan (47%), followed by vehicle hire purchase (33%), personal loan (25%), housing mortgage (22%), and credit card debt (13%), as depicted in Figure 3.10. In addition, 60 per cent of respondents reveal that vehicle ownership is a significant asset for them, alongside their home (42%), jewellery (41%), land (16%), and residential properties (7%), as shown in Figure 3.11.

In summary, this study validates previous national studies whereby the data reveals that only 37 per cent of



**FIGURE 3.7**  
**Monthly Savings**

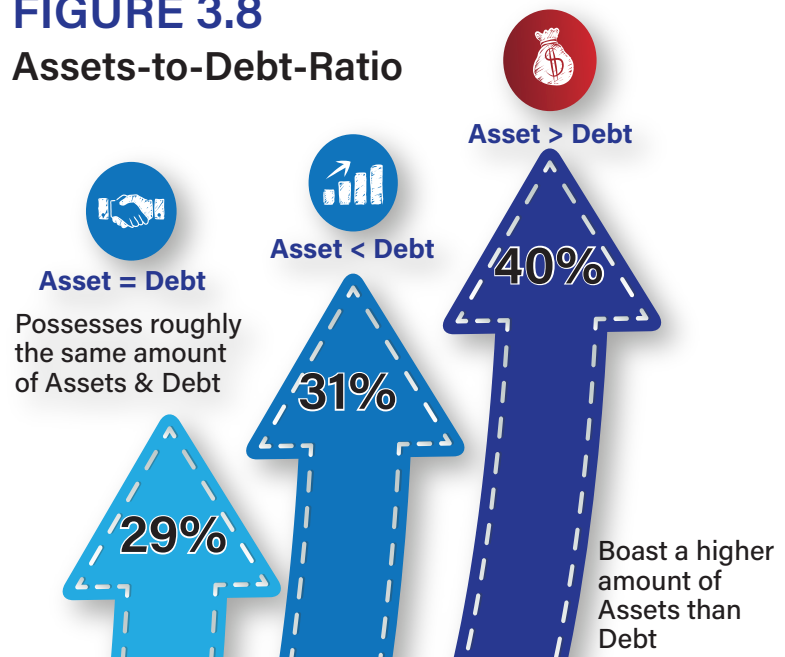


Malaysians possess the capability to own their homes. This study also discloses that about 57 per cent of respondents lack sufficient income to serve their basic needs, with 86 per cent earning less than RM4,850 monthly and falling within the B40 group. Furthermore, according to the respondents' current financial status, it is alarming to note that 31 per cent have higher debt relative to their assets. Overall, 67 per cent of respondents save nothing or less than 10 per cent of their monthly income, and education loan constitute the highest percentage of their recorded debt. This trend may be attributed to a younger group of respondents below 30 years old, accounting for 50 per cent of the sample. Similarly, 60 per cent of respondents identify vehicle ownership as their primary asset.

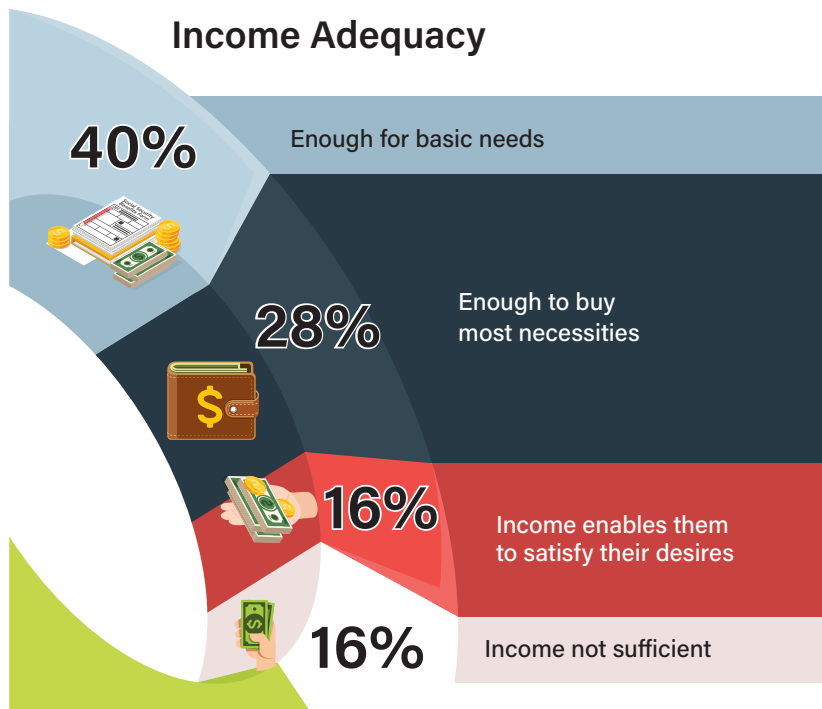
### 3.2 Financial Literacy

The respondents' financial literacy is assessed across twenty-nine different circumstances in two parts and the main differences are tabulated in Table 3.1. It

**FIGURE 3.8**  
**Assets-to-Debt-Ratio**



**FIGURE 3.9**  
**Income Adequacy**



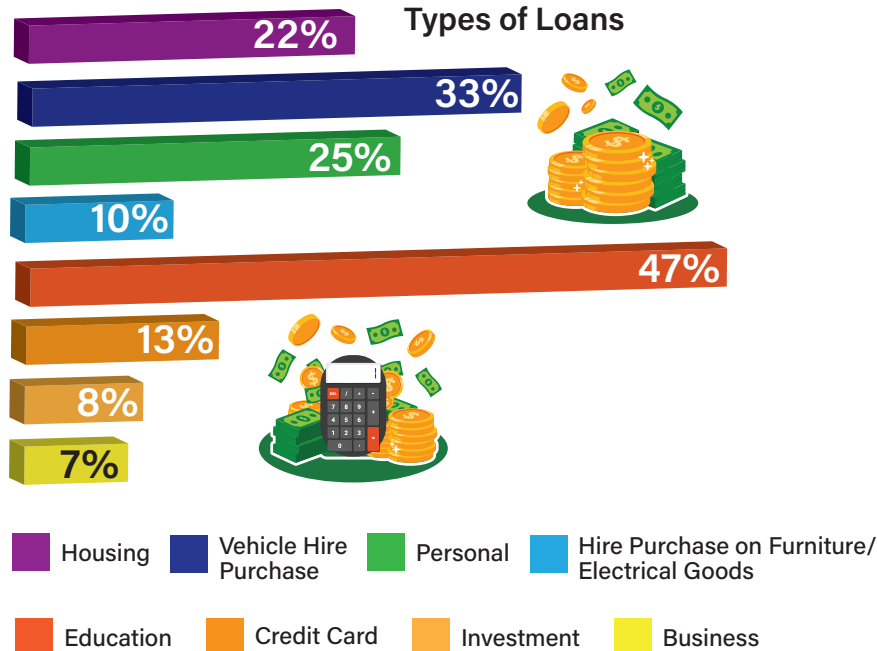
must be emphasised that this survey is a continuation from the previous survey which has found similar results in terms of the level of financial literacy in most areas relative to the original study. Hence, the current report only highlights those areas with significant changes.

The misconception among respondents regarding the Employee Provident Fund (EPF) is concerning, with a declining belief that they can depend on EPF savings for retirement. This belief has decreased from 58 per cent in 2019 to 32 per cent in 2023. Respondents have come to the realisation that relying solely on EPF savings for retirement is insufficient and won't sustain their standard of living in the future. There is also a decrease of 16 per cent in respondents' understanding and perception towards the Private Retirement Scheme (PRS) in 2023 compared to 2019. Only 71 per cent understood that PRS is not entirely for public employees but for all employees



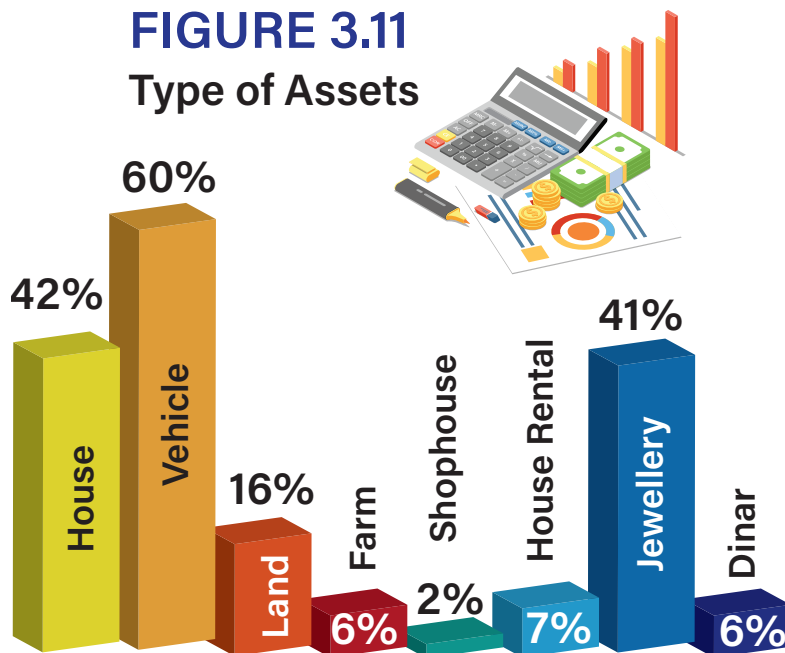
**FIGURE 3.10**

Types of Loans



**FIGURE 3.11**

Type of Assets



in the public and private sectors. It is vital for respondents, particularly those from the younger demographic, to comprehend the Private Retirement Scheme (PRS) to optimise its benefits. PRS stands as another avenue for future savings, proving beneficial during retirement.

Similar to previous findings, there persists a lack of understanding in insurance purchases, with less than a quarter (22%) of respondents believing that anyone can buy insurance whenever they wish. In the insurance/Family

Takaful industry, not everyone is eligible to purchase insurance as there are certain required criteria that need to be met under certain circumstances. Furthermore, the understanding of nominees in EPF and insurance is also very low (23%). It is unfortunate that respondents still presume that EPF and insurance nominations are under the jurisdiction of Wills. In terms of awareness of Shariah-compliant financial products, only 60 per cent of respondents are aware that Shariah-compliant products can generate similar returns comparable to conventional products, relative to the previous survey of 65 per cent and 67 per cent, respectively, in 2019 and 2017. Moreover, only 54 per cent possess the comprehension that Shariah-compliant products are not risk-free. It is worrying that, despite Malaysia being a hub for Islamic finance, there is a deteriorating

trend in the understanding of Shariah-compliant products within the last few years.

The findings also disclose that more than half (55%) of the respondents believe that Credit Counselling and Debt Management Agency (CCDM or AKPK) offer financial loans to the public. This indicates that they are not aware of CCDM's role in assisting individuals to take control over their financial situations. On the contrary, a majority of the respondents

**TABLE 3.1****Financial Literacy**

	2023	2019	2017
	n (%)		
One can depend on EPF savings for living after retirement	484 (32)	867 (58)	1124 (56)
Private Retirement Scheme is only for Government employees	1066 (71)	1307 (87)	1548 (77)
Everyone can buy insurance Family Takaful whenever they wish to do so	329 (22)	381 (25)	565 (28)
My Will can include EPF and Insurance nomination	339 (23)	285 (19)	466 (23)
Shariah products generate reasonable returns similar to Conventional products	903 (60)	967 (65)	1337 (67)
Shariah products are free from risk	812 (54)	817 (55)	1229 (62)
Credit Counselling and Debt Management Agency (AKPK) offers financial loans	830 (55)	1019 (68)	1115 (56)
<b>Securities Commission Malaysia ensure proper conduct of market institutions and licensed individuals</b>	1354 (90)	1334 (89)	1680 (84)
Bank Negara Malaysia's role is to regulate interest rate	1291 (86)	NA	NA
Bank Negara Malaysia is regulating cryptocurrency in Malaysia	505 (34)	NA	NA
E-wallet can be used to control spending	901 (60)	NA	NA
	Correctly Answered	Correctly Answered	Correctly Answered

\*NA = new items added



(90%) comprehend that Securities Commission (SC) Malaysia ensures the proper conduct of market institutions and licensed individuals. Furthermore, three supplementary questions were added to assess respondents' knowledge on Bank Negara Malaysia's roles and the utilisation of digital banking. It is reassuring to note that the survey discloses 86 per cent of respondents perceive Bank Negara to have the capability to regulate the country's interest rates. However, it is surprising that 66 per cent of respondents believe that cryptocurrency is regulated by Bank Negara in Malaysia. Given the high-risk nature of this digital financial instrument, it is concerning that respondents display overconfidence in the products, assuming that the market is regulated. With the global growth in digital transaction, it is not a surprise to learn that more than half of the respondents (60%) use some form of E-wallet application to control their spending behaviour. Malaysians are also embracing the global trend of utilising financial technology for a fast, convenient, and secure method of payment to improve their daily lives.

### 3.3 Capital Market Literacy

In this section on capital market literacy, the survey discloses that only 35 per cent and 42 per cent of respondents correctly answered Time Value of Money questions 1 and 2, respectively. This segment consistently reflects the

weak financial knowledge of respondents over the years. Therefore, more efforts need to be undertaken to enhance knowledge in this area. Respondents struggle to grasp the concept, especially in mathematical calculations, particularly the idea that inflation erodes the value of savings and income. This results in a difference in the value of the same amount of money in the future compared to its present value. A total of 64 per cent of respondents are mindful about share investment, acknowledging its considerably higher risk. However, only 46 per cent of them are aware of the benefits of diversification. In another similar question, almost three quarter (72%) of the respondents agree that investing in shares involves considerably higher risk. In general, there is a slight decrease in respondents' overall capital market financial literacy in 2023 compared to 2019 and 2017.

### 3.4 Financial Capability

Financial capability includes having financial information, the ability to budget expenditures according to income, exercise control over irrelevant expenses, and plan for the future financial well-being of the family and retirement. This section contains 18 components on financial capability as presented in Table 3.3 and divulges that a majority of respondents have the ability to manage their expenses and money. A total of 81 per cent of respondents make plans for expenses and 74 per

**TABLE 3.2**  
**Capital Market**  
**Literacy**

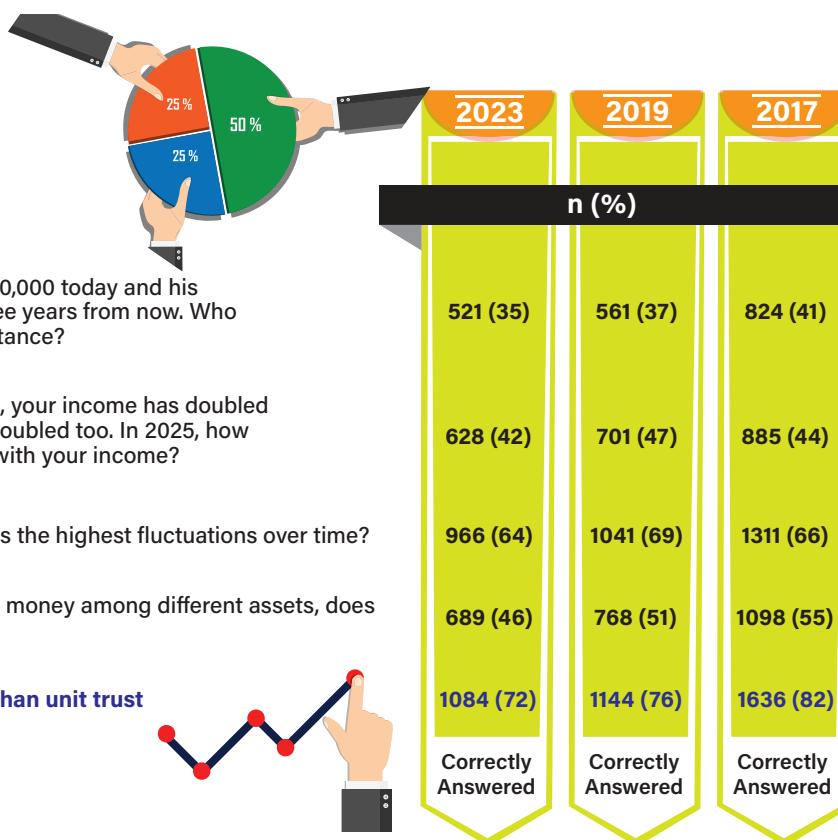
Assume a friend inherits RM 10,000 today and his sibling inherits RM 10,000 three years from now. Who is richer because of the inheritance?

Suppose that in the year 2025, your income has doubled and prices of all goods have doubled too. In 2025, how much will you be able to buy with your income?


Normally, which asset displays the highest fluctuations over time?

When an investor spreads his money among different assets, does he risk losing money?

**Shares are normally riskier than unit trust**



**TABLE 3.3**  
**Financial Capability**



I make plans for my expenses	1219 (81)	1150 (77)	1405 (70)
I pay my bills on time	1124 (74)	1008 (67)	1408 (70)
I review and evaluate my expenses	1165 (78)	1045 (70)	1298 (65)
I regularly set money aside for possible unexpected expenses	1103 (74)	1011 (67)	1299 (65)
I set specific financial goals and strive to achieve them	1078 (72)	1020 (68)	1245 (62)
I make adequate provision for unexpected expenses (shrinking income)	960 (64)	859 (58)	1049 (52)
I save for retirement	956 (64)	911 (61)	1201 (60)
I spend to have a comfortable life today rather than planning for retirement	662 (44)	410 (28)	640 (32)
Household income after retirement is able to guarantee a more comfortable living standard	834 (56)	835 (55)	1099 (55)
<b>Apart from contributing in pension funds, it is important for me to make my own savings</b>	<b>1307 (87)</b>	<b>1297 (87)</b>	<b>1593 (80)</b>
I consider several products/ loans/ policies/ accounts from different providers before making my decision	1083 (72)	1072 (72)	1416 (71)
I understand the various financial products that I need without consulting a financial adviser/ planner	565 (38)	465 (31)	660 (33)
I believe financial planners and accept what they recommend	791 (53)	635 (43)	804 (40)
I compare products on features and price rather than making a choice based on the brand image	1123 (75)	1164 (78)	1359 (68)
I actively seek financial information through professional advice	702 (47)	596 (40)	795 (40)
I am always interested to learn about financial products and services	955 (64)	928 (63)	1117 (56)
I would like to know further about financial issues and learn how to interpret the Information	993 (64)	1044 (70)	1315 (66)
I have personally experienced monetary fraud/ identity theft/ scams while purchasing good and services or investing	588 (39)	NA	NA

\*NA = new items added

cent are able to pay bills on time. In addition, more than 70 per cent of respondents practice appropriate financial behaviour such as reviewing and evaluating expenses, setting aside money for unexpected expenses and achieving financial goals. The respondents seem to be capable at managing their expenses and living within their financial means.

The respondents' approach to retirement planning aligns with their ability in managing money, as more than 60 per cent express a willingness to save and plan for retirement. At least 64 per cent reveal that they regularly set aside funds for possible unexpected expenses and 56 per cent of respondents believe that their income after retirement could guarantee a more comfortable life. It is concerning to observe that there is an overall increase to 44 per cent of respondents preferring to live in the moment instead of planning for the future. This marks an increase from only 28 per cent in 2019. This illustrates respondents' desire to have a good and comfortable life today rather than later. In other words, a larger proportion of respondents prefer to enjoy life today rather than saving for the future. On the contrary, 87 per cent of respondents believe that, aside from a retirement fund, there is a need for other forms of savings.

In terms of decision-making in financing and investing, it is wonderful to discover that 72 per cent of respondents agree that several aspects need to be considered before making the decision and 75 per cent of them compare

products based on their features and prices rather than just relying on brand image with their hard-earned money. There is a slight increase of respondents (38%) who understand the various financial products without having to consult a financial planner or advisor while 53 per cent trust a financial planner's recommendations, an increase of 10 per cent from the previous study. This reflects the confidence investors have on financial planners.

As for staying informed all the time with updated and continuous improvement, only 47 per cent actively seek financial information. This finding suggests that Malaysians generally do not stay informed with the latest financial and economic fundamental matters. Additionally, 64 per cent of respondents show an interest to learn and make comparisons of financial services offered, while 66 per cent state that they would like to learn more about financial issues and how to interpret financial information. In summary, slightly more than half of the respondents are willing to improve their skills and knowledge in financial products and services.

An additional question about an individual's experience in scams and fraud reveals that 39 per cent of the respondents have experienced some form of monetary fraud, identity theft, or scams while purchasing goods and services or investing. This can be supported by the National Scam Response Centre (NSRC) (2023) which disclosed that a total of 11,858 scam complaints have been received as of April 2023 (Multimedia Communications and Multimedia Commission, 2023). Commercial Crime Royal Malaysian Police (PDRM) also revealed that scam losses have amounted to RM1.2 billion between 2021 and April 2023 (Multimedia Communications and Multimedia Commission, 2023). In the





meantime, 2,125 cases of fake news have been reported to MCMC from 2021 to April 2023. Generally, the information gathered from this section on financial capability demonstrates that the majority of respondents are confident in their ability to manage money for day-to-day activities.

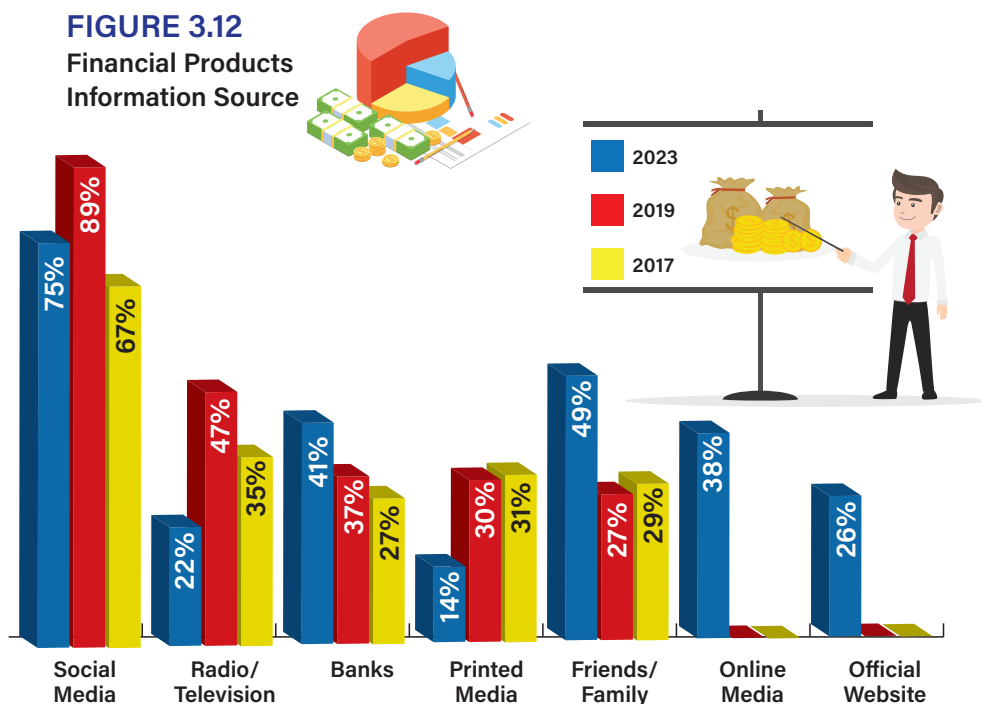
### 3.5 Sources of Information on Financial Products

This section on financial product information in Figure 3.12 reveals that 75 per cent of respondents rate social media as the top source of information on financial products, followed by friends and family, and then banks at 49 per cent and 41 per cent, respectively. These sources of information play important roles in providing respondents with facts related to financial products. They gather new financial information, learn about financial products, understand financial jargon and make comparisons on available websites. This finding is notable where it reflects the fact that three quarters of Malaysians are constantly using social media through their computers or mobile devices and are able to access financial information to make better decisions.

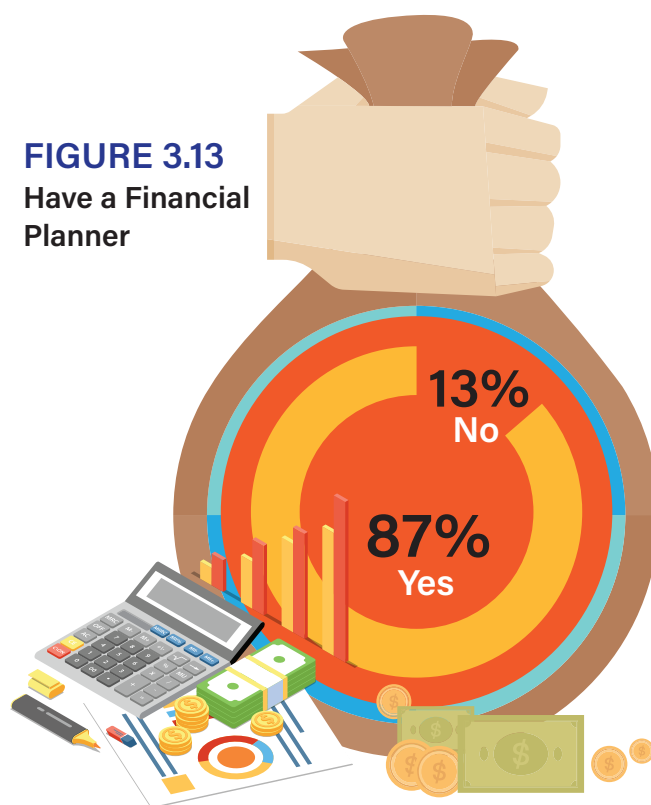
In today's quick-fix society, which demands immediate solutions to problems, people instantly reach out to social media to find desirable outcomes or answers. However, there is a constant need for vigilance and caution, as there are many financial scams that can mislead and pose as potential money traps for professionals and investors. Everyone is at a higher risk of falling into irresponsible internet/financial scams today. It is no wonder that respondents' friends and family become the core socialisation groups, serving as a reference for information. The bonding and trust that stem from blood ties and true relationships have developed into the essence of financial product information sources. Additionally, Malaysians view banks not only as avenues for financial transactions but also as sources for financial advice and information.

With the rapid speed of changes in technology and internet connectivity, findings confirm that social media platforms play crucial roles in educating and exposing the public to various new and interesting investment and financing alternatives. Parallel to that, 38 per cent refer to online media, and 26 per cent turn to official website to search, understand and clarify information. With the growth

**FIGURE 3.12**  
Financial Products  
Information Source



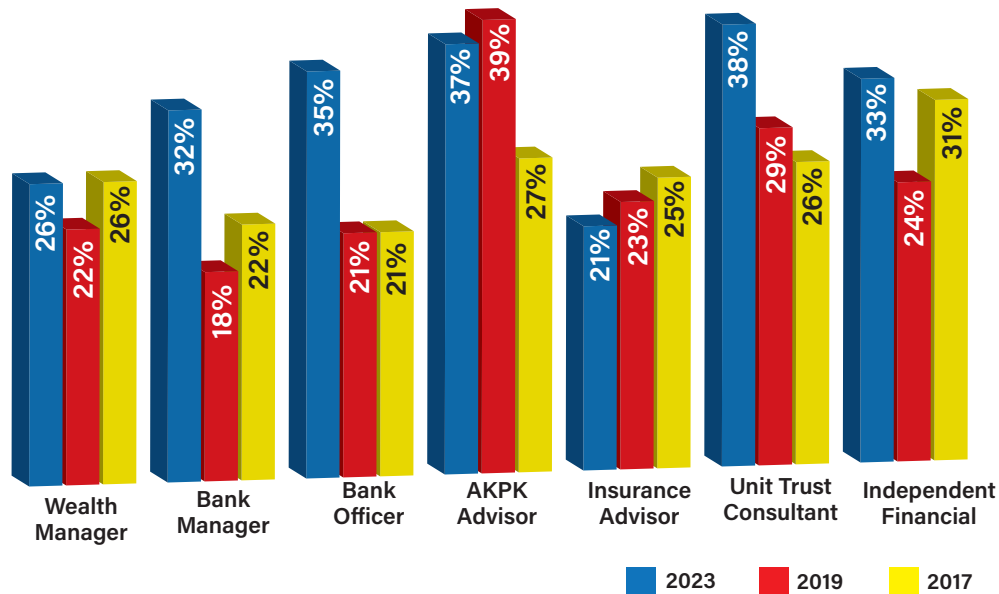
**FIGURE 3.13**  
Have a Financial  
Planner



in technology, only 22 per cent of Malaysians turn to radio or television for sources of financial information, and a mere 14 per cent depend on old-school printed media for further information. As a global trend shifts towards an eco-friendly era with sustainable development goals, this new way of life has enabled Malaysians to reduce the usage of resources via the use of electronic mediums. In summary, the three most popular sources of information are social media, friends and family, as well as banks, as shown in Figure 3.12.



**FIGURE 3.14**  
Person Considered as  
Financial Planner



### 3.6 Financial Planning Services

Information on whether respondents consult with financial planners is detailed in Figure 3.13 and surprisingly, 87 per cent admit that they have a financial planner. Nevertheless, only one-third or 33 per cent of the respondents (Figure 3.14) are aware that financial planners are those who are independent and can offer unbiased financial recommendations not linked to any particular company or product. This reveals that many respondents do not fully understand or are confused as to what a financial planner is.

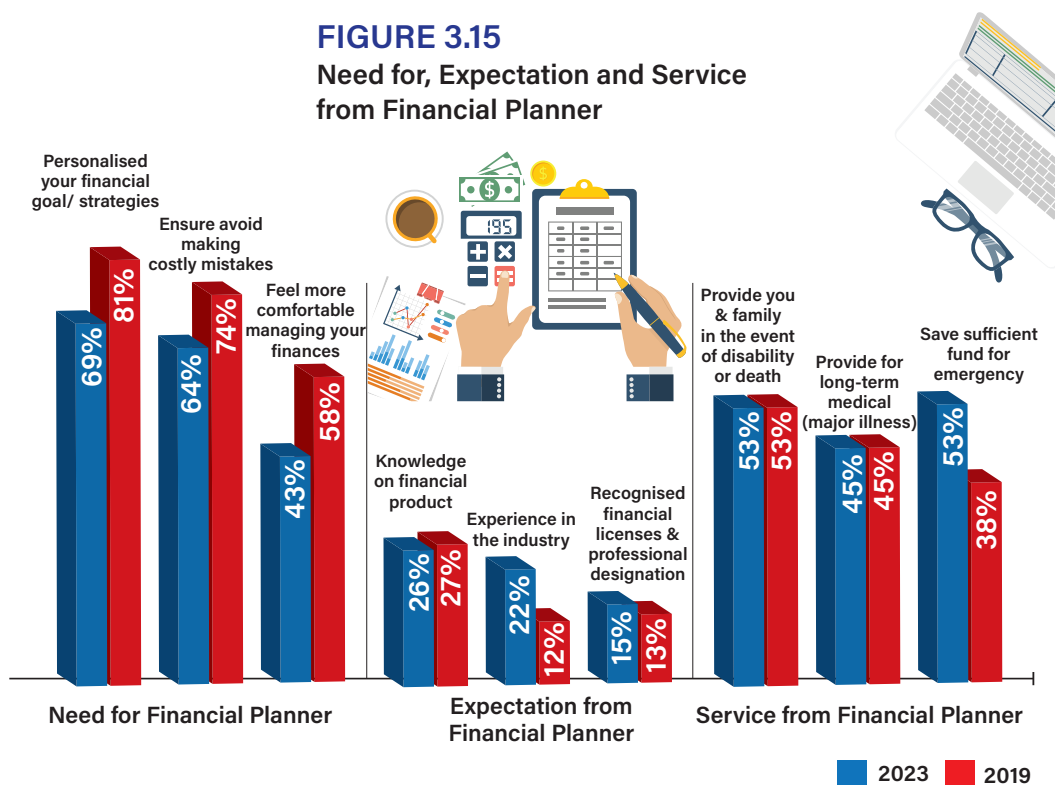
According to Figure 3.14, the top two (2) choices selected for a person as financial planners are unit trust consultants and AKPK officers, at 38 per cent and 37 per cent, respectively. This confirms that respondents place their trust in unit trust consultants and AKPK advisors for financial investment recommendations and advice, as well as guidance for their financial needs. Besides, bank officers (35%) and bank managers (32%) are also highly recognised by respondents as financial planners. Unfortunately, this reveals that respondents mistake all of them as financial planners who can assist them professionally in their long-term financial goals. This information is disturbing, as more initiatives and programmes are certainly needed to inculcate knowledge and understanding of the roles of financial service providers to the public to present the true interpretation of professional financial planners.

The next segment investigates the need for, expectation of, and services provided by a financial planner, with the majority of respondents (69%) believing that they

need a financial planner to achieve personal financial goals/strategies. (Figure 3.15) Despite a decrease in the percentages (from 81% to 69%) from 2019, many respondents still think they need financial planners. About two third of the respondents (64%) also expect that guidance from financial planners can assist them in reducing the risk of making costly financial mistakes. Furthermore, respondents presume that financial planners possess knowledge on financial products (26%), have experience in the industry (22%), and have acquired recognisable financial licenses and professional designations (15%). There is an overall increase in these percentages relative to the previous years. It is therefore enlightening to learn that respondents are concerned about financial planner's credibility and skills prior to seeking their advice or recommendations.

Overall, the majority of respondents (53%) expect to receive advice from financial planners in the event of an unfortunate event such as disability or death, to have sufficient savings for emergency, as well as 45 per cent of them requiring financial planners' advice on having sufficient resources to provide for long-term medical care (major illness). There is a vast increase in awareness among the respondents to have sufficient savings for emergencies from 38 per cent in 2019 to 53 per cent in 2023. This indicates that the COVID-19 pandemic has a great impact on Malaysians who now realise that they have to save for any unanticipated predicament. The pandemic has initiated Malaysians' appreciation of having an emergency fund for unforeseen future circumstances.

**FIGURE 3.15**  
Need for, Expectation and Service from Financial Planner



### 3.7 Perceptions toward Financial Planners, Financial Plans and Financial Planning Companies

Data on the perceptions of the respondents toward financial planners, financial plans and financial planning companies are detailed in Figure 3.16. Slightly less than half of the respondents (48%) agree that they choose financial planners due to the attractive benefits offered by their financial plans. It is reassuring to observe that a larger proportion of respondents (48% relative to 44% in 2019) in the current survey takes into consideration the benefits of a financial plan rather than the planner or company, prior to the selection of a financial planner. There is also a decreasing trend in the choice of financial planners due to the status of a financial planner and image of the financial planning company to 34 per cent and 24 per cent, respectively.

A solid financial plan should be the primary factor in attracting investors to achieve their long-term financial goals. The survey data reveals that respondents are now more alert on the importance of comprehensive financial plans that are suitable for them. They make selections based on the financial plan that best meets their needs rather than relying on the reputation of the financial planner or the branding of the financial planning company. Even though the

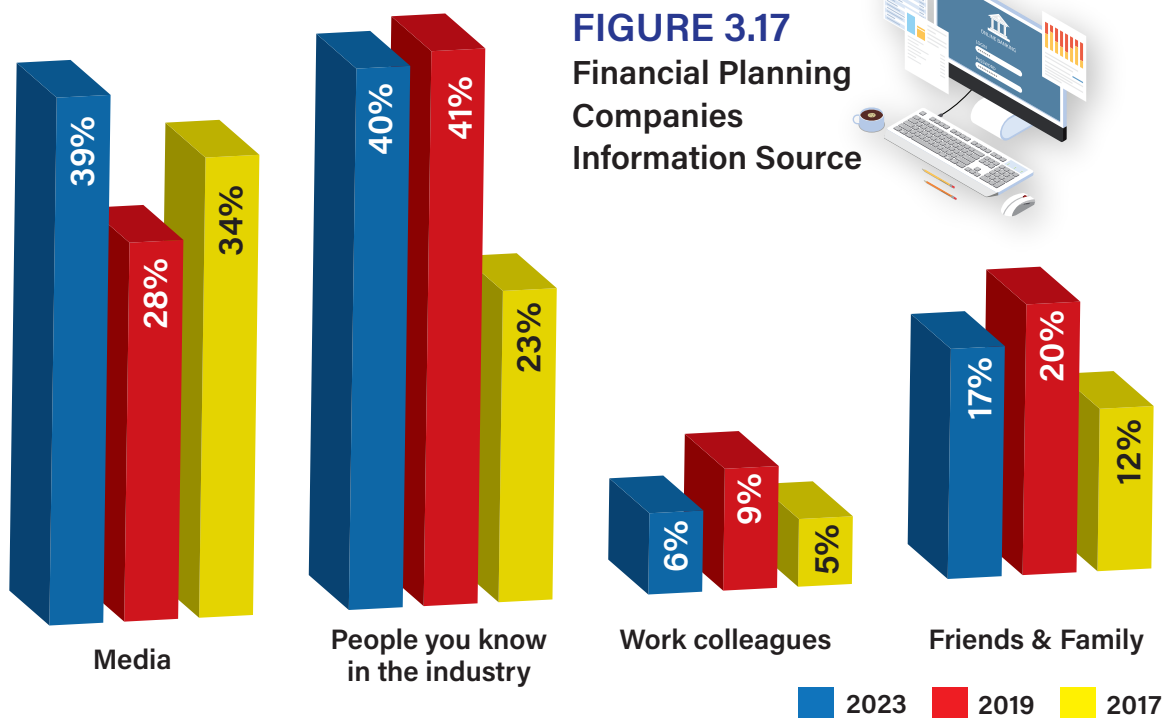
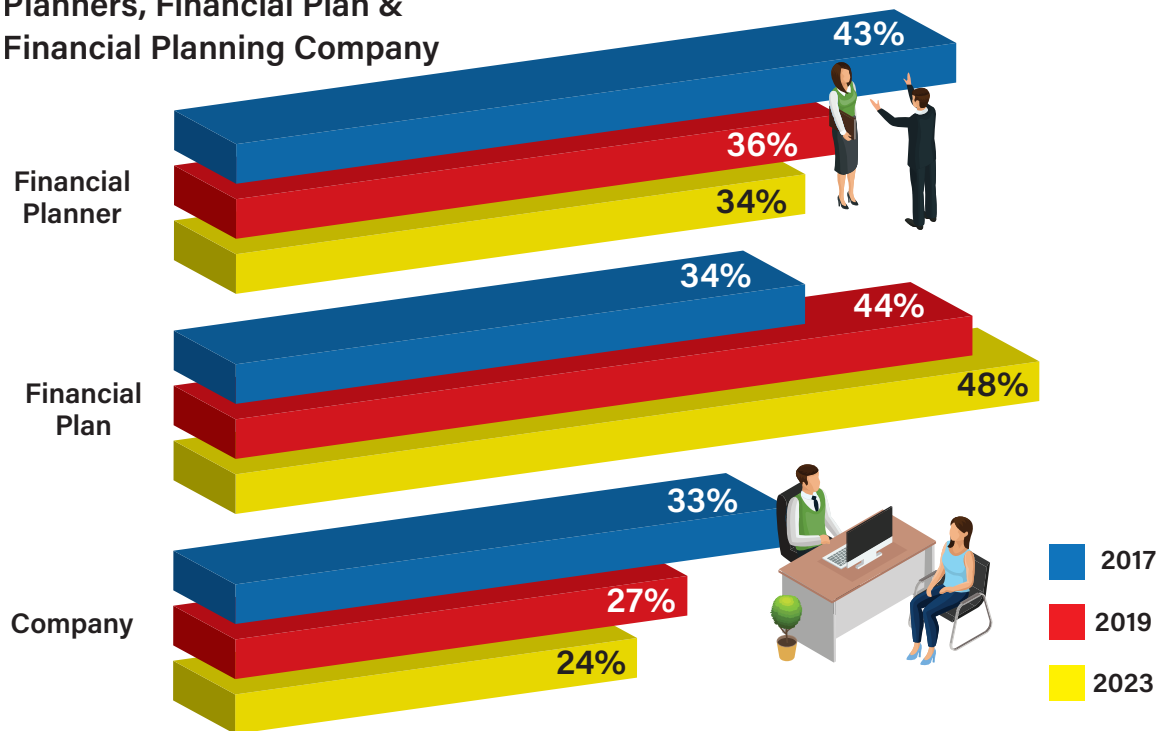
trend is decreasing, regrettably, there is still about a quarter of respondents (24%) that make financial choices based on the reputation of the financial planner or the company.

Rational human behaviour suggests that people trust those they are familiar with rather than strangers, and these acquaintances have influential effects on their surrounding network. Consistently, people also spend time and exchange information within their own networking groups. This can also be applied to sharing financial knowledge, particularly information regarding financial planning companies. Figure 3.17 exhibits respondents' preference for accepting references from people they know in the industry (40%) when sourcing for financial planning companies. Respondents generally place more trust in people in the same industry who should have better knowledge of the industry than others.

There is no doubt that a sizable proportion of respondents (39%) sourced information about financial planning companies from the media, especially when the majority of them are young and tech-savvy between the ages of 20 and 29, relative to 28 per cent in 2019. Respondents also consider the opinions of their friends and family (17%), as well as work colleagues (6%), when gathering information about financial planning companies.

**FIGURE 3.16**

Perception towards Financial Planners, Financial Plan & Financial Planning Company



In terms of the selection criteria for financial plans, this segment discloses that respondents select responsibly, with 67 per cent of them choosing plans that suit their needs. Another 17 per cent prioritise plans that secure their capital, while 13 per cent aim for acceptable returns on investments.

Similar to the 2019 survey, financial plans that are essential to their needs are the top criterion, followed by capital preservation. Respondents also consider the level of risk and management costs, including fees and commission, as selection criteria for financial plans.

**TABLE 3.4****Financial Decision**

I know where to get information to make important financial decisions

I only look for information that keeps me up-to-date with certain products

I do not have time to evaluate all the information provided to me

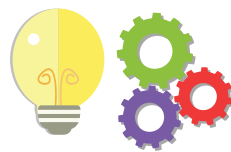
I know a lot about financial matters

My choice of financial planner is relevant to my self-image

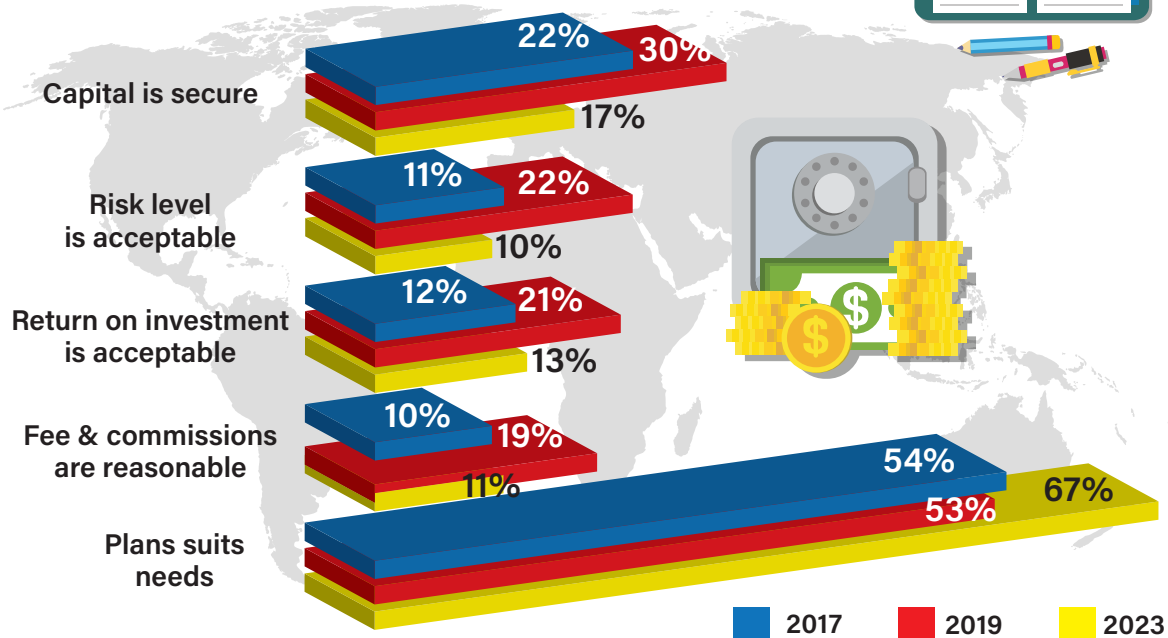
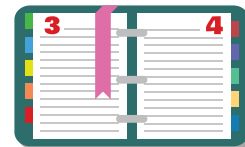
**Financial planning is relevant to my values and goals in life**

*Notes: Scale 1 = Strongly Disagree to 5 = Strongly Agree*

	2023	2019	2017
Mean			
I know where to get information to make important financial decisions	3.39	3.30	3.75
I only look for information that keeps me up-to-date with certain products	3.33	3.26	3.31
I do not have time to evaluate all the information provided to me	2.95	2.94	2.98
I know a lot about financial matters	3.09	2.99	3.31
My choice of financial planner is relevant to my self-image	3.33	3.17	3.14
<b>Financial planning is relevant to my values and goals in life</b>	<b>3.84</b>	<b>3.62</b>	<b>3.82</b>



**FIGURE 3.18**  
Selection Criteria for Financial Plan

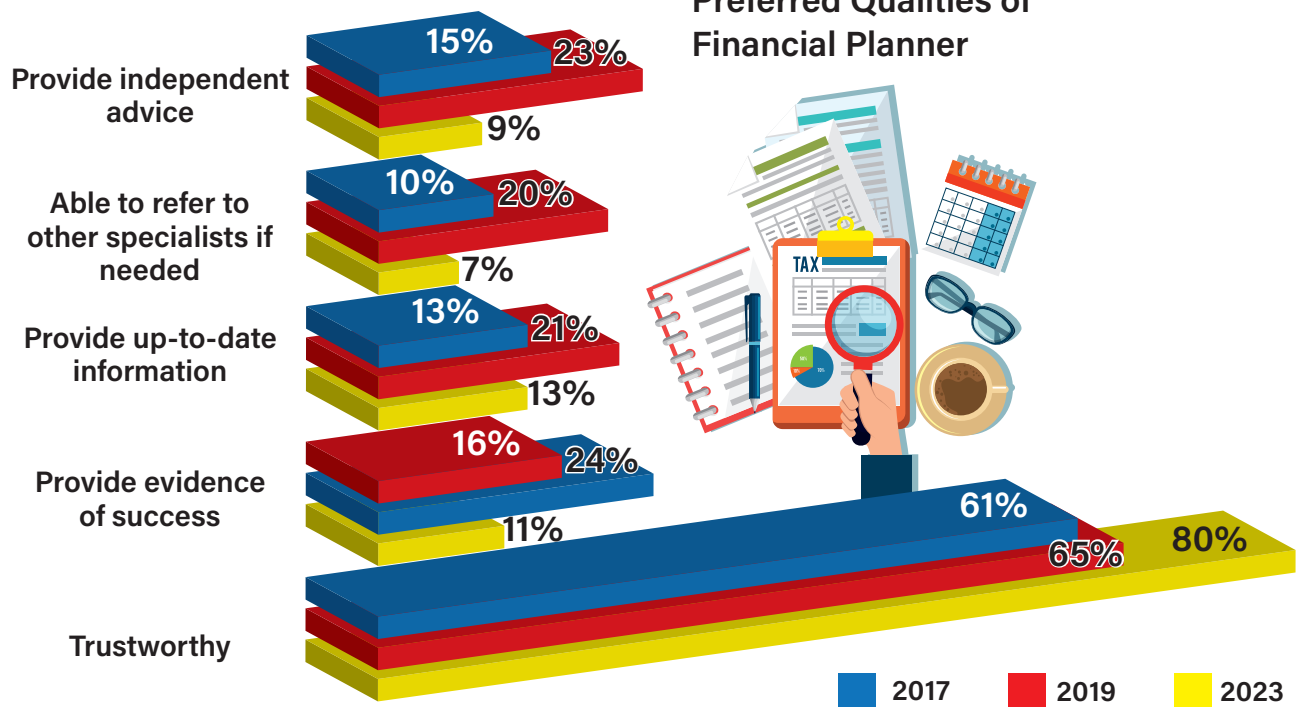
**PLANNING**

Investors generally prefer financial planners with certain characteristics, and this research notices that the most essential quality a financial planner must possess is trustworthiness (80%). Following this, 13 per cent prefer planners with up-to-date information, 11 per cent select those who are able to provide testimonies of success, 9 per cent desire those who are able to provide independent advice,

and only 7 per cent choose those who are open to referring to other specialists when needed. Compared to the previous survey in 2019, where only 65 per cent of respondents rated trustworthy financial planners as their preferred quality, trustworthiness has remained the main consideration for finding a financial planner to assist and advice investors in financial-related activities.



**FIGURE 3.19**  
Preferred Qualities of Financial Planner



**FIGURE 3.20**  
E-wallet Services



**80%**

Touch n' Go

**21%**

Boost

**37%**

Grab Pay

**75%**

Duit Now

**67%**

Shopee Pay

**17%**

Lazada Wallet

This section on the financial decision-making ability of respondents discloses that this group of younger, tech-savvy Malaysians not only knows where to collect information but also seeks up-to-date information on financial products prior to making important financial decisions. (Table 3.4) similar to the previous study in 2019, the majority of respondents (3.84) believe that financial planning is relevant to their values and goals in life, ensuring the best for their families at present as well as the future. Next in line is where to look for information (3.39) and up-to-date information (3.33), ranked similar to previous studies.

For the evaluation of financial service providers in Table 3.5, respondents believed in choosing those that have good historical performance (3.85) assuming that past performance will repeat itself. Respondents also chose financial service providers that surpassed their minimum requirement (3.60), those they have always wanted to use (3.60) and those recommended by people who know more (3.58). It is interesting to note that there is still a need to inculcate financial knowledge and skills as well as build investors' confidence to achieve an adequate level of financial literacy and capability in the country.

**TABLE 3.5**  
**Evaluation of Financial Service Providers**



I would choose the first financial service which surpassed my minimum requirements on each of the important criteria

I would choose a financial service provider I have always wanted to use

I would choose a financial service provider I currently use

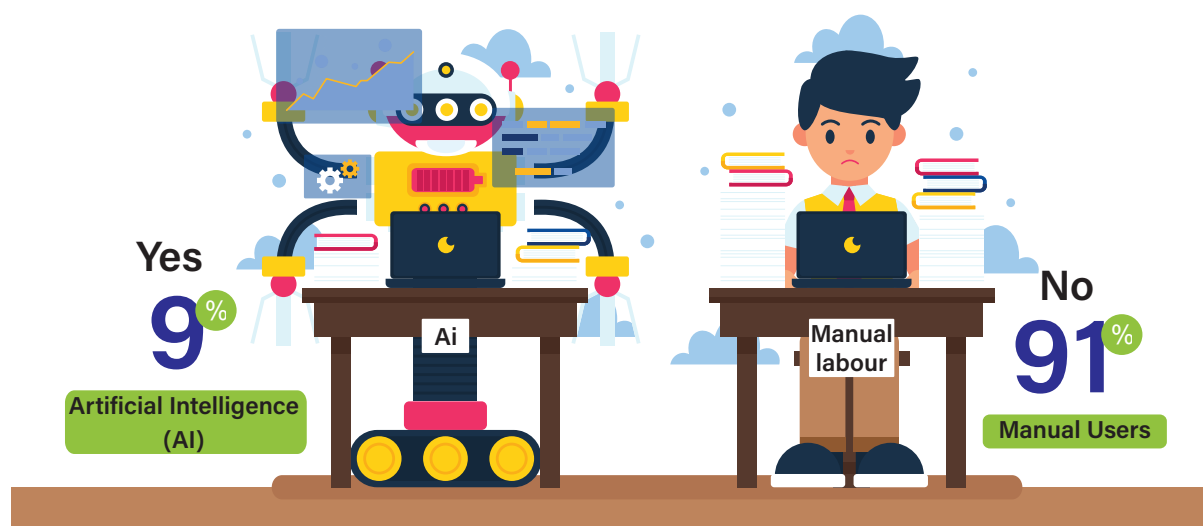
**I would choose the financial service which performed the best when comparing all the relevant aspects**

I would choose the financial service which was recommended to me by people who know more about it than I do

Notes: Scale 1 = Strongly Disagree to 5 = Strongly Agree

	2023	2019	2017
Mean			
I would choose the first financial service which surpassed my minimum requirements on each of the important criteria	3.60	3.38	3.42
I would choose a financial service provider I have always wanted to use	3.60	3.42	3.47
I would choose a financial service provider I currently use	3.52	3.34	3.42
<b>I would choose the financial service which performed the best when comparing all the relevant aspects</b>	<b>3.85</b>	<b>3.64</b>	<b>3.76</b>
I would choose the financial service which was recommended to me by people who know more about it than I do	3.58	3.45	3.52

**FIGURE 3.21**  
**Robo-advisor Usage**



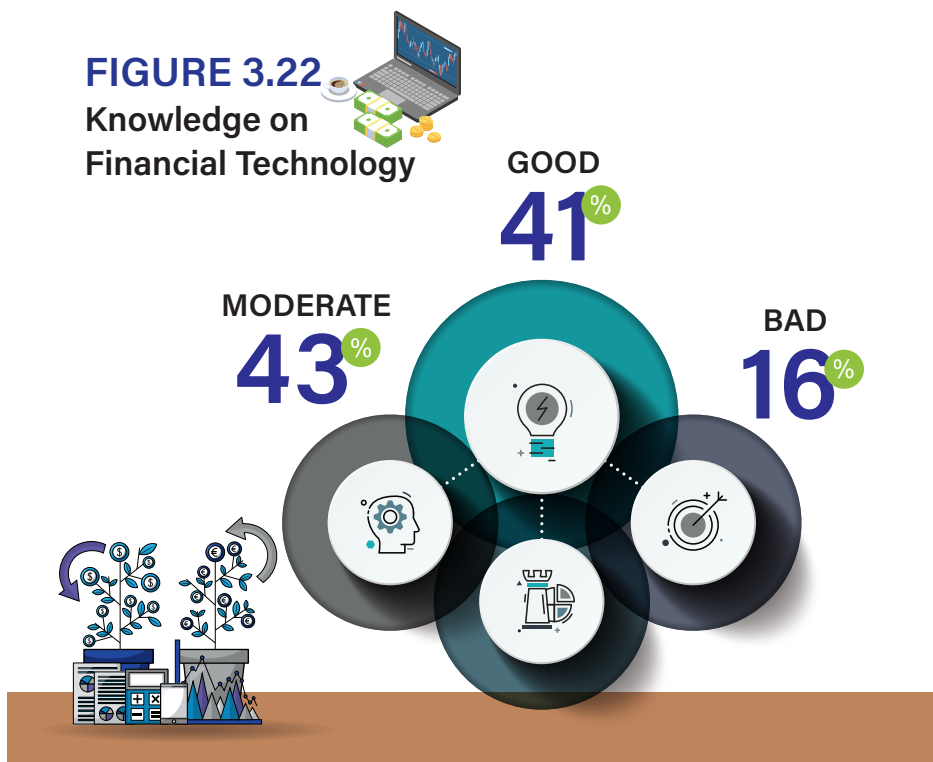
With the continuous development in technology and the new process of electronic transacting, this survey has inserted a new section on the application of financial technology and its utilisation. It is not astonishing to discover that the majority of respondents use some form of electronic wallet services with three of the most popular being Touch 'n Go, DuitNow and Shopee Pay at 80 per cent, 75 per cent and 67 per cent, respectively. Other types of e-payment services respondents employ include Grab Pay (37%), Boost Pay (21%) and Lazada Wallet (17%) (Figure 3.20). Countries around the world have promoted the usage of

electronic payment systems to encourage a cashless society and reduce the risks of carrying cash. The post-pandemic era also results in drastic increase in cashless transacting in order to reduce contamination and infection. Most users have also learned the benefits of electronic wallets in not only budgeting electronically but also saving when they monitor their expenses carefully.

It is noted from Figure 3.21 that Malaysians have little confidence in the services of robo-advisors, with only nine (9) per cent of them admitting to its use. Given the

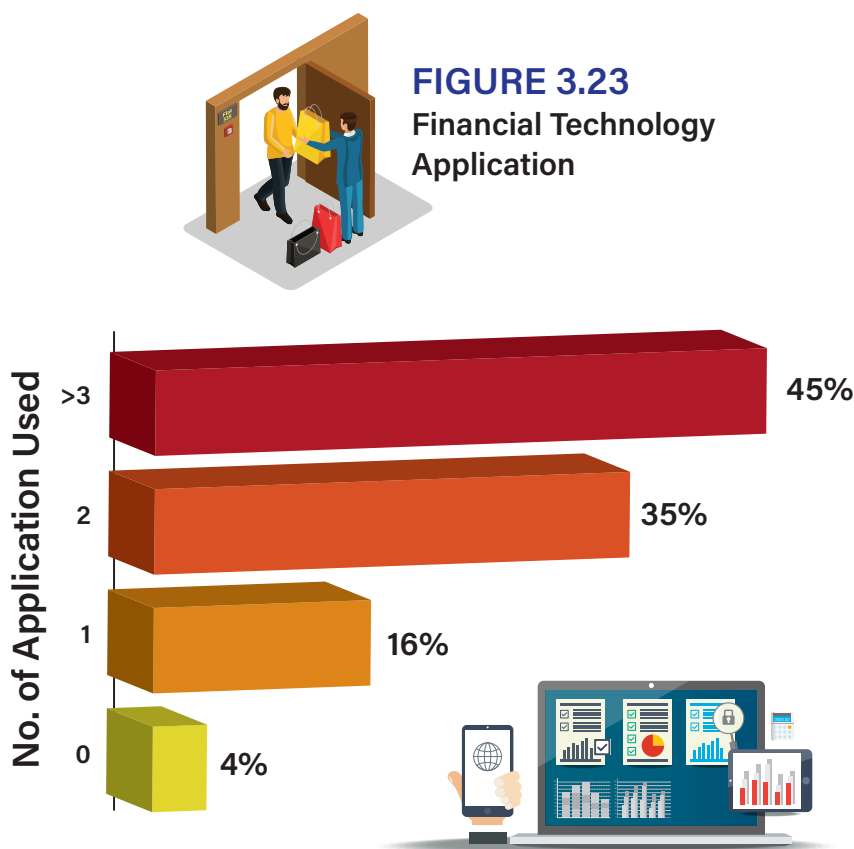
**FIGURE 3.22**

Knowledge on  
Financial Technology



**FIGURE 3.23**

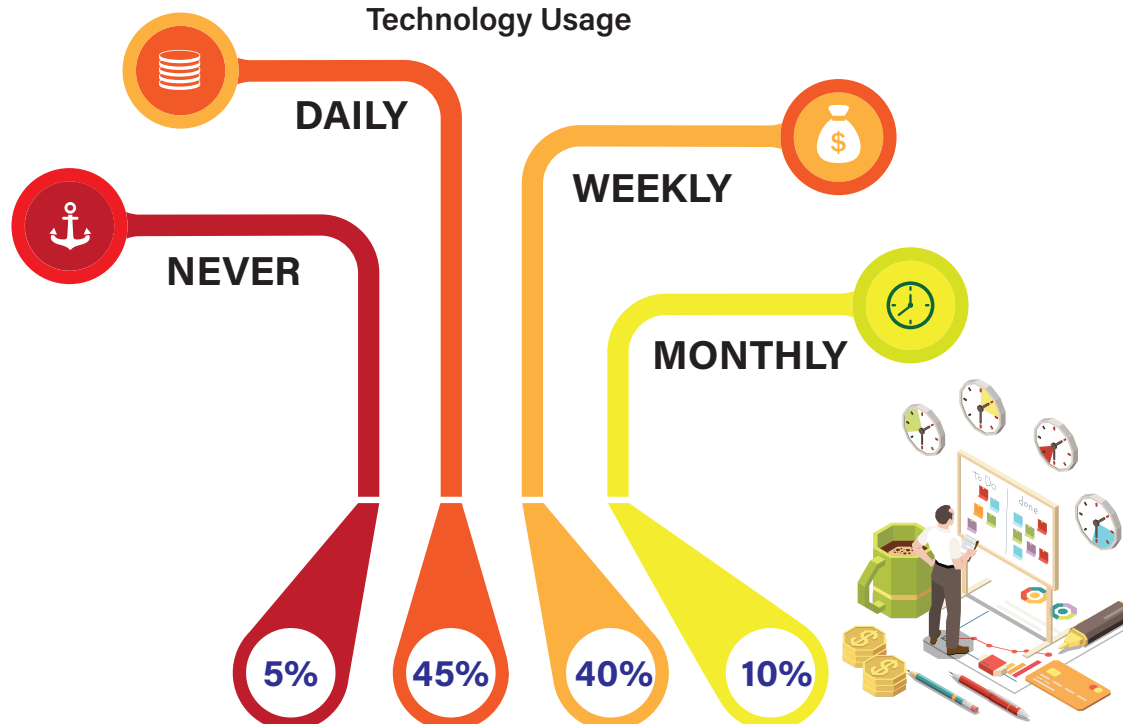
Financial Technology  
Application



latest technological capabilities with minimal human interaction in Artificial Intelligence (AI) advising, Malaysians are of the view that these digital investment managers may lack empathy and accuracy in making financial decisions. Additionally, this one-size-fits-all approach may not be right for everyone.

Notably, the majority of the respondents (84%) believed that they have moderate to good knowledge on financial technology (Figure 3.22). Parallel to that, 45 per cent of the respondents possessed more than three (3) financial technology applications on their smartphones or laptops, as shown in Figure 3.23. Overall, this section does reveal that respondents frequently utilise financial technology in their day-to-day lives, with 45 per cent using these applications daily and 40 per cent using them once a week, as detailed in Figure 3.24.

**FIGURE 3.24**  
Frequency of Financial  
Technology Usage

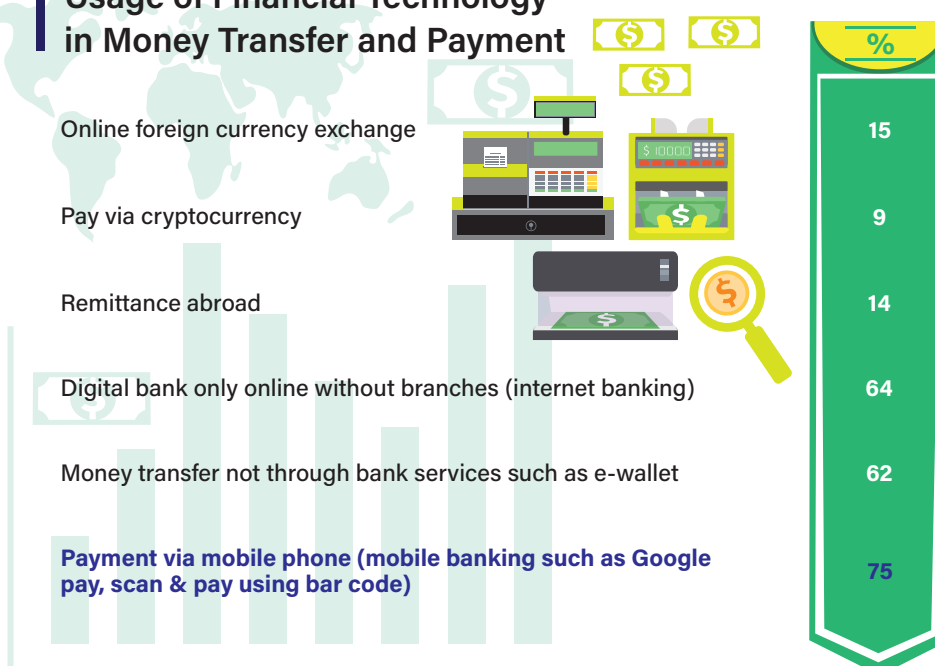


Further to knowledge on financial technology and applications, a majority of respondents (75%) utilised financial technology for payment via their smartphones (Table 3.6). Cashless convenience and accessibility are the

attributes that contribute to Malaysians' usage of financial technology services. This is followed by 64 per cent and 62 per cent of respondents comfortably using the services of online digital banks and money transfer services, including

**TABLE 3.6**

**Usage of Financial Technology  
in Money Transfer and Payment**



**TABLE 3.7**  
**Usage of Financial Technology**  
**in Financial Planning**

Online budgeting and financial planning tools

P2P (Peer-to-Peer Lending) platform for high return investment

Investment in the equity of the Community Fund Platform

Online investment advice and investment management

Online stock brokerage

Betting

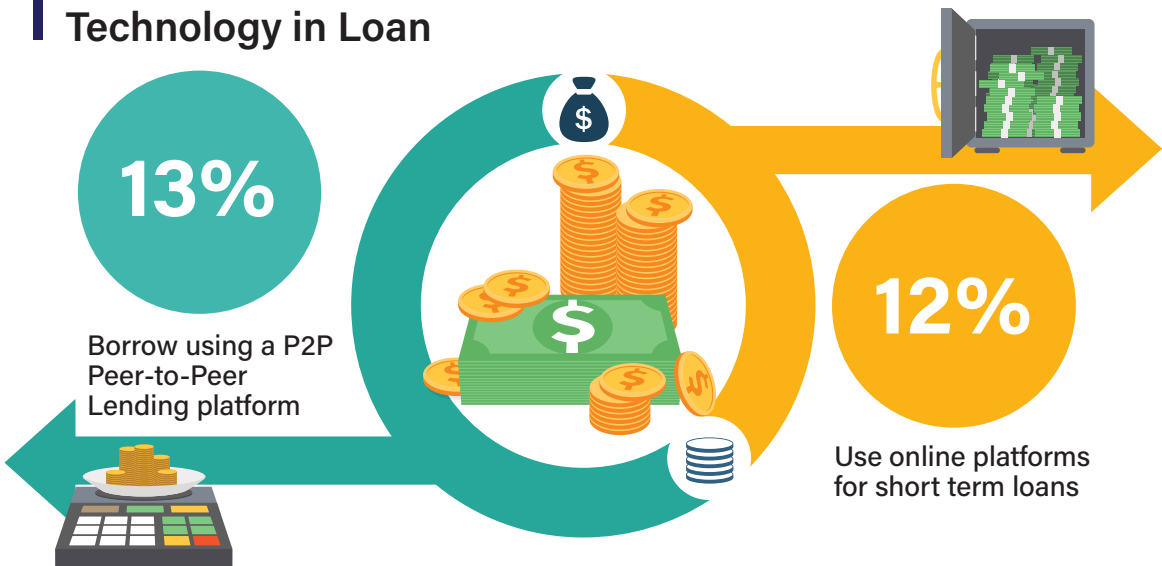


e-wallets, respectively. Parallel to the daily high usage of financial technology services among respondents, 46 per cent also applied financial technology as online budgeting and financial planning tools, as shown in Table 3.7.

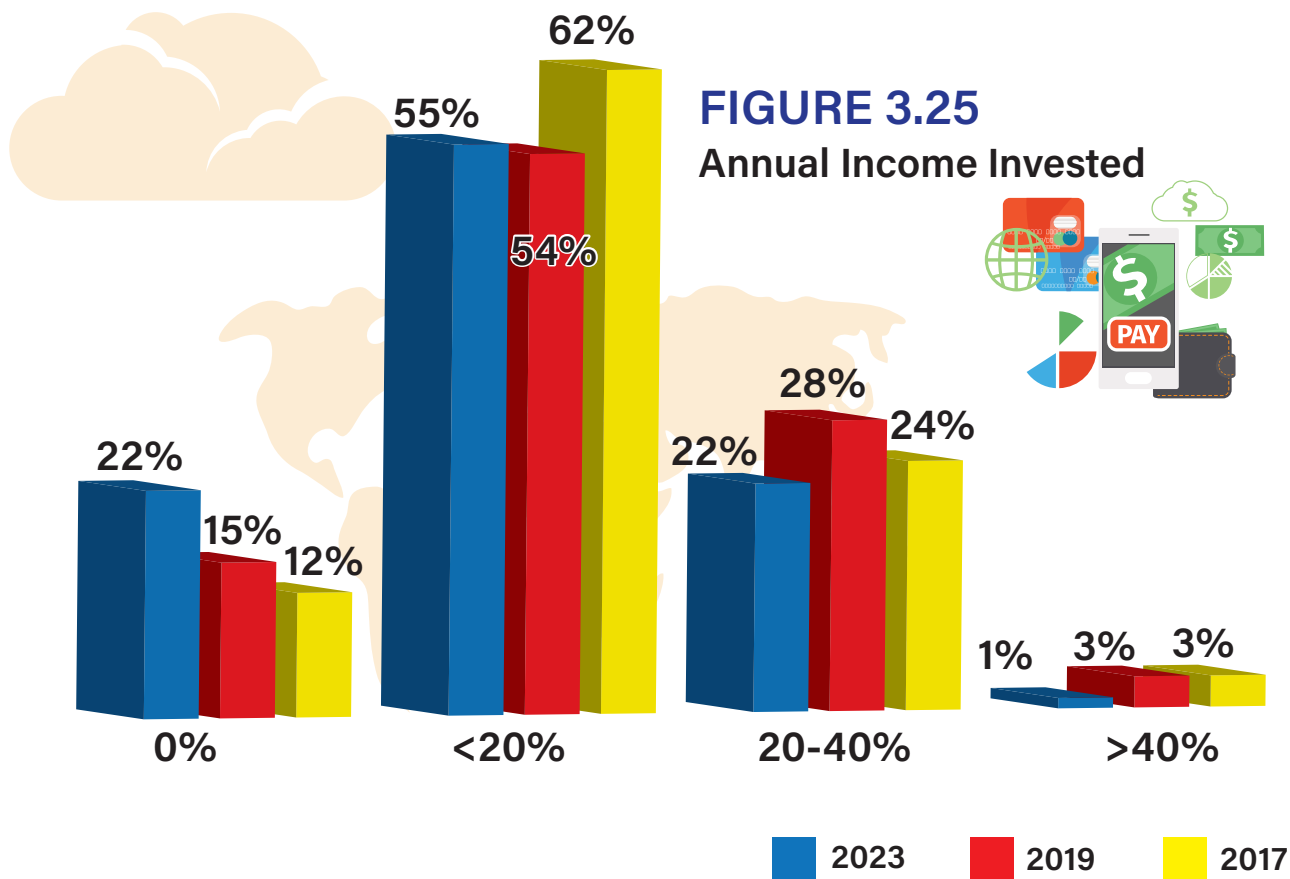
In terms of using financial technology in searching for information on loans and insurance, only a small percentage

seek validation from the use of financial technology in capturing big data for investment management and advice. As shown in Table 3.8, only 12 per cent of respondents use online platforms for short term loans and 13 per cent borrow through peer-to-peer lending platforms. There is still a lack of trust on these technological lending services and this may be due to security issues and frauds. Malaysians are somewhat

**TABLE 3.8**  
**Usage of Financial**  
**Technology in Loan**







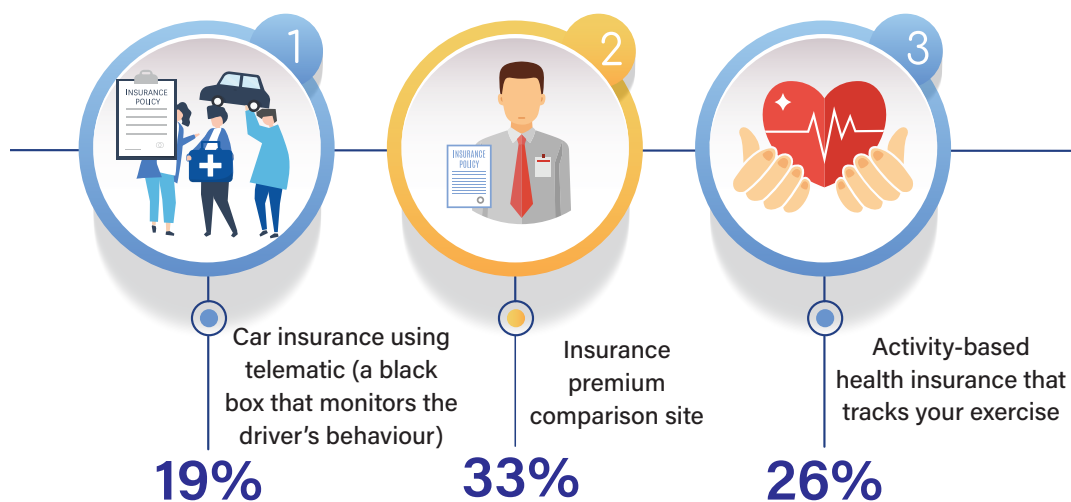
comfortable in using financial technology for insurance purposes, particularly for insurance premium comparisons for the most beneficial plan 33% (Table 3.9).

### 3.8 Participation in the Capital Market

This segment on respondents' participation in the capital market investigates their savings and investment habits. Figure 3.25 reveals that three quarters (77%) of respondents allocated less than 40 per cent of their annual income for investment. It is disturbing to note that 22 per cent of

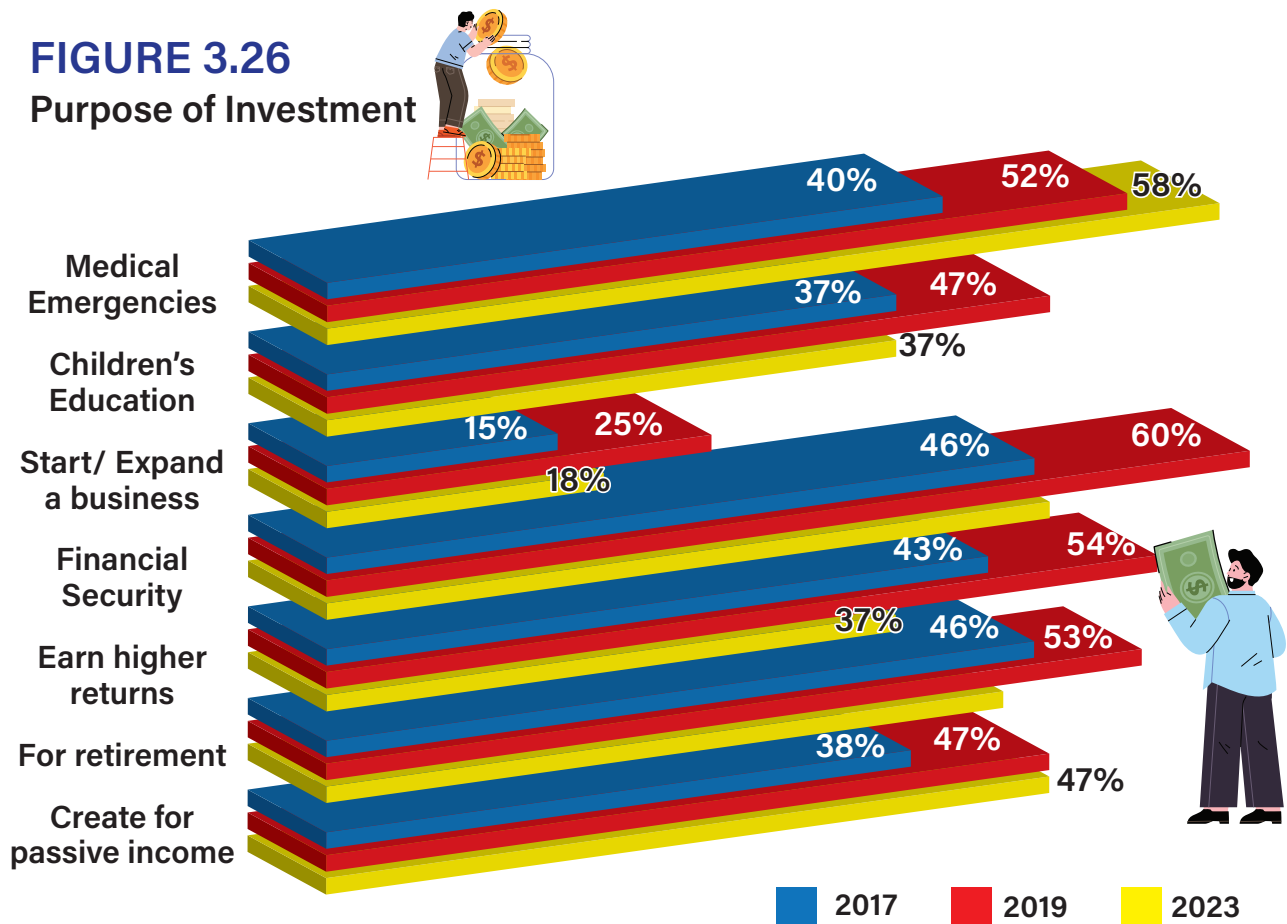


**TABLE 3.9**  
Usage of Financial  
Technology in Insurance



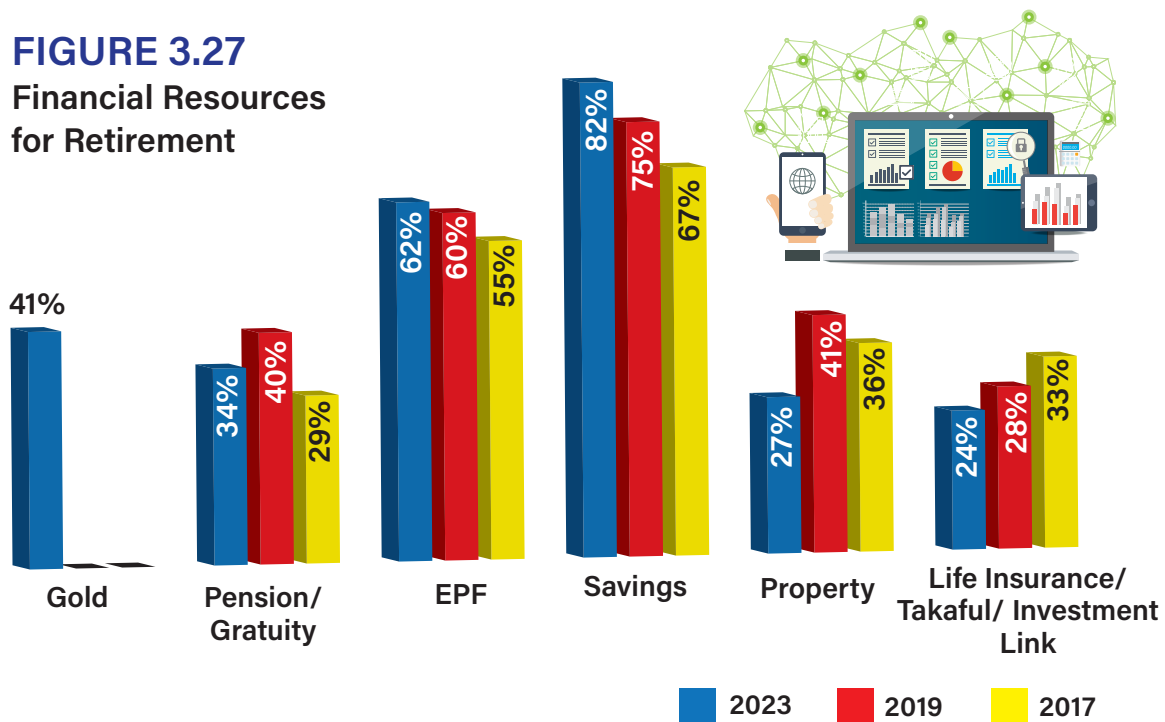
**FIGURE 3.26**

Purpose of Investment



**FIGURE 3.27**

Financial Resources for Retirement

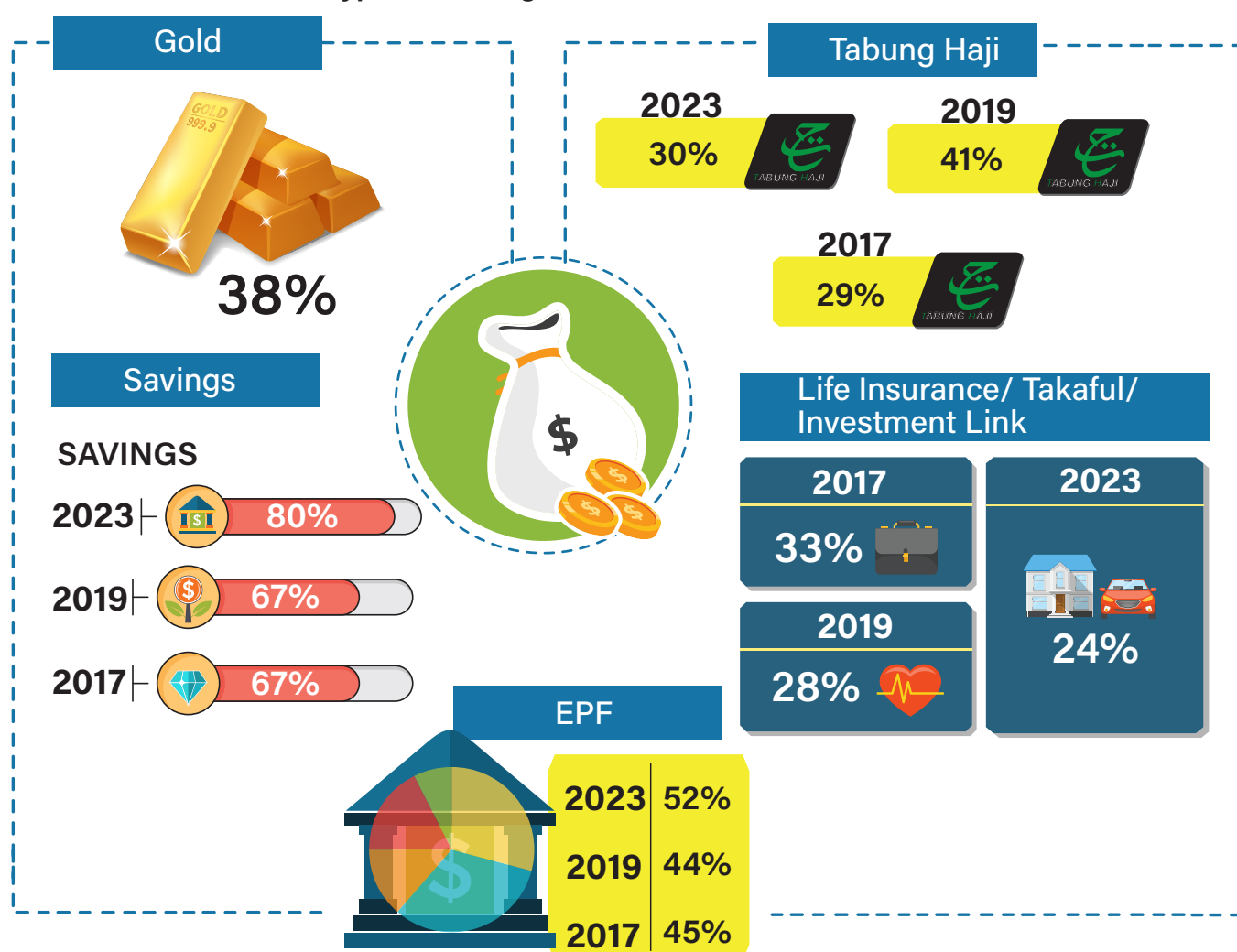


respondents do not have any income to invest after paying for their expenditure; more than half or 55 per cent invest less than 20 per cent of their income. The good news is 22 per cent of respondents still managed to invest 20 to 40 per cent of their annual income, with 1 per cent invested more than 40 per cent for their future. It is generally observed that there is a slight decrease in income invested across all levels relative to the previous study in 2019; this may be due to many losing their employment income and facing drastic effects on businesses during the global pandemic. Furthermore, the aftereffect of high inflation and the cost of living resulted in the inability to save and invest during this financial struggle.

Even though less is set aside for savings and investment, 58 per cent of respondents stated that their purpose of investment is for medical emergencies (Figure 3.26). More people are aware of the importance of preparing for medical emergencies throughout the three surveys carried out to prevent family members from getting into financial difficulty when sudden unforeseen medical emergencies arise. Additionally, respondents also affirmed that their purpose of investment is for financial security (47%); to earn passive income (47%); to be prepared for retirement (44%); to earn higher return (37%), for children's education (37%); and a small proportion to start a business (18%).

FIGURE 3.28

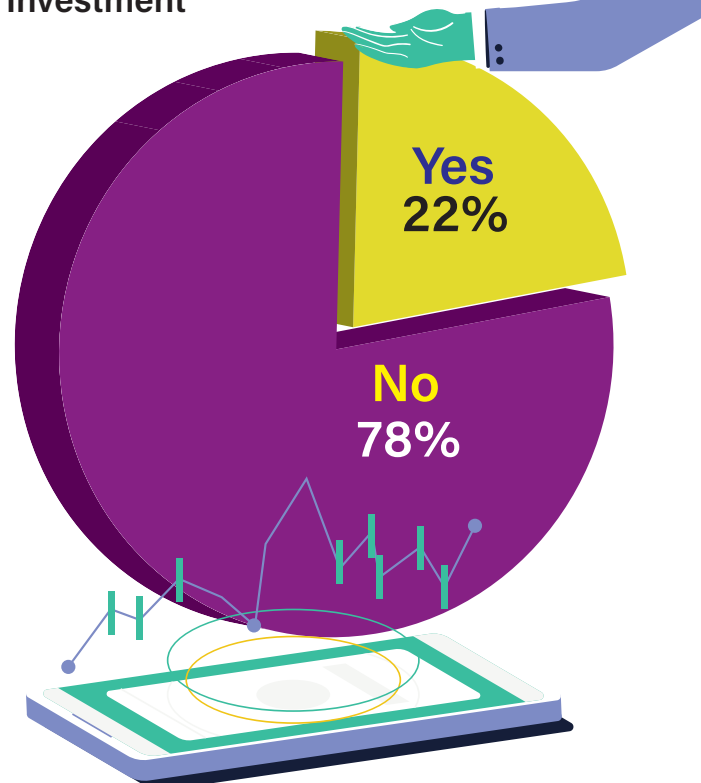
## Types of Savings or Investment



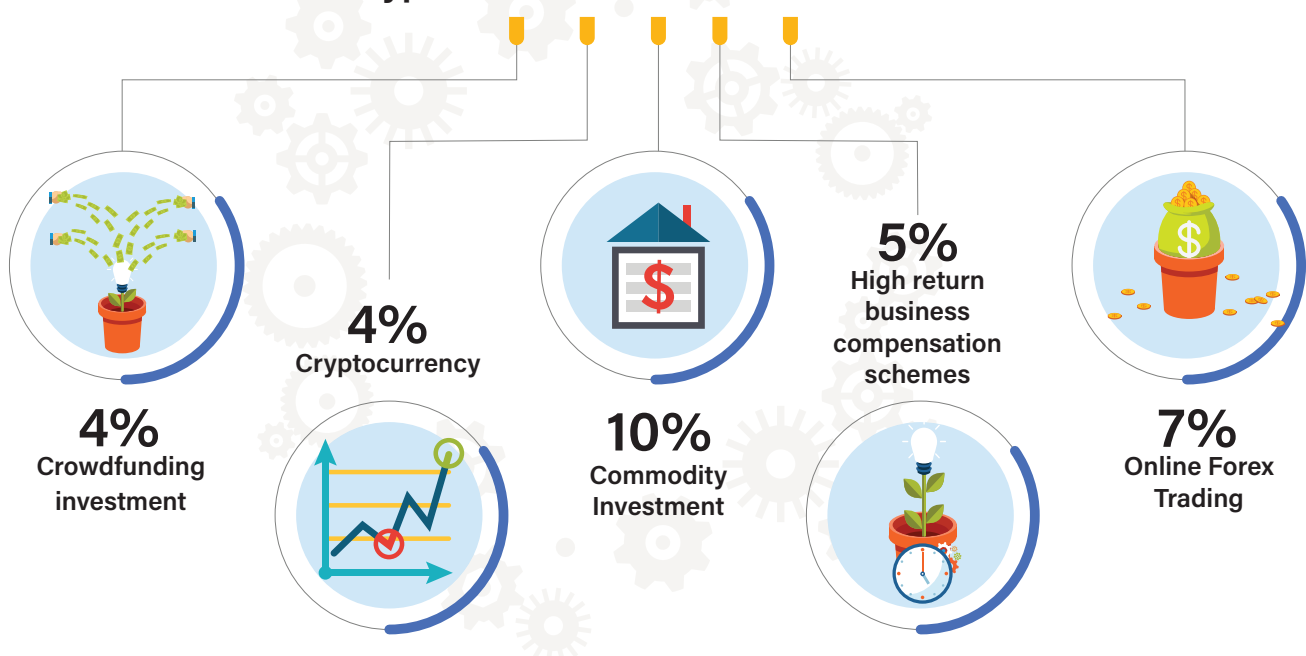
In terms of the question on financial resources for retirement in Figure 3.27, a substantial 82 per cent admitted that their savings play a pivotal role. The Employee Provident Fund (EPF) also contributes largely towards their retirement, with 62 per cent relying on this compulsory retirement funding scheme. In line with the current trend, gold has become a popular alternative as one of the financial resources (41%) for retirement. Public sector employees could rely on pension (34%) after retirement where they could receive a monthly amount automatically transferred into their accounts for monthly expenses. Other financial resources for retirement include property investments (27%), which allow retirees to collect rental from property/ land and life insurance (24%).

When questioned about the various types of savings and investment respondents possess, the most popular method of wealth accumulation is savings (80%), followed by EPF (52%) and gold (38%) as detailed in Figure 3.28. Apart from that, 30 per cent build up their retirement nest in the Malaysian Hajj Pilgrims (Tabung Haji) Fund Board and 24 per cent have opt for insurance policies as a safety net for emergencies. It must be highlighted that fund management companies should consider strategies to attract more Malaysians to invest in less liquid assets such as property to counter inflation and ensure long-term financial stability for the population.

**FIGURE 3.29**  
Participation in Alternative Investment



**FIGURE 3.30**  
Types of Alternative Investment



It is interesting to note that when it comes to speculative and high-risk alternative investments, only 22 per cent admitted to setting aside money for it. This section also found an overall smaller proportion of respondents that allocate funds for these types of investment, as shown in Figure 3.29.

Only 10 per cent of respondents participated in commodity investment, while seven (7) per cent ventured into online Forex trading. Additionally, five (5) per cent explored high-return business compensation schemes, and four (4) per cent delved into cryptocurrency and crowd funding investments (Figure 3.30).



# **FINDINGS 4.0**



## 4.0 FINDINGS

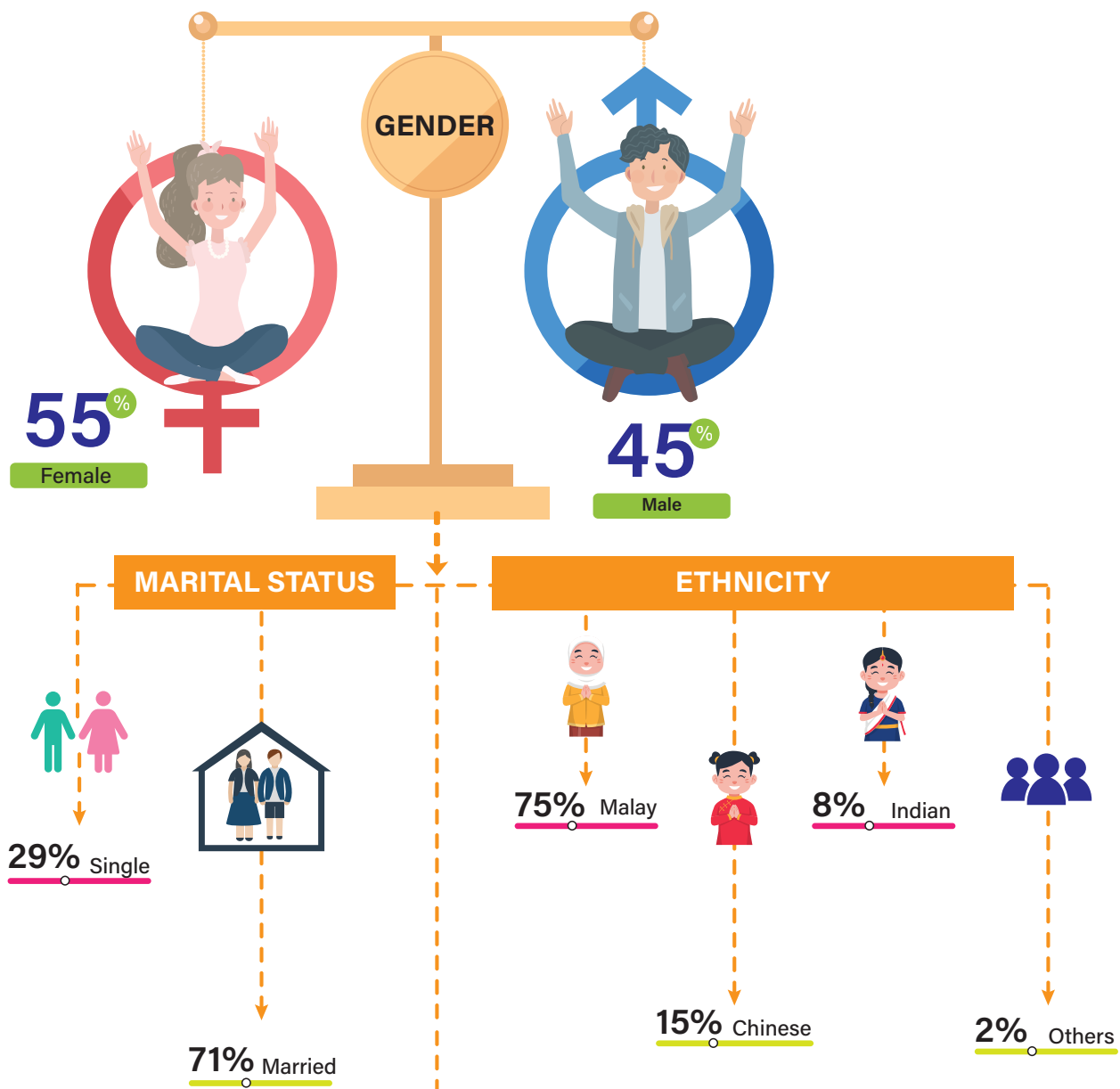
### 4.1 Profile of Respondents

#### 4.1.1 Demographics

A sample of 500 repeated respondents from the previous study in 2019 or 2017 is presented in Figure 4.1. More than half of the repeat respondents (55%) are female, 71 per cent are married, and 75 per cent are Malay, as shown in Figure 4.1. This slightly differs from the Malaysian population, which

has slightly more males than females, with a gender ratio of 1,029 males per 1,000 females (Countrymeters, 2022). The study is also representative, with 75 per cent of them being Malay, 15 per cent Chinese, eight (8) per cent Indian, and two (2) per cent from other ethnicities. This distribution is slightly different from the national average of 70, 23, 7 and 0.6 per cent, respectively, as reported by the Statistics Research Department (Department of Statistics Malaysia, 2023).

**FIGURE 4.1**  
Gender, Marital Status & Ethnicity



The other demographic statistics for this group are shown in Figure 4.2. The educational background of the repeated respondents appears to reflect similarly with the population, whereby 94 per cent have either secondary or tertiary education with only six (6) per cent having only

primary school education. In addition, a large proportion of respondents (80%) have a monthly income of less than RM4,850. Respondents with a monthly income between RM4,850 and RM10,959 comprise 17 per cent, and those with an income above RM10,959 comprise only 3 per cent.

**FIGURE 4.2**  
Monthly Income & Education Level

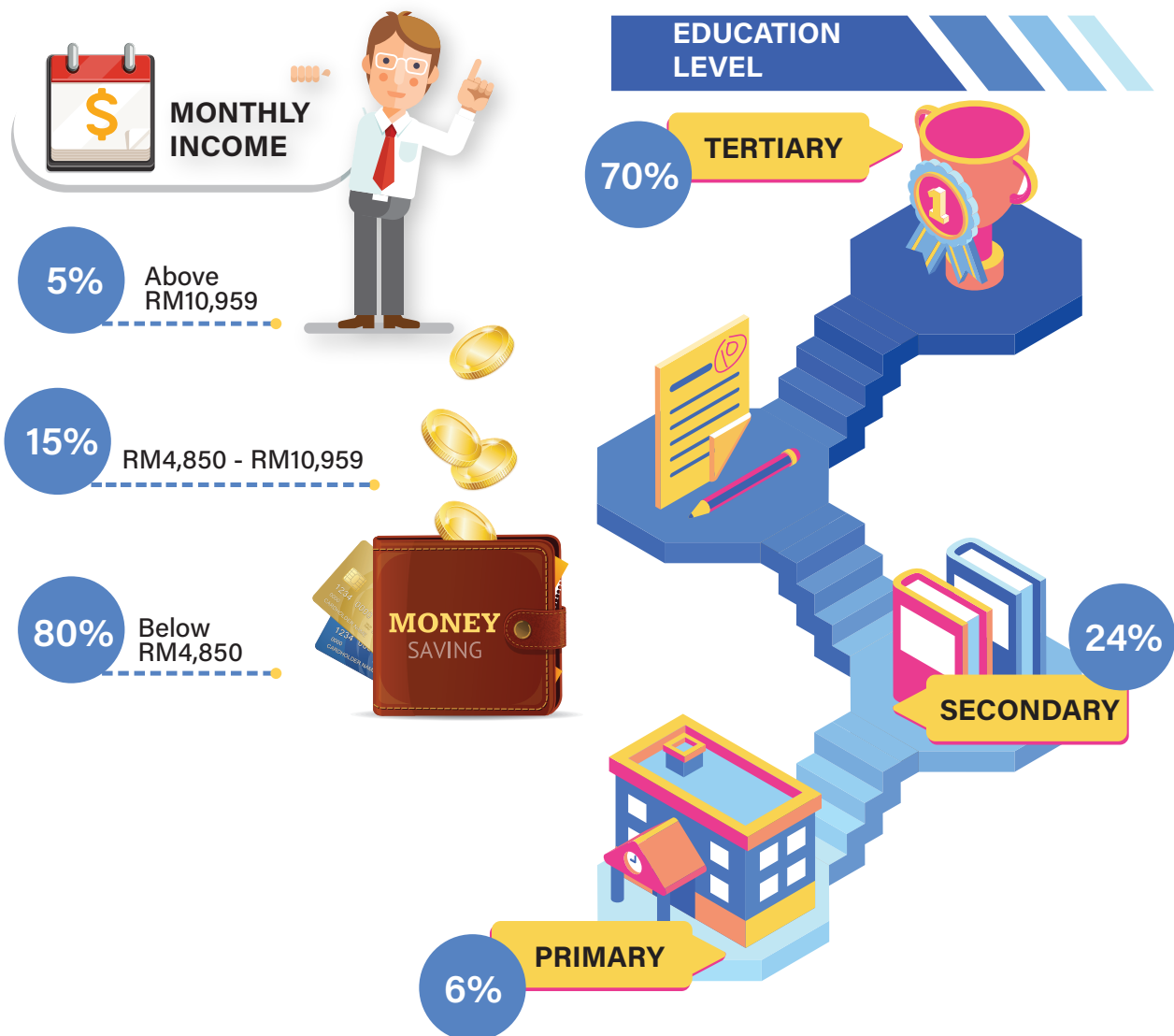
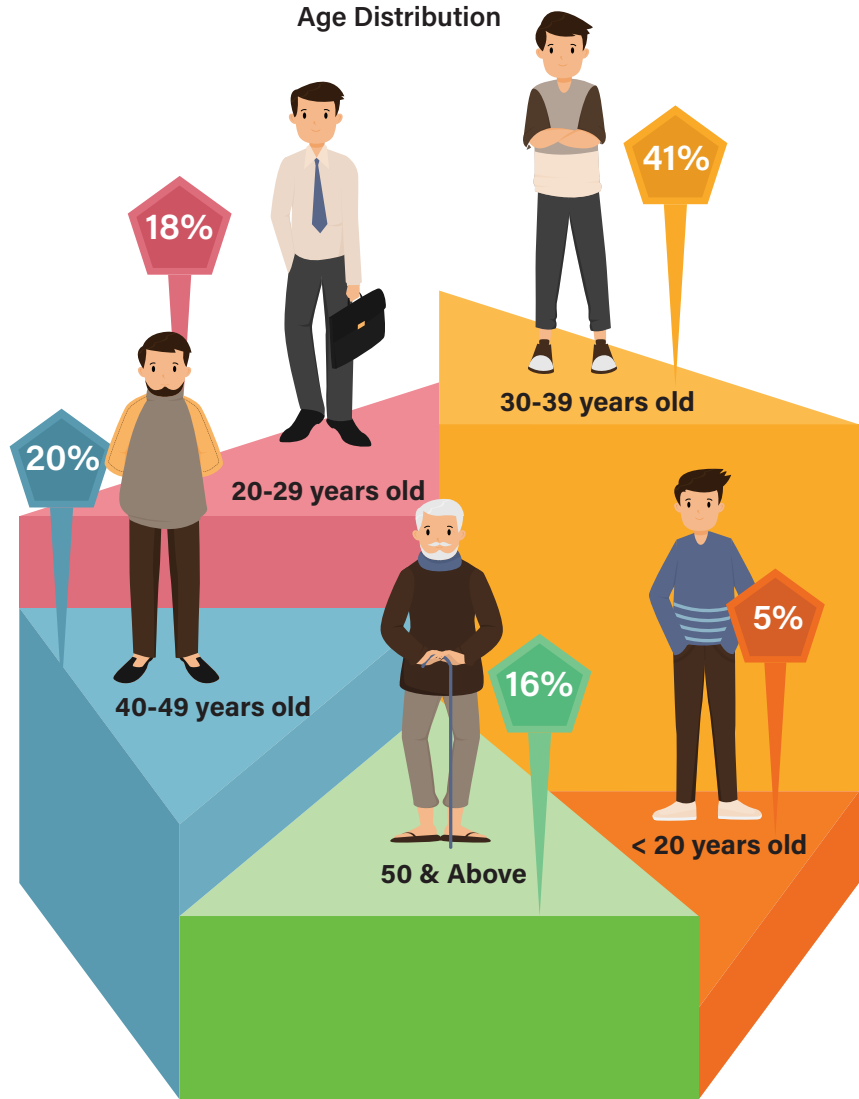
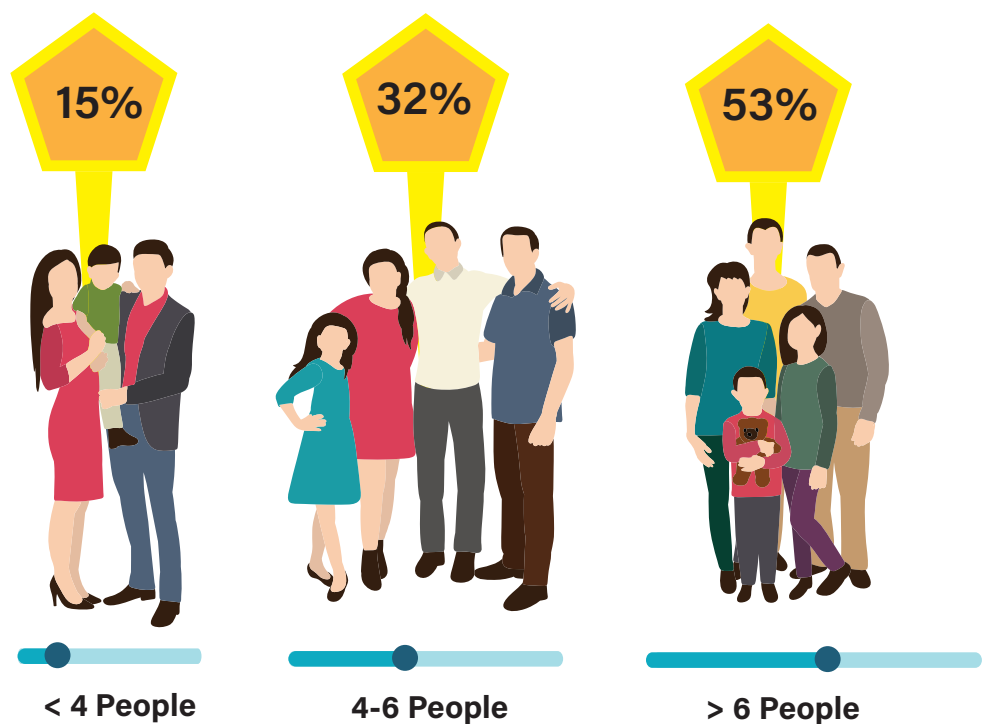


FIGURE 4.3  
Age Distribution

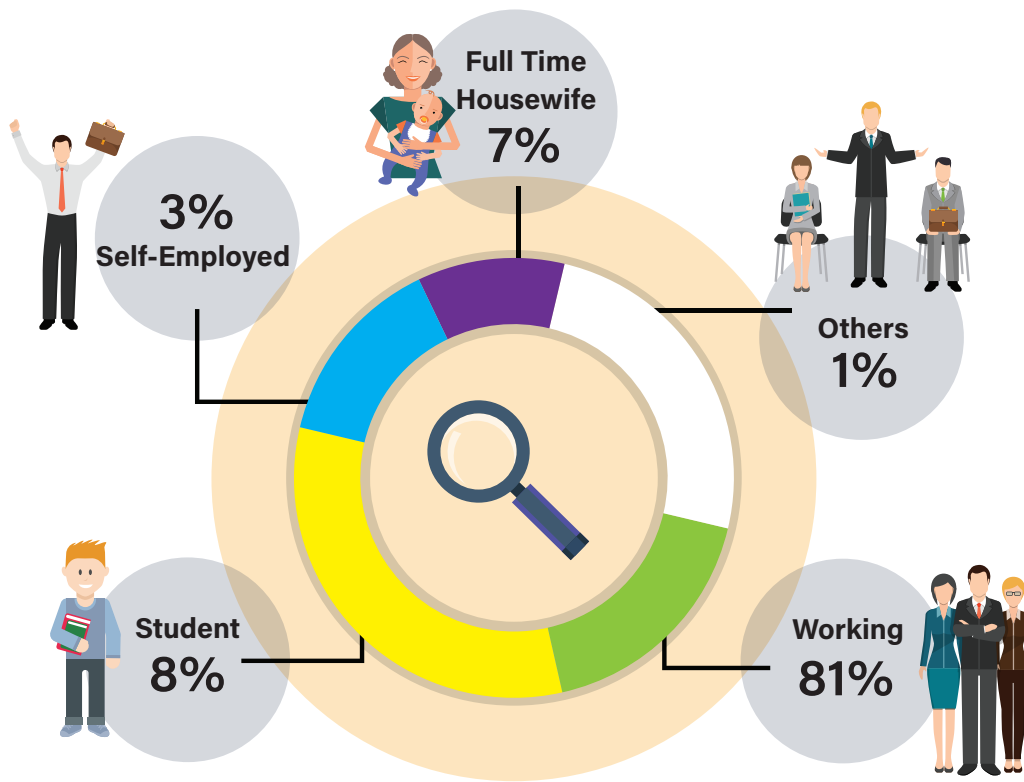


The age distribution chart in Figure 4.3 demonstrates that 41 per cent of the respondents are between the ages of 30 to 39 years, followed by 20 per cent between 40 and 49 years old and 18 per cent between the ages of 20 to 29 years. Only five (5) per cent of the respondents are less than 20 years old. Furthermore, Figure 4.4 represents the family size of the respondents, with slightly more than half of the respondents (53%) having four (4) to six (6) people in their family, 32 per cent having one (1) to three (3 )people, and 15 per cent having seven (7) people and above within a household.

FIGURE 4.4  
Size of Family

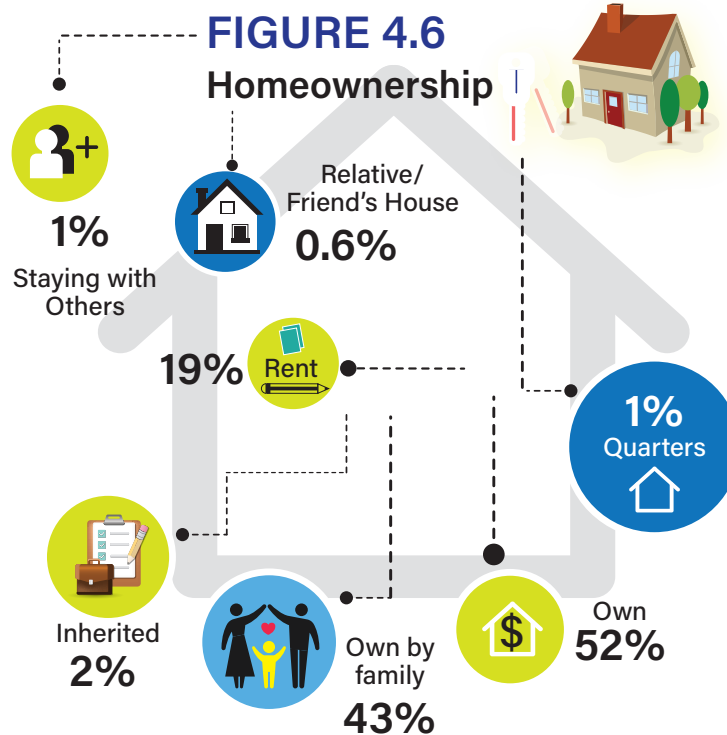


**FIGURE 4.5**  
Employment Status

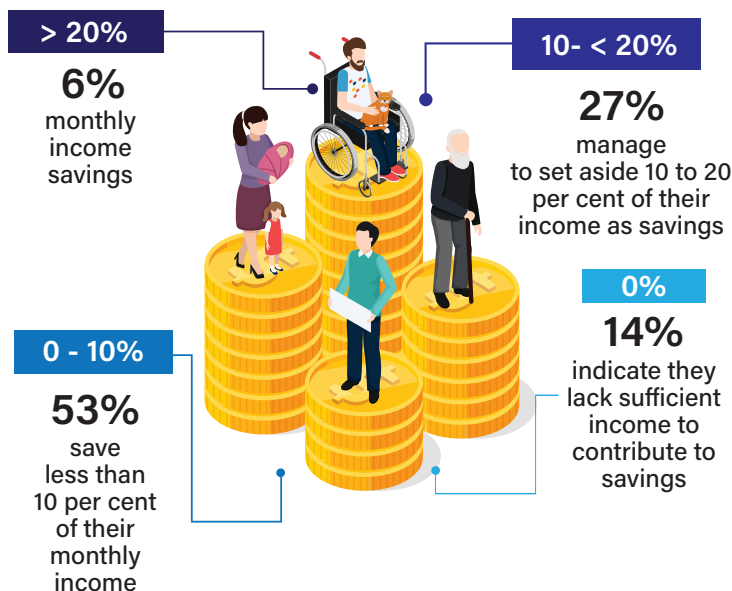


#### 4.1.2 Socioeconomic Information

Figures 4.5 to 4.9 show the socioeconomic statistics of the 500 recurrence respondents. Most of the respondents are in employment (84%), either as an employee or self-employed (Figure 4.5). Figure 4.6 shows the homeownership of respondents where more than half (52%) of the respondents live in their own homes, 21 per cent stay with family, and 19 per cent live in rented premises.

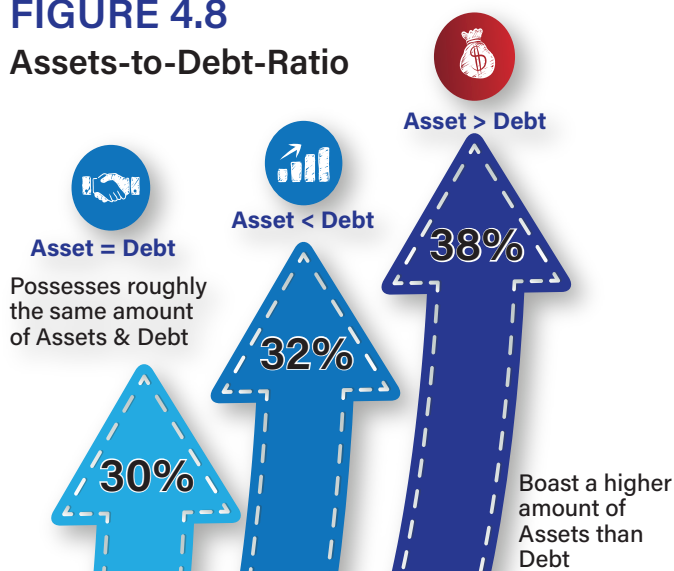


**FIGURE 4.7**  
**Monthly Savings**



The proportion of monthly income that goes into savings is illustrated in Figure 4.7 with 60 per cent of respondents saving less than 10 per cent of their monthly income, and about five (5) per cent having no savings at all.

**FIGURE 4.8**  
**Assets-to-Debt-Ratio**



It is not surprising to learn that the financial status of this group is not remarkably strong with 30 per cent of the respondents having more debts than assets, 32 per cent having about the same amount of assets and debt, and another 38 per cent having more assets than debt (Figure 4.8). It is vital that respondents are able to manage their finances well in order not to fall into the debt trap. Furthermore, it is somewhat distressing to learn that 37 per cent of the repeat respondents have only sufficient income to serve their basic needs. There is a group of 27 per cent who indicate that they have enough to pay



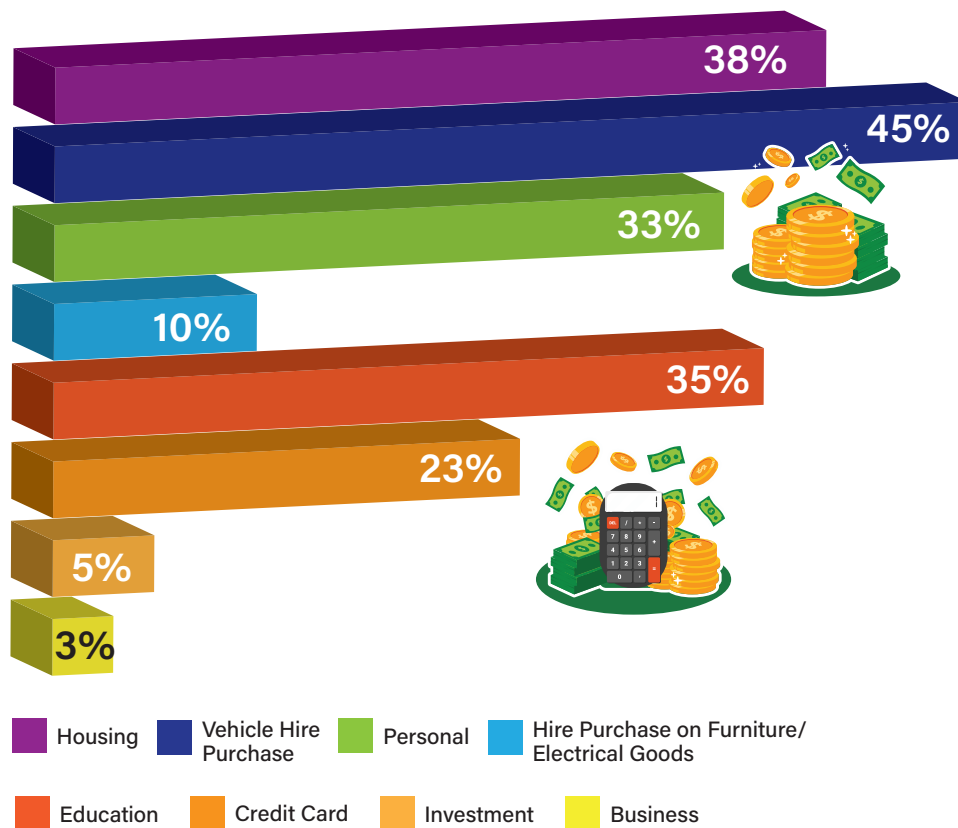
for most things. Unfortunately, there are still nine (9) per cent of repeat respondents whose income is not enough to meet basic needs, and this is an important piece of information for the authorities (Figure 4.9).

In terms of the types of debt (Figure 4.10), 45 per cent of respondents possess a vehicle hire purchase loan, followed by 38 per cent who carry a housing mortgage, 35 per cent hold an education loan, 33 per cent are indebted with a personal loan, and 23 per cent still dealing with credit card debt. On the contrary, three-quarters (75%) of the repeat

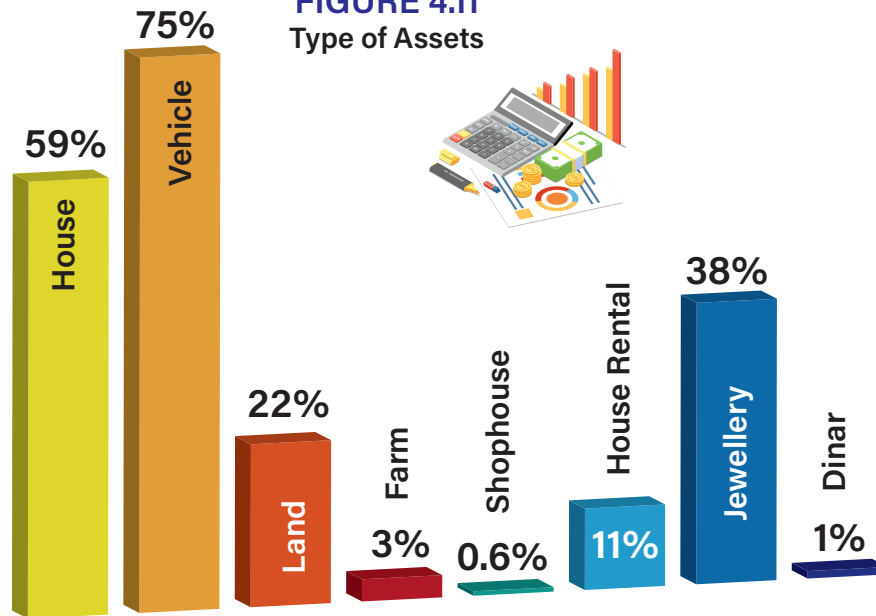
**FIGURE 4.9**  
Income Adequacy



**FIGURE 4.10**  
Type of Loans



**FIGURE 4.11**  
Type of Assets



respondents reveal that one of their major assets is vehicle ownership, while 59 per cent own houses, 38 per cent possess jewellery, 22 per cent own land and 11 per cent have residential property assets (Figure 4.11).

In summary, data from this study validates previous national studies, whereby 52 per cent of Malaysians own their homes. This study also reveals that 46 per cent of respondents struggle to make ends meet with income just

sufficient for basic needs. Therefore, there is a pressing need to devise strategies to improve the income levels of the B40 group. Furthermore, according to the respondents' current financial status, it is critical to note that 30 per cent (about one third) of them have more debt than assets. Additionally, 65 per cent of the respondents save nothing or less than 10 per cent of their monthly income, raising concerns, particularly when over half of them lack the ability to save for their future.

**TABLE 4.1**  
Financial Literacy

Bank Negara Malaysia's role is to regulate interest rates

E-wallet can be used to control spending

Bank Negara Malaysia is regulating cryptocurrency in Malaysia

One can depend on EPF savings for living after retirement

My Will can include EPF and Insurance nomination

Shariah products generate reasonable returns similar to Conventional products

Shariah products are free from risk

Securities Commission Malaysia ensure proper conduct of market institutions and licensed individuals

Sometimes, expenses can be higher than income

	2023	2019
	n (%)	
Bank Negara Malaysia's role is to regulate interest rates	408 (82)	NA
E-wallet can be used to control spending	329 (66)	NA
Bank Negara Malaysia is regulating cryptocurrency in Malaysia	333 (67)	NA
One can depend on EPF savings for living after retirement	167 (33)	194 (60)
My Will can include EPF and Insurance nomination	140 (33)	56 (17)
Shariah products generate reasonable returns similar to Conventional products	235 (47)	198 (62)
Shariah products are free from risk	371 (74)	148 (57)
Securities Commission Malaysia ensure proper conduct of market institutions and licensed individuals	441 (88)	275 (85)
Sometimes, expenses can be higher than income	84 (17)	68 (21)
	Correctly Answered	Correctly Answered



## 4.2 FINANCIAL LITERACY

Table 4.1 reveals the financial literacy of the repeaters group. The survey highlights nine major questions for comparison between the 2023 and 2019 surveys. Out of the nine questions, three new questions were added to assess the significant impact on the respondents' financial literacy. Respondents' financial literacy level towards Bank Negara Malaysia's roles is high, with 82 per cent and 67 per cent of respondents correctly answering the given statement, respectively. About two-thirds of the respondents (66%) comfortably utilise e-wallets to control their spending, indicating that they are aware of the benefits of financial technology in daily life. However, they need to be mindful of the concept that expenses can be higher than income. Only 17 per cent of the respondents correctly answered otherwise.

Additionally, there is an improvement in respondents' understanding of the Employees Provident Fund (EPF) and insurance nominations from 17 per cent in the previous year to 33 per cent in 2023. Nevertheless, they have a misconception that only EPF savings can bring comfort during their retirement years (33%). This misunderstanding might be attributed to the COVID-19 pandemic, during which they were allowed to withdraw the money for their immediate needs. As a result, they believe that these withdrawals would be sufficient for their retirement. This is a serious misinterpretation because depleting EPF savings would

leave less for retirement, and the majority of contributors may have little savings remaining in their EPF accounts.

For Shariah-compliant products, only 47 per cent of respondents accurately understood their returns relative to conventional products, comparative to 62 per cent in the last survey. It is important that more needs to be done to ensure accurate information on Shariah products is disseminated when Malaysia is one of the major hubs in Islamic finance. On the other hand, there has been an improvement in the understanding that Shariah-compliant financial products are not exempt from risk, rising from 57 per cent to 74 per cent compared to the 2019 survey. The majority of respondents (88%) apprehend the role of the Securities Commission within the market, a slight increase from the previous survey (85%).

## 4.3 CAPITAL MARKET LITERACY

Table 4.2 categorises respondents' financial literacy in the capital market, with 74 per cent successfully identifying assets with the most price fluctuation. In line with that, there is a growth in understanding the riskiness of shares and unit trust investments (79%), compared to the previous study's 77 per cent. More than half of the respondents (53%) still realise the benefits of diversification in investing to lower the risk of financial loss, a slight deterioration from previous years. Regrettably, less than half of the repeat respondents fully comprehend the concept of time value of money (33%) and understand the concept of inflation (45%) as the percentages

**TABLE 4.2**

### Capital Market Literacy

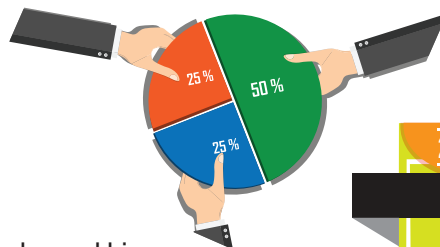
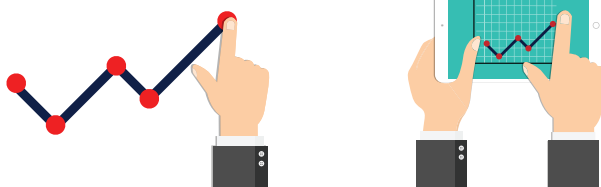
Assume a friend inherits RM 10,000 today and his sibling inherits RM 10,000 three years from now. Who is richer because of the inheritance?

Suppose that in the year 2025, your income has doubled and prices of all goods have doubled too. In 2025, how much will you be able to buy with your income?

Normally, which asset displays the highest fluctuations over time?

When an investor spreads his money among different assets, does he risk losing money?

**Shares are normally riskier than unit trust**



2023	2019	2017
n (%)		
164 (33)	206 (41)	824 (41)
226 (45)	256 (51)	885 (44)
369 (74)	383 (77)	1311 (66)
263 (53)	298 (60)	1098 (55)
394 (79)	398 (77)	1636 (82)
Correctly Answered	Correctly Answered	Correctly Answered

are still relatively low. Knowledge of these concepts is very much lacking which leads to low levels of financial literacy. In financial planning and investment, these concepts hold significant importance to investors. They not only impact the value of money but also lead to erosion of purchasing power in the long run.

This finding shows that Malaysians on average have a limited understanding of the time value of money and inflation, especially in the capital market. More than half of them are unable to provide a correct answer to the questions posed. Overall, this group of respondents' capital market literacy is relatively lower than those in 2017 and 2019, reflecting moderately lower scores across all categories. Consequently, more financial literacy programmes in the capital market are needed to expose them to concepts such as the time value of money and the effects of inflation.

#### 4.4 FINANCIAL CAPABILITY

There is a general improvement in the repeat respondents' financial capability in terms of managing their expenses and investment decisions. Table 4.3 reveals that a majority of respondents are generally able to manage their expenses (73%) and 80 per cent are able to pay their bills on time. Moreover, a slightly higher percentage (69%) also review and evaluate their expenses from time to time. In terms of expense management, including payment, periodic expense evaluation, setting aside and provision for unexpected expenses, there is a slight overall improvement compared to the prior survey in 2019.

It is concerning to note that a higher percentage now prioritise spending before contributing to their pension fund (38% in 2023 compared to 26% in 2019), and a slightly lower percentage are prepared for unexpected expenses (57% in 2023 compared to 58% in 2019). The preference for instant gratification over delayed gratification seems to have increased, possibly influenced by the recent pandemic that depleted their resources. Fortunately, there is an increased awareness of the importance of planning for retirement rather than solely focusing on immediate enjoyment (67%). Moreover, there is a better understanding that household income after retirement contributes to a more comfortable living standard, with 60 per cent of respondents agreeing in 2023 compared to 53 per cent in 2019.

It is comforting to observe that when it comes to financial product decisions and choices, respondents compare different products (77%) and check out the features and prices (76%) prior to making an investment decision. This is somewhat similar to the previous survey conducted in 2019. This shows that respondents are vigilant and thorough before deciding on investing in financial products. On the other hand, respondents are honest in admitting that they lack general knowledge on various financial products, with only 35 per cent believing that they understand them. This



**TABLE 4.3****Financial Capability**

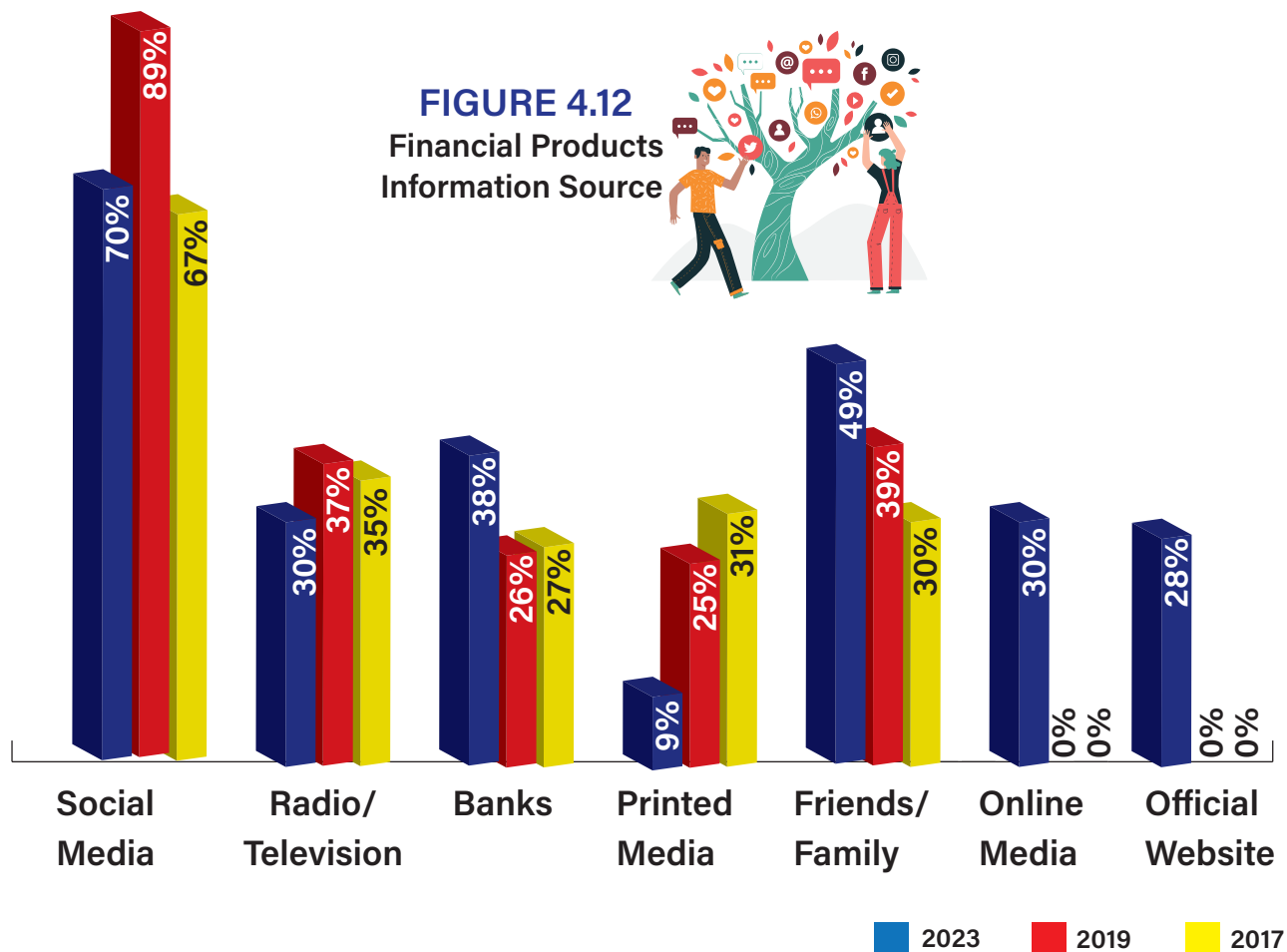
I make plans for my expenses
I pay my bills on time
I review and evaluate my expenses
I regularly set money aside for possible unexpected expenses
I set specific financial goals and strive to achieve them
I make adequate provision for unexpected expenses (shrinking income)
I save for retirement
I spend to have a comfortable life today rather than planning for retirement
Household income after retirement is able to guarantee a more comfortable living standard
<b>Apart from contributing in pension funds, it is important for me to make my own savings</b>
I consider several products/ loans/ policies/ accounts from different providers before making my decision
I understand the various financial products that I need without consulting a financial adviser/ planner
I believe financial planners and accept what they recommend
I compare products on features and price rather than making a choice based on the brand image
I actively seek financial information through professional advice
I am always interested to learn about financial products and services
I would like to know further about financial issues and learn how to interpret the information
I have personally experienced monetary fraud/ identity theft/ scams while purchasing goods and services or investing

\*NA = new items added

AGREED		
2023	2019	2017
n (%)		
366 (73)	374 (75)	1405 (70)
398 (80)	353 (71)	1408 (70)
346 (69)	333 (66)	1298 (65)
331 (66)	324 (65)	1299 (65)
336 (67)	306 (62)	1245 (62)
287 (57)	288 (58)	1049 (52)
333 (67)	285 (57)	1201 (60)
188 (38)	133 (26)	640 (32)
300 (60)	266 (53)	1099 (55)
451 (90)	429 (86)	1593 (80)
384 (77)	354 (71)	1416 (71)
177 (35)	159 (31)	660 (33)
262 (52)	186 (38)	804 (40)
282 (76)	357 (71)	1359 (68)
217 (43)	151 (30)	795 (40)
333 (67)	260 (52)	1117 (56)
331 (66)	298 (59)	1315 (66)
211 (42)	NA	NA



**FIGURE 4.12**  
Financial Products  
Information Source



is why more than half of the repeat respondents (52%) trust financial planners and accept their recommendations.

It is comforting to observe that, there is an increase of 13 per cent compared to the previous study in 2019, where respondents actively seek financial information, and 15 per cent in learning and comparing financial services. About 66 per cent are interested in gaining knowledge on financial issues and interpreting financial information. Overall, there is an increment in the percentage of respondents who wish to seek information and learn more in 2023 compared to 2019.

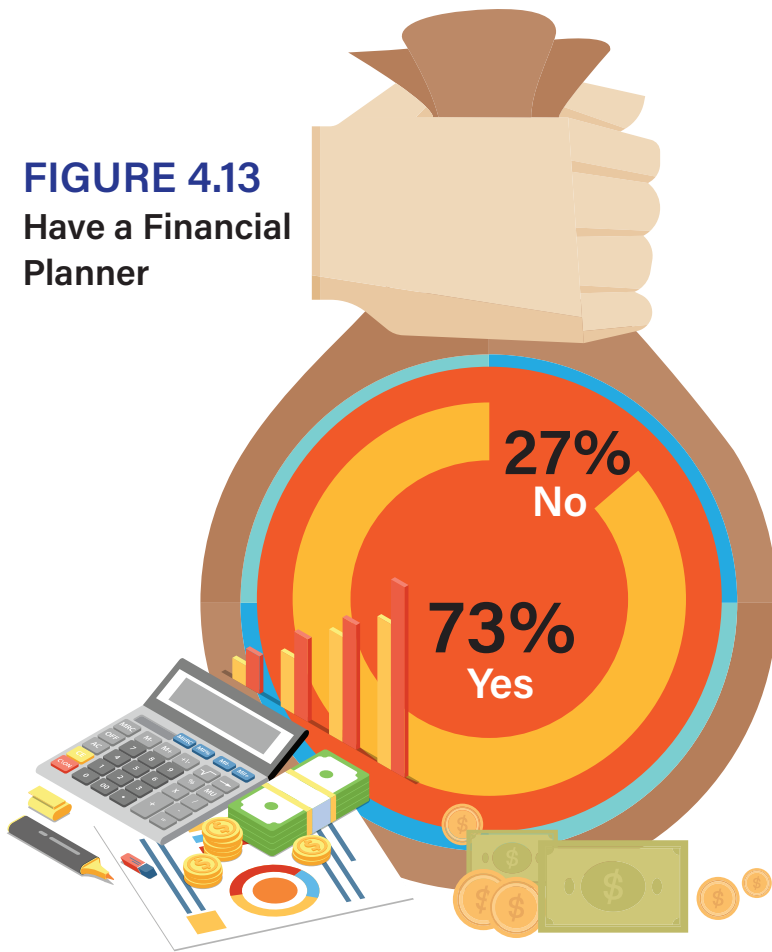
An additional question on scams is newly added to this survey and appallingly, a substantial number of respondents (42%) declare that they have been scammed. With the recent increase in fraudulent cases, data collection on such criminal activities is vital to gauge the widespread of such scams so that initiatives and strategies can be applied to curb losses by the public.

#### 4.5 SOURCES OF INFORMATION ON FINANCIAL PRODUCTS

The sources of information on financial products in Figure 4.12 reveal that 70 per cent of the respondents depend on social media, 49 per cent listen to their family and friends and 38 per cent prefer to refer to banks. These are the 3 top sources of information recognised by respondents and their usage. Social media is the major source of information in this era particularly for X, Y, Z and millennial generations.

With the wide coverage of internet in both rural and urban areas along with the innovative technological improvement in database and applications, information can easily be gathered at the touch of a button. Social media plays a vital role in cultivating and exposing people to the latest information on finances. However, with the immersing cases of internet scams, Malaysians should be vigilant with unreliable sources. Interestingly, 30 per cent of

**FIGURE 4.13**  
Have a Financial  
Planner

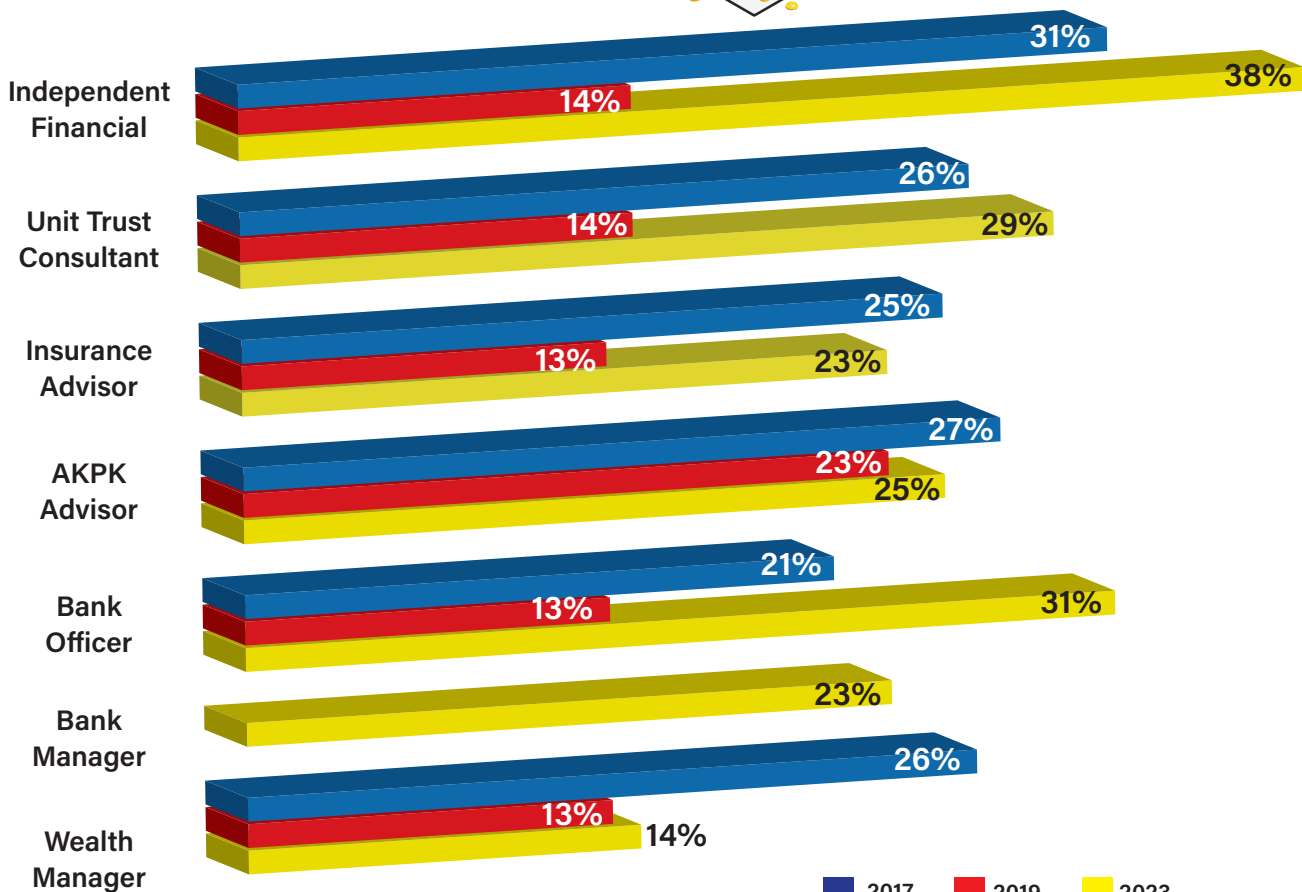


respondents still favour traditional sources such as television and online media, while 28 per cent turn to official websites. Only nine (9) per cent continue to rely on printed media, highlighting the impact of Industry Revolution 4.0's digital transformation. This shift positions banks not only as financial transaction hubs but also as significant sources of information, securing a spot in the top three (3).

#### 4.6 FINANCIAL PLANNING SERVICES

Figure 4.13 reveals a nearly threefold increase in the number of repeat respondents in utilising the services of a financial planner, rising to 73 per cent compared to the prior survey's 29 per cent. A number of the respondents (38%) skilfully use independent financial advisor's services in their financial planning while 29 per cent place their trust in unit trust consultants (Figure 4.14). It is alarming to discover that 25 per cent of respondents consider AKPK counsellors, and 31 per cent regard bank officers as qualified financial planners. Every year, AKPK

**FIGURE 4.14**  
Person Considered  
as Financial Planner



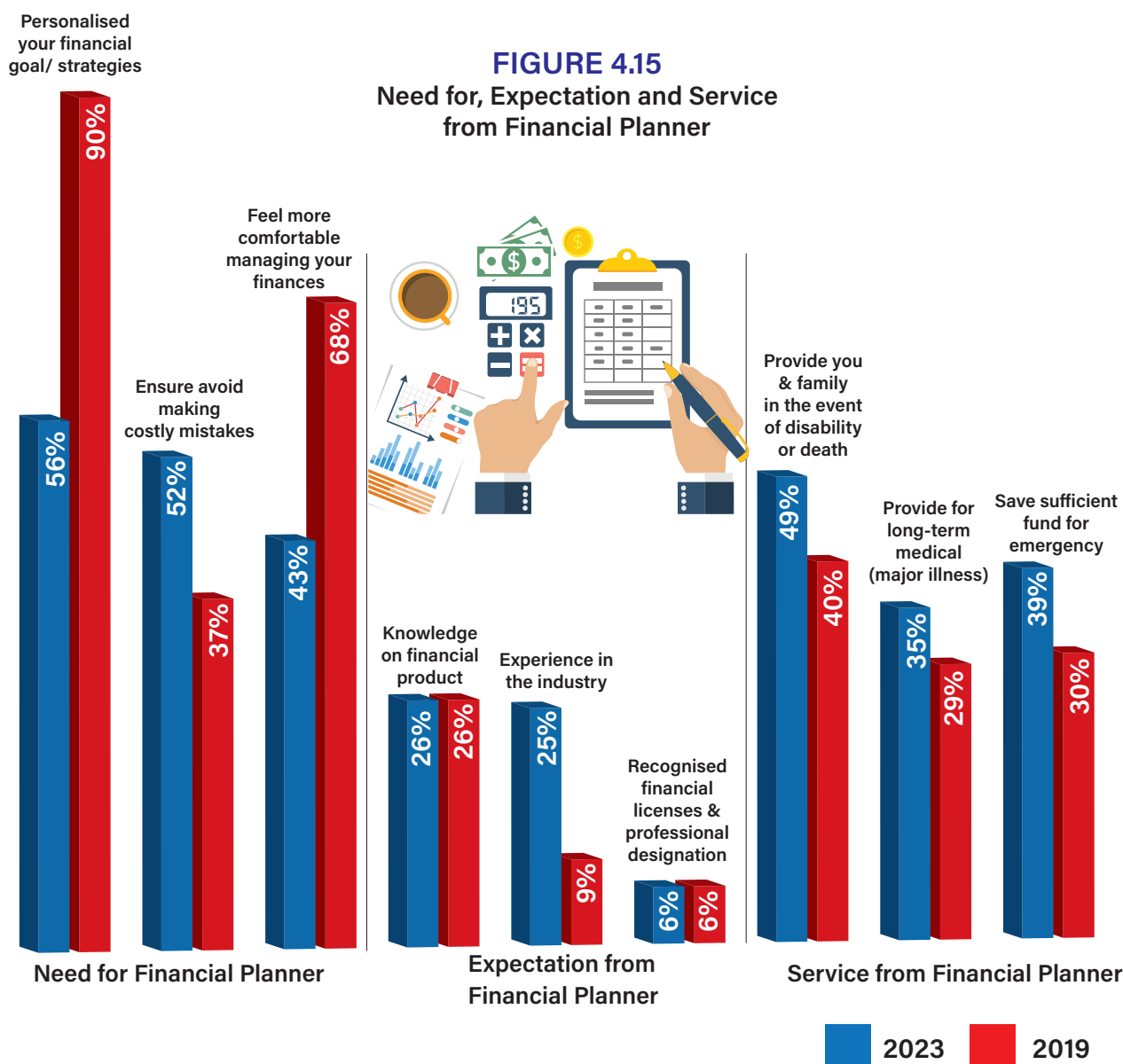
effectively communicates through their advertisements and awareness programmes to assist people at risk of bankruptcy. Hence, respondents are mistakenly associating AKPK officers with financial planners, particularly when seeking assistance in debt rescheduling.

Less than a quarter of the respondents (23%) have faith in the services of both bank managers and insurance advisors for their financial planning needs. In Malaysia, banks serve not only as transactional hubs and information sources but also as providers of financial planning services. When consulting a bank officer, individuals might be referred to a bank manager or an insurance advisor for further services. This situation might lead respondents to misunderstand the term 'financial planner' itself. It is concerning that there are still many repeat respondents who consult AKPK financial advisors, unit trust consultants, and insurance advisors to guide them in financial matters. It is suggested that accurate

awareness programmes on financial planners be offered to the public for accurate public recognition of the role and different features of financial planners.

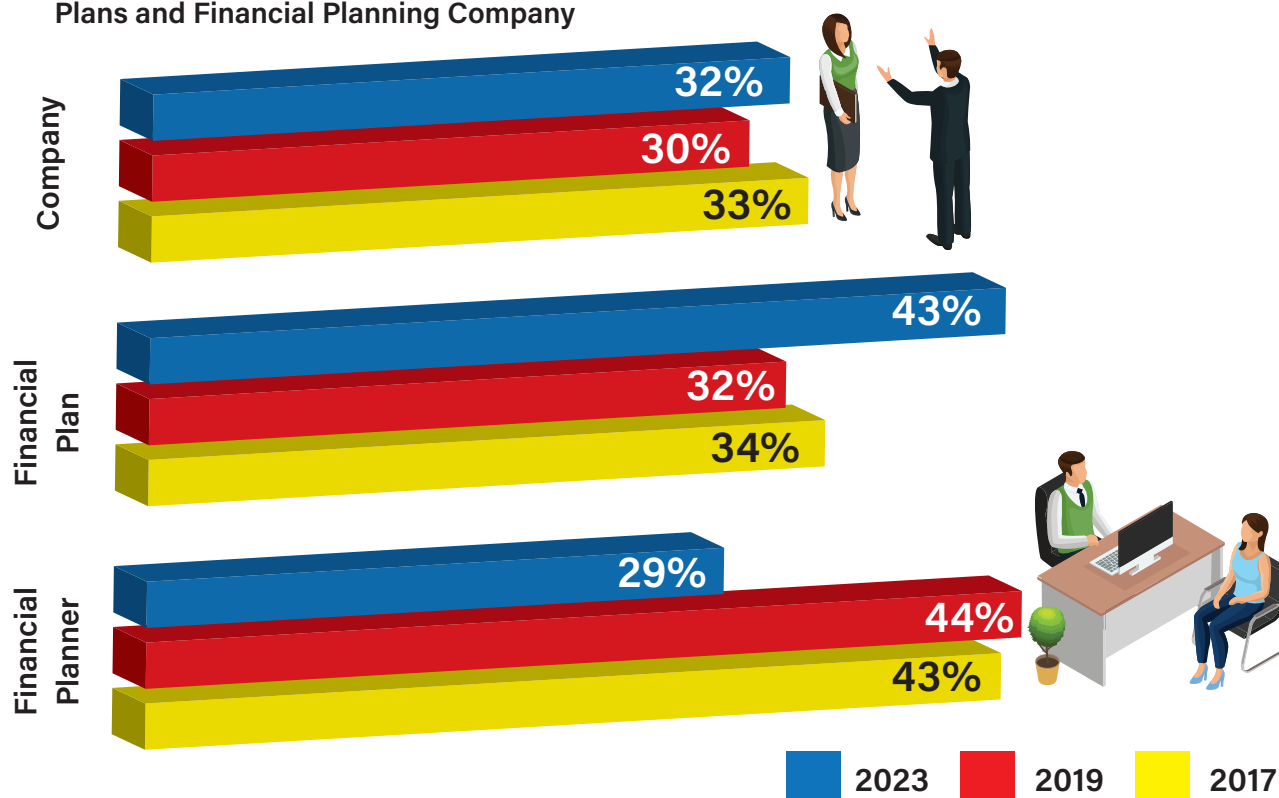
In Figure 4.15, the majority of respondents (56%) state that a financial planner is needed to personalise individual financial plans/strategies, a drastic fall from 90 per cent in 2019. More than half or 52 per cent wish to reduce the risk of making costly financial mistakes with the guidance of a financial planner and 43 per cent of respondents feel more comfortable managing their finances together with a financial planner. Compared to the previous survey, there is a vast increase (15%) in the percentages of respondents' selections, particularly in avoiding making costly mistakes.

As for expectations that they want from financial planners, slightly more than a quarter of them (26%) want those with knowledge of financial products, while 25 per cent prefer their financial planners to be well experienced in the industry.



**FIGURE 4.16**

Perception towards Financial Planner, Financial Plans and Financial Planning Company



This shows a tremendous increase (16%) compared to the 2019 survey (9%). Respondents place a significant emphasis on the trustworthiness of individuals with experience, likely influenced by past experiences of being scammed. Only 6 per cent trust financial planners with reputable financial licenses and professional designations, similar to the previous survey, thus, mere reputation with little experience and knowledge do not count. Identifiable license and professional designations reassure Malaysians of financial planners' credibility to be a financial planner. Malaysians prioritise a combination of knowledge, experience, and credibility when it comes to their expectations from a financial planner.

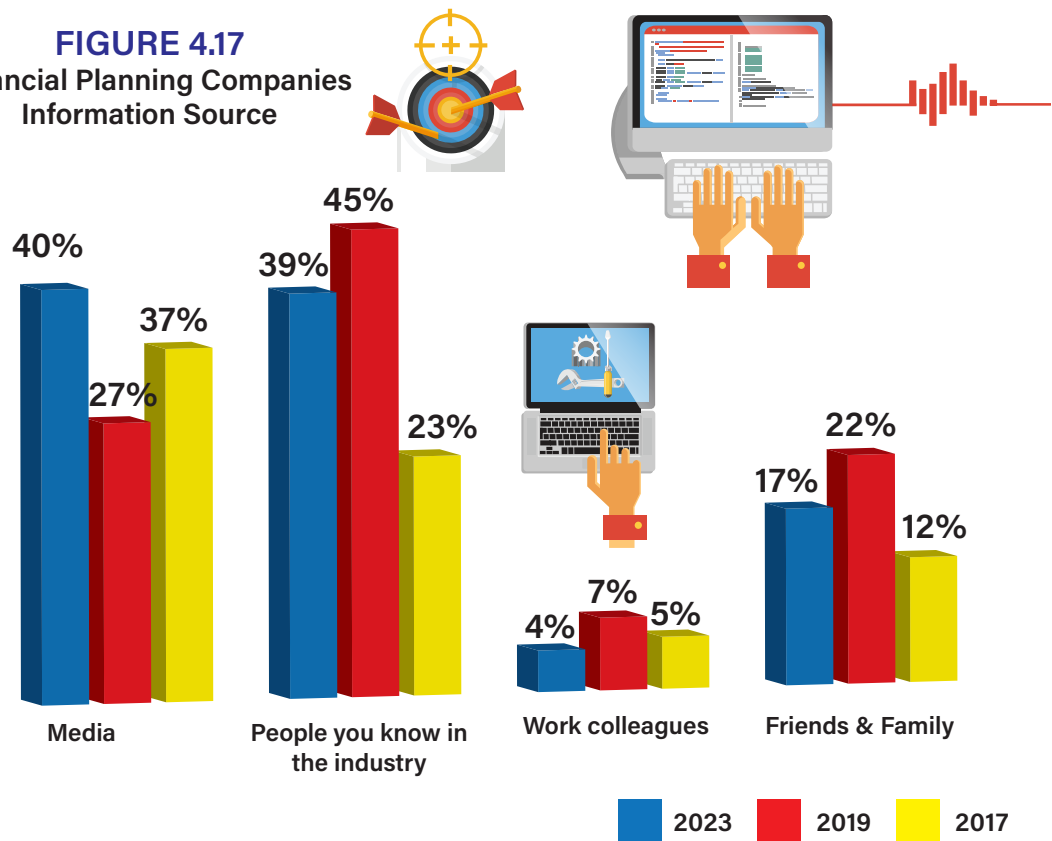
In terms of the service from a financial planner, 49 per cent of respondents expect the financial planner to provide services for them and their family in the event of disability or death. Additionally, 39 per cent would like to have a sufficient emergency fund, and 35 per cent want to have long-term medical care. Overall, there is an increase in all the three (3) percentages of respondents' selections compared to the

2019 survey. The increments illustrate a slight improvement in services that respondents expect from a financial planner, which must benefit repeat respondents specifically.

#### 4.7 PERCEPTIONS TOWARD FINANCIAL PLANNERS, FINANCIAL PLANS AND FINANCIAL PLANNING COMPANIES

Figure 4.16 discloses that 43 per cent of respondents concluded that the financial plan is the most important factor when selecting a financial planner. Relative to the 2019 survey, respondents are becoming aware that the financial plan itself (32%) is more crucial than the financial planner (44%). The financial plan has to be catered to Malaysians' needs rather than depending on the financial planner. This reflects that Malaysians are aware of their personal financial goals. Moreover, 32 per cent trust the reputation of the financial planning company while 29 per cent value the professionalism of a financial planner. Therefore, a shift in overall priorities indicates that there is an improvement in financial literacy and the capability of respondents in this area of financial planners' selection.

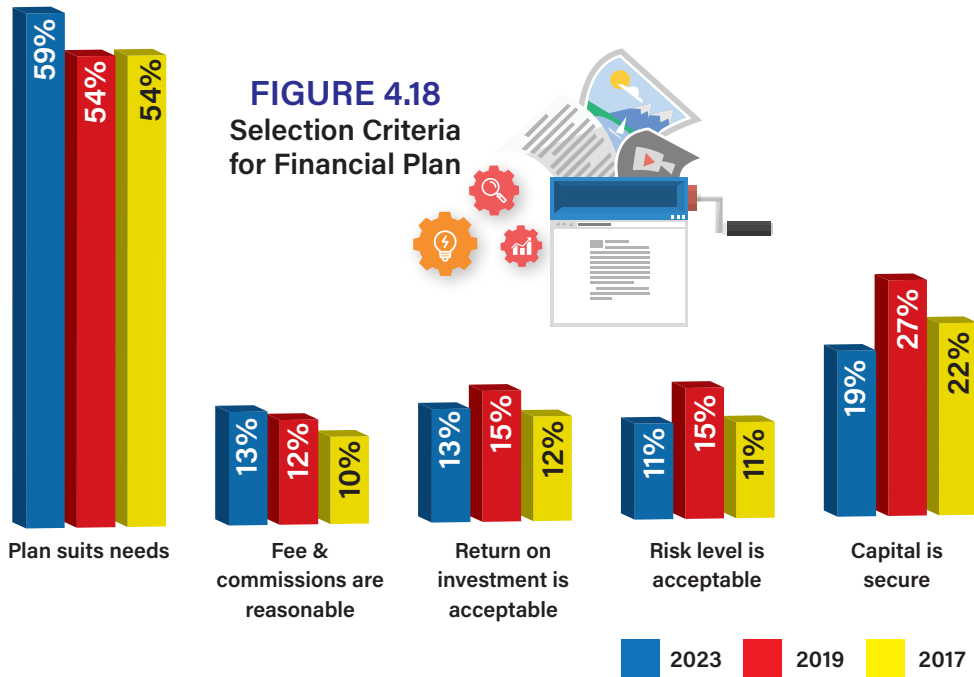
**FIGURE 4.17**  
Financial Planning Companies  
Information Source



Information is required to decide which financial planning company is appropriate. Additionally, it is vital to acquire knowledge beforehand and 40 per cent of repeat respondents choose media as their main information source (Figure 4.17). On the other hand, 39 per cent of them prefer people they trust in the industry, 17 per cent listen to their family and friends and only four (4) per cent believe in their colleagues. Compared to 2019, there is a change in

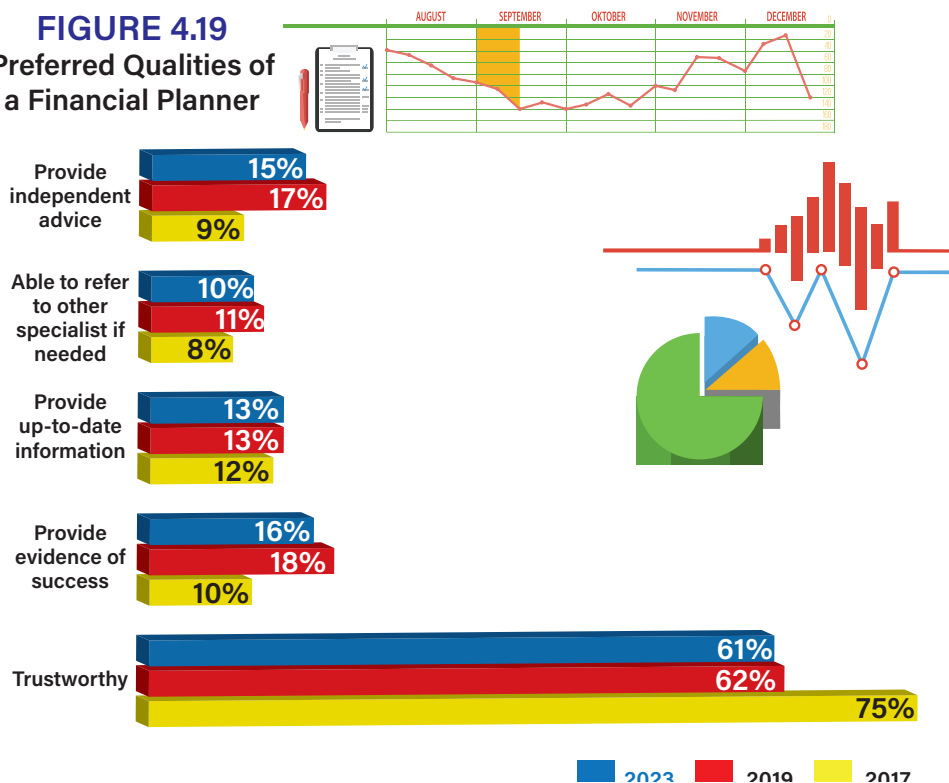
how respondents are influenced by the sources of their financial decisions from people they know in the financial industry to social media. This shows that Malaysians trust and rely on media for information sourcing in selecting a financial planning company. Nowadays, social media is a common practice across generations, especially X, Y, Z, and millennials, to connect and stay connected with each other.





As detailed in Figure 4.18, more than half of the respondents (59%) desire plans that satisfy their needs and requirements, 19 per cent prefer capital guaranteed plans, while 13 per cent accept an appropriate rate of return. The findings are consistent with the previous surveys conducted in 2019 and 2017. It is essential to note that a financial plan for each individual is different, and it is necessary for financial planners to seek information from investors before recommending any financial plans. In line with respondents' financial capability in this section, future financial needs can be accommodated accordingly.

**FIGURE 4.19**  
Preferred Qualities of a Financial Planner



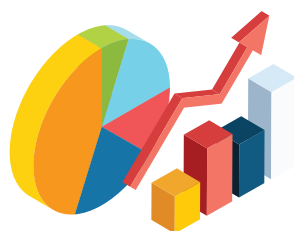
The qualities that is most desired by respondents when appointing a financial planner is trustworthiness (75%), as shown in Figure 4.19. Furthermore, 12 per cent of respondents want to have access to the latest information, 10 per cent prefer a financial planner who has had prior historical success, nine (9) per cent of respondents favour financial planners that provide independent advice, and eight (8) per cent desire those that can refer to another specialist if needed. For three (3) consecutive times (in surveys conducted in 2017, 2019, and 2023), respondents emphasised that trust is the most fundamental characteristic in a financial planner. This quality is able to provide effective financial guidance and advice.

Respondents' financial decisions show a growth of confidence when the overall scores are relatively higher than those of the 2019 survey (Table 4.4). The respondents admit that they do not possess sufficient knowledge in financial matters (3.07) and they also lack initiative and time to evaluate financial information (3.19). This is in contrast to their admission that financial planning is very relevant to

their values and goals in life (3.97). The respondents confess to recognising information sources to make decisions (3.42) and keeping up to date with data on certain products only (3.46). Despite having the knowledge of where to find up-to-date information, they do not have adequate knowledge on financial matters and lack the initiative and time to assess financial information relevant to investment decision-making.



**TABLE 4.4**  
Financial Decision



I know where to get information to make important financial decisions

I only look for information that keeps me up to date with certain products

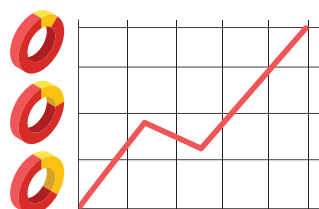
I do not have time to evaluate all the information provided to me

I know a lot about financial matters

My choice of financial planner is relevant to my self- image

**Financial planning is relevant to my values and goals in life**

Notes: Scale 1 = Strongly Disagree to 5 = Strongly Agree



	2023	2019	2017
Mean			
I know where to get information to make important financial decisions	3.42	3.15	3.75
I only look for information that keeps me up to date with certain products	3.46	3.21	3.31
I do not have time to evaluate all the information provided to me	3.19	2.97	2.98
I know a lot about financial matters	3.07	2.87	3.31
My choice of financial planner is relevant to my self- image	3.40	3.06	3.14
<b>Financial planning is relevant to my values and goals in life</b>	<b>3.97</b>	<b>3.57</b>	<b>3.82</b>

**TABLE 4.5**  
Evaluation of Financial Service Provider

I would choose the first financial service which surpassed my minimum requirements on each of the important criteria

I would choose a financial service provider I have always wanted to use

I would choose a financial service provider I currently use

**I would choose the financial service which performed the best when comparing all the relevant aspects**

I would choose the financial service which was recommended to me by people who knew more about it than I did

Notes: Scale 1 = Strongly Disagree to 5 = Strongly Agree



	2023	2019	2017
Mean			
I would choose the first financial service which surpassed my minimum requirements on each of the important criteria	3.76	3.37	3.42
I would choose a financial service provider I have always wanted to use	3.79	3.39	3.47
I would choose a financial service provider I currently use	3.74	3.28	3.42
<b>I would choose the financial service which performed the best when comparing all the relevant aspects</b>	<b>4.09</b>	<b>3.66</b>	<b>3.76</b>
I would choose the financial service which was recommended to me by people who knew more about it than I did	3.39	3.50	3.52

Table 4.5 shows the evaluation of financial service providers for the respondents. The most important criterion is the performance of financial service among any other (Mean = 4.09). They also prefer to work with the provider that

they have in mind (Mean = 3.79) and those that surpassed their minimum checklists in each important criterion (Mean = 3.76). Overall, this section shows an escalation compared to the 2019 survey, where respondents slowly build up their confidence in financial literacy and capability.

DuitNow (69%), Touch 'n Go (68%), and Shopee Pay (64%) are the top three (3) e-wallet services used by the respondents (Figure 4.20). Secure, convenient, and faster transactions are the advantages of why Malaysians use digital wallets, as well as to help reduce the risk of fraud

and security threats. Not just that, digital wallets can allow investors worldwide to receive funds, accept payments, or send or receive remittances from friends and family across nations.

FIGURE 4.20  
E-wallet Services

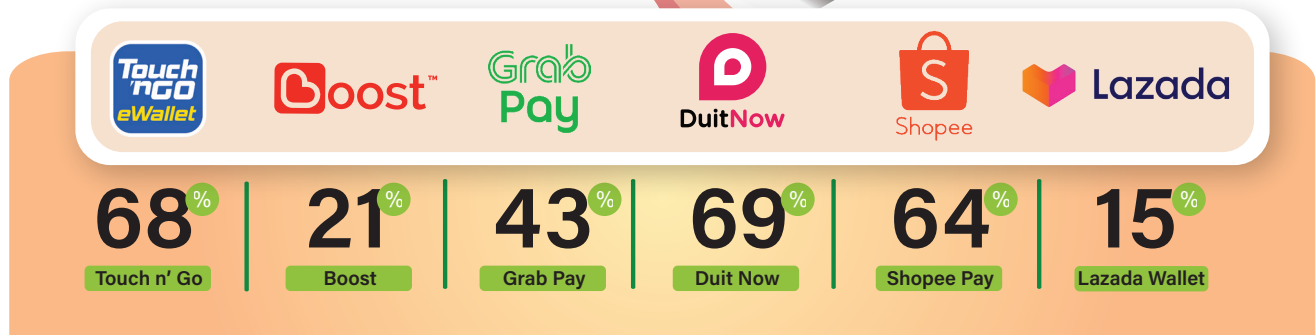
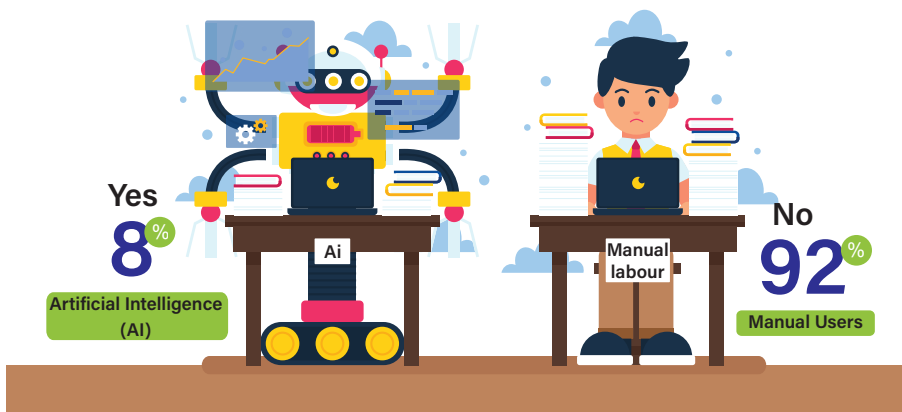
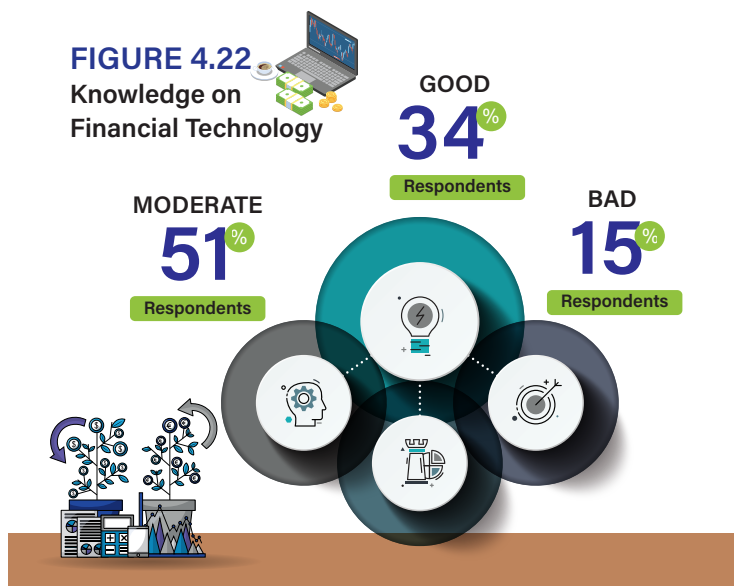


FIGURE 4.21  
Robo-advisor Usage

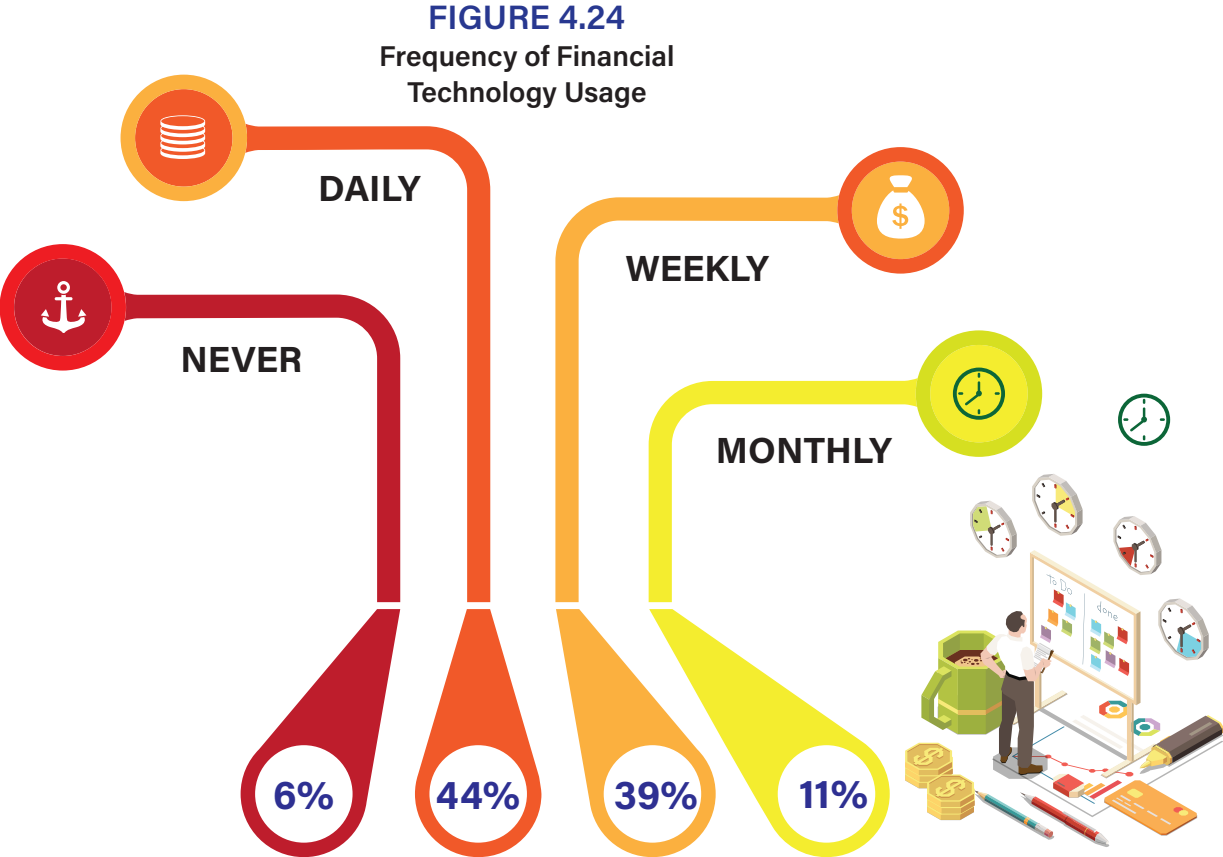
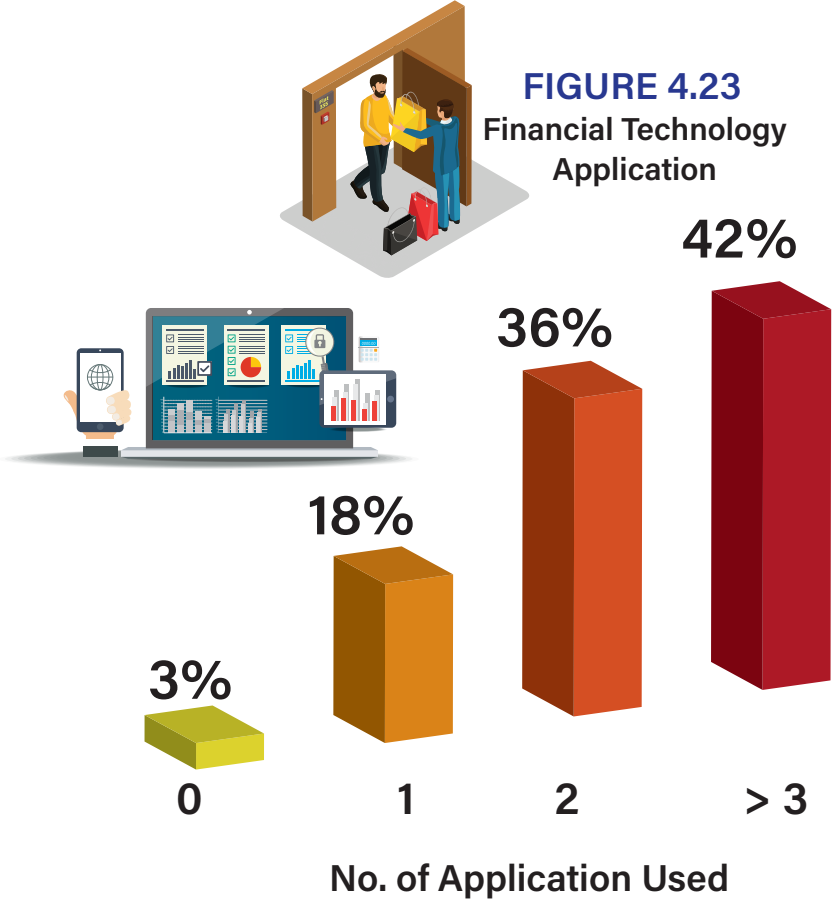


On the other hand, only 8 (eight) per cent of respondents are familiar with robo-advisor services (Figure 4.21). Respondents might be doubtful about robo-advisors being a one-size-fits-all solution due to their minimal human interaction, which lacks empathy and sophistication.

FIGURE 4.22  
Knowledge on  
Financial Technology



It is understandable that with the moderate level of respondents' (51%) knowledge towards financial technology, it makes them doubtful about robo-advisor services (Figure 4.22). However, respondents are getting used to financial technology when 42 per cent possess more than three (3) applications (Figure 4.23) and 44 per cent of them use it daily (Figure 4.24).



**TABLE 4.6****Usage of Financial Technology in Money Transfer and Payment**

Online foreign currency exchange

Pay via cryptocurrency

Remittance abroad

Digital bank only online without branches (internet banking)

Money transfer not through bank services such as e-wallet

**Payment via mobile phone (mobile banking such as Google pay, scan & pay using bar code)**

%

13

11

10

67

61

78

**TABLE 4.7****Usage of Financial Technology in Financial Planning****Online budgeting and financial planning tools**

P2P (Peer-to-Peer Lending) platform for high return investment

Investment in the equity of the Community Fund Platform

Online investment advice and investment management

Online stock brokerage

Betting



%

54

12

13

21

17

5

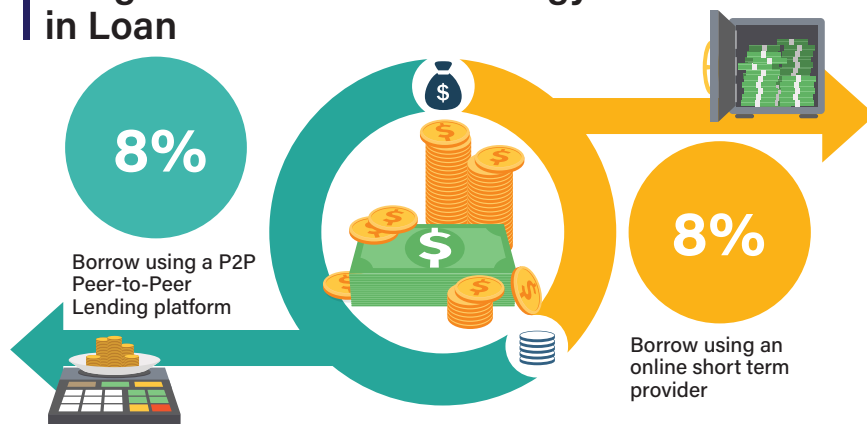
With frequent exposure and practice, Malaysians will become more aware of the financial technology in the market.

More than three-quarters of the repeat respondents (78%) used their smartphones via financial technology applications, such as payment apps, to made payments and transfer transactions (Table 4.6). Apple Pay and Google Pay are growing examples of mobile payment systems that enable users to keep their account data in a mobile app and make purchases. Moreover, 67 per cent and 61 per cent of them utilise internet banking and e-wallets, respectively. Online payment systems, which were once a pure myth, have turned into a significant impact on respondents' lives. Cost-effectiveness, compliance, security, and speed are among the important aspects of financial technology in the market (Vives, 2020). All these attributes have led Malaysians to use financial technology.

In line with the high daily usage of financial technology, over half of the respondents (54%) dedicated their time on online budgeting and financial planning tools, as displayed in Table 4.7. Apart from that, 21 per cent of respondents focused on financial planning specifically for investment advice and

**TABLE 4.8**

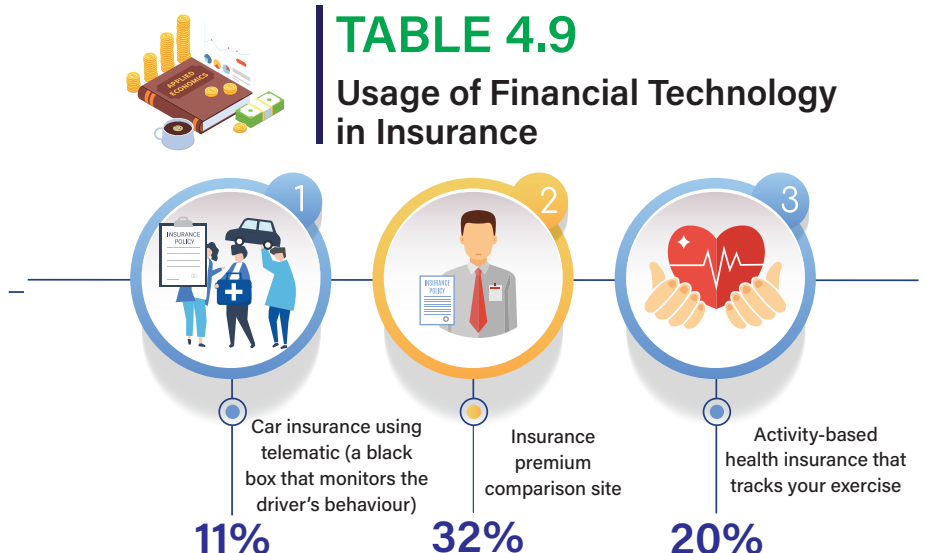
**Usage of Financial Technology in Loan**



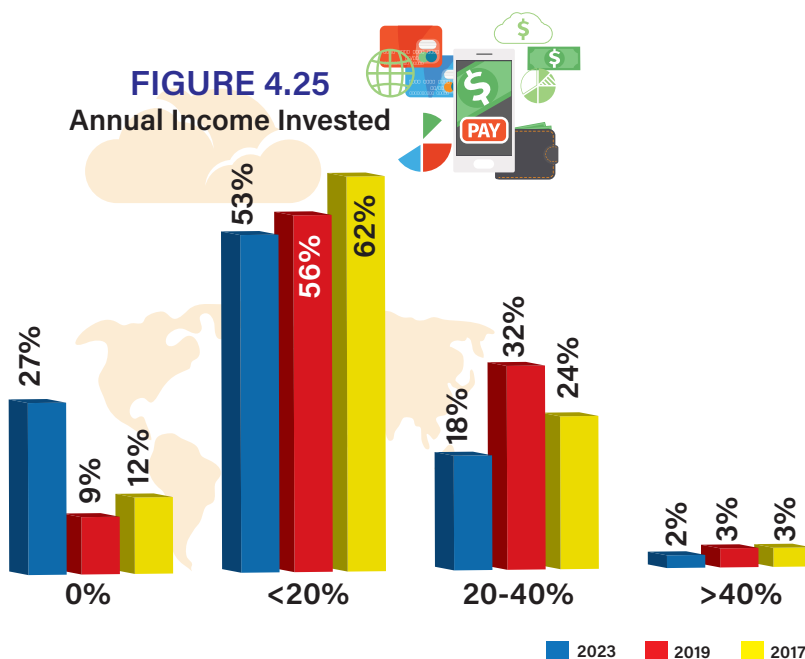
management with the help of financial technology. Table 4.8 tabulates various loan activities, revealing that eight (8) per cent of respondents performed Peer-to-Peer Lending and short-term loans. Aside from loan and financial planning, financial technology is also applied in the insurance industry (Table 4.9) where 32 per cent of respondents apply financial technology to compare insurance premiums on sites specifically designed to monitor auto insurance rates.

**TABLE 4.9**

**Usage of Financial Technology in Insurance**

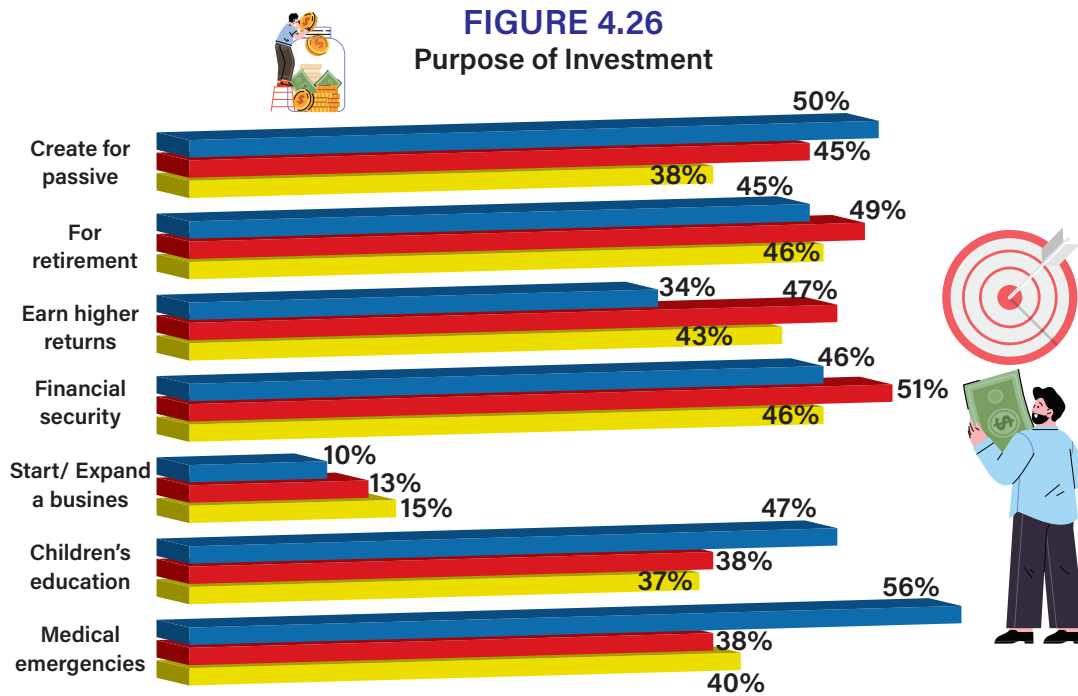


**FIGURE 4.25**  
**Annual Income Invested**



**4.8 PARTICIPATION IN CAPITAL MARKET**

Figure 4.25 reveals the annual percentage of income respondents invested in the capital market. More than half of the respondents (53%) were able to invest less than 20 per cent of income, while 27 per cent of them were unable to invest at all. This might alleviate worst-case scenarios in the future, of such as medical issues. Emergency funds and retirement are among the recommended investments for the future. Saving and investment are not easy tasks to maintain, and the COVID-19 pandemic has made it even more challenging for people due to the loss of their ability to save. Furthermore, in comparison with the previous study (2019 and 2017), there is a

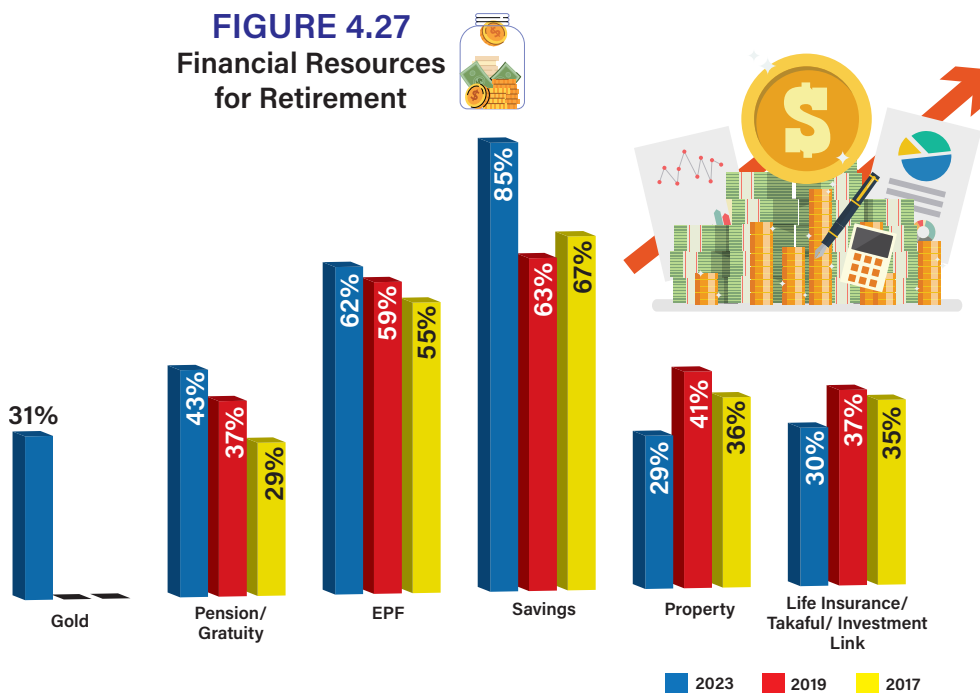


general deterioration in all investment groups. It is worrisome to note that there is an 18 per cent increase in those who did not invest at all compared to 2019. This will not only affect the respondents but their families as well.

Despite the fact that 80 per cent of repeat respondents invest less than 20 per cent of their income, those who invest admit that they do so with the purpose of generating

passive income (50%), ensuring security (46%), and preparing for retirement (45%) (Figure 4.26). Respondents faced financial struggles when they encountered life events such as retrenchment, low income, and high costs of living. Respondents also understood the importance of financial security and retirement. This reflects their financial planning capability when financial freedom and an easy life after

**FIGURE 4.27**  
Financial Resources for Retirement



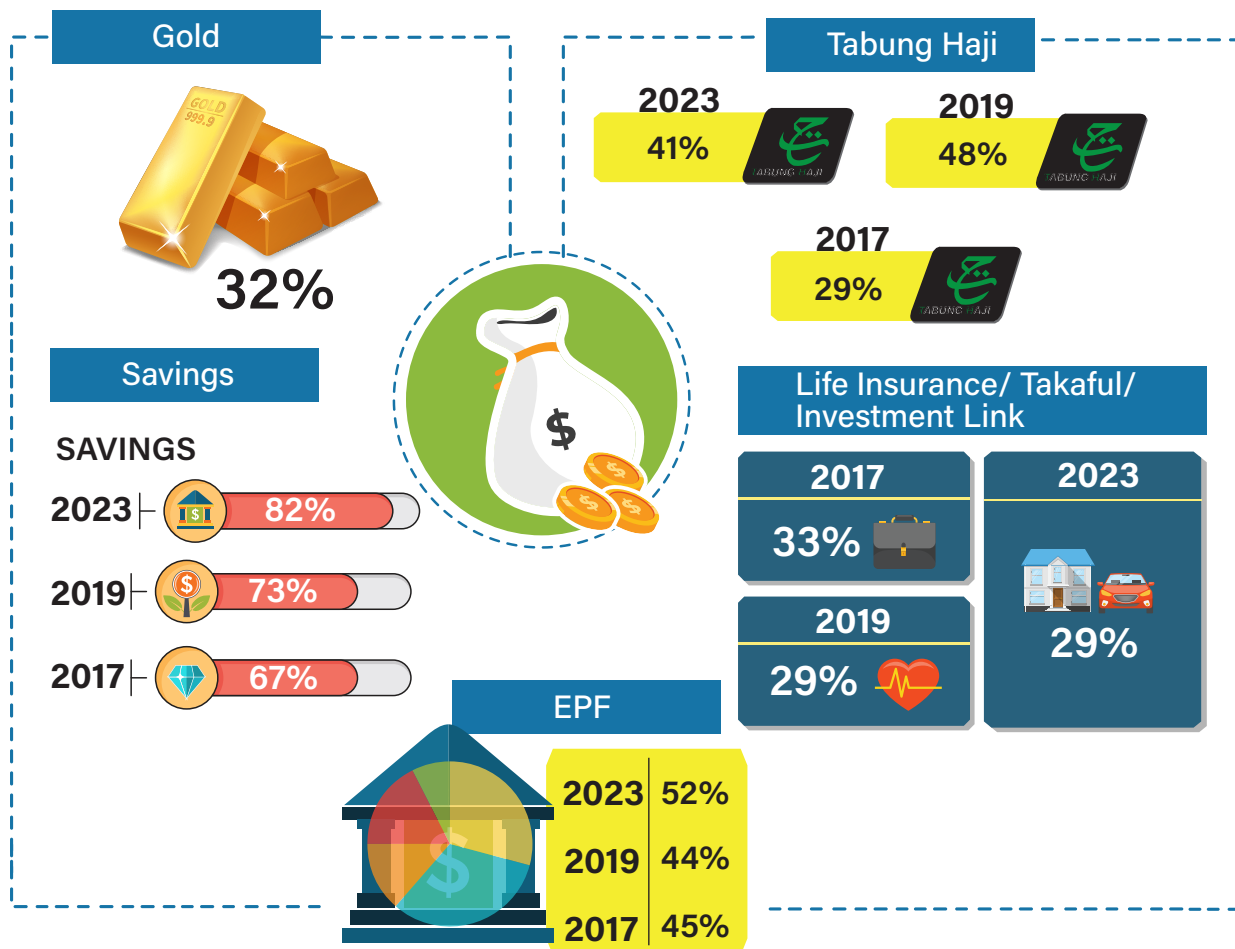
retirement are the goals that Malaysians pursue in the long run.

It is concerning that 85 per cent of respondents rely on savings for their retirement (Figure 4.27), while 62 per cent and 43 per cent depend on EPF and pension, respectively. Pensions are applicable only to public sector employees, while private sector employees will have to depend on other sources such as EPF. Insufficient retirement funds would result in a tough survival during retirement. It was revealed that only four (4) per cent of



FIGURE 4.28

Types of Savings or Investment



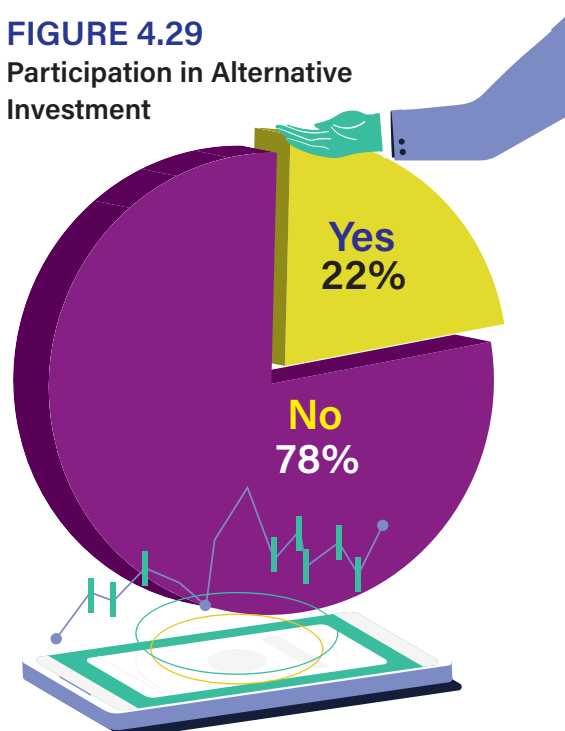
Malaysians can afford to retire (Lim, 2023). Relative to the previous survey in 2019, there seems to be a slight move of financial resources from other alternatives to savings.

Similar to retirement resources, savings and EPF are the top two (2) types of savings and investment, as shown in Figure 4.28. Meanwhile, 41 per cent of respondents save in Tabung Haji, 32 per cent in pension or gratuity, and 29 per cent in life insurance/Family Takaful. The majority of respondents are of Malay ethnicity and Muslim background, which is why Tabung Haji is among the top three (3) choices for savings and investment. This is due to the requirement to save in Tabung Haji for religious pilgrimages such as Hajj.

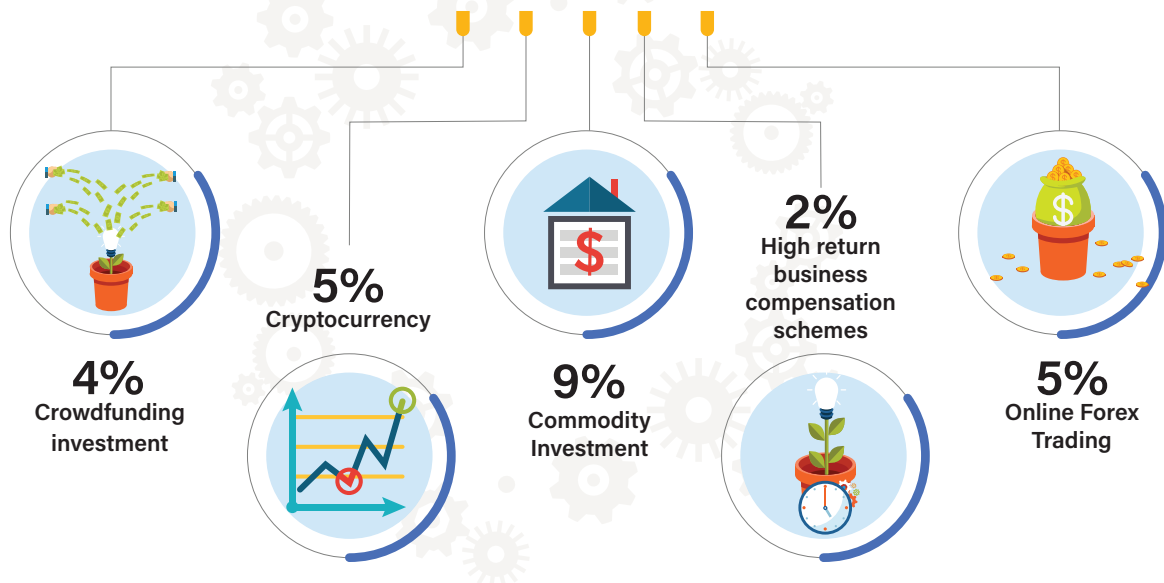
Compared to the new respondents that participated in this survey (22%), only two (2) per cent of repeat respondents participate in alternative investments (Figure 4.29). This marks a significant decrease from the 2019 survey, suggesting that respondents are not interested in withdrawing from high-risk investments. This lack of interest may be attributed to the fact that they are not either not allocating or do not have the ability to set aside their annual income for investments. The

FIGURE 4.29

Participation in Alternative Investment



**FIGURE 4.30**  
Types of Alternative Investment

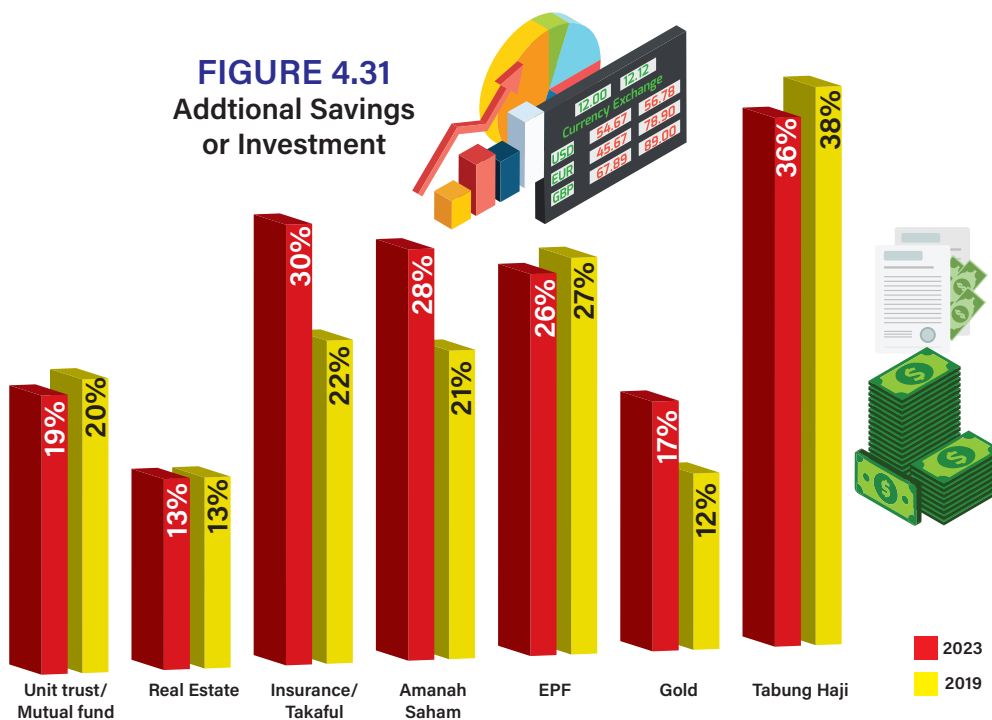


main types of alternative investment that repeat respondents participate in are commodity investment (9%), cryptocurrency (5%), online forex trading (5%), crowdfunding (4%), and high return business compensation scheme (2%), as shown in Figure 4.30.

#### 4.9 IMPROVEMENT OF FINANCIAL CAPABILITY

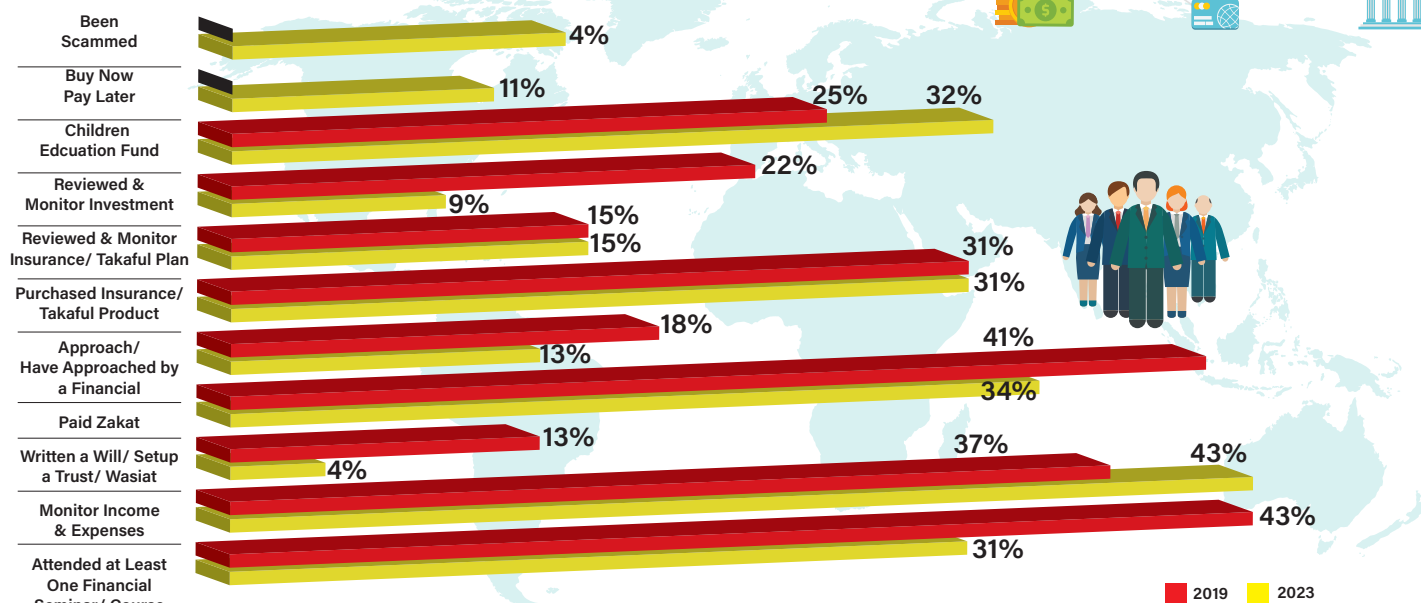
This additional section is especially for the repeat respondents who participated in the previous survey in 2017 or 2019. Five additional questions are included to gather

**FIGURE 4.31**  
Additional Savings or Investment



information on additional savings and investment, additional financial activities, any improvement in the level of financial knowledge and ability to control finances, as well as any additional loans acquired after the previous survey. Within the last 4 years, 36 per cent of repeat respondents increased their contributions to Tabung Haji, 30 per cent acquired additional Insurance/Family Takaful, 28 per cent invested more in Amanah Saham, 26 per cent placed additional funds into EPF and 19 per cent in unit trusts, as exhibited in Figure 4.31. These are the top 5 additional savings and

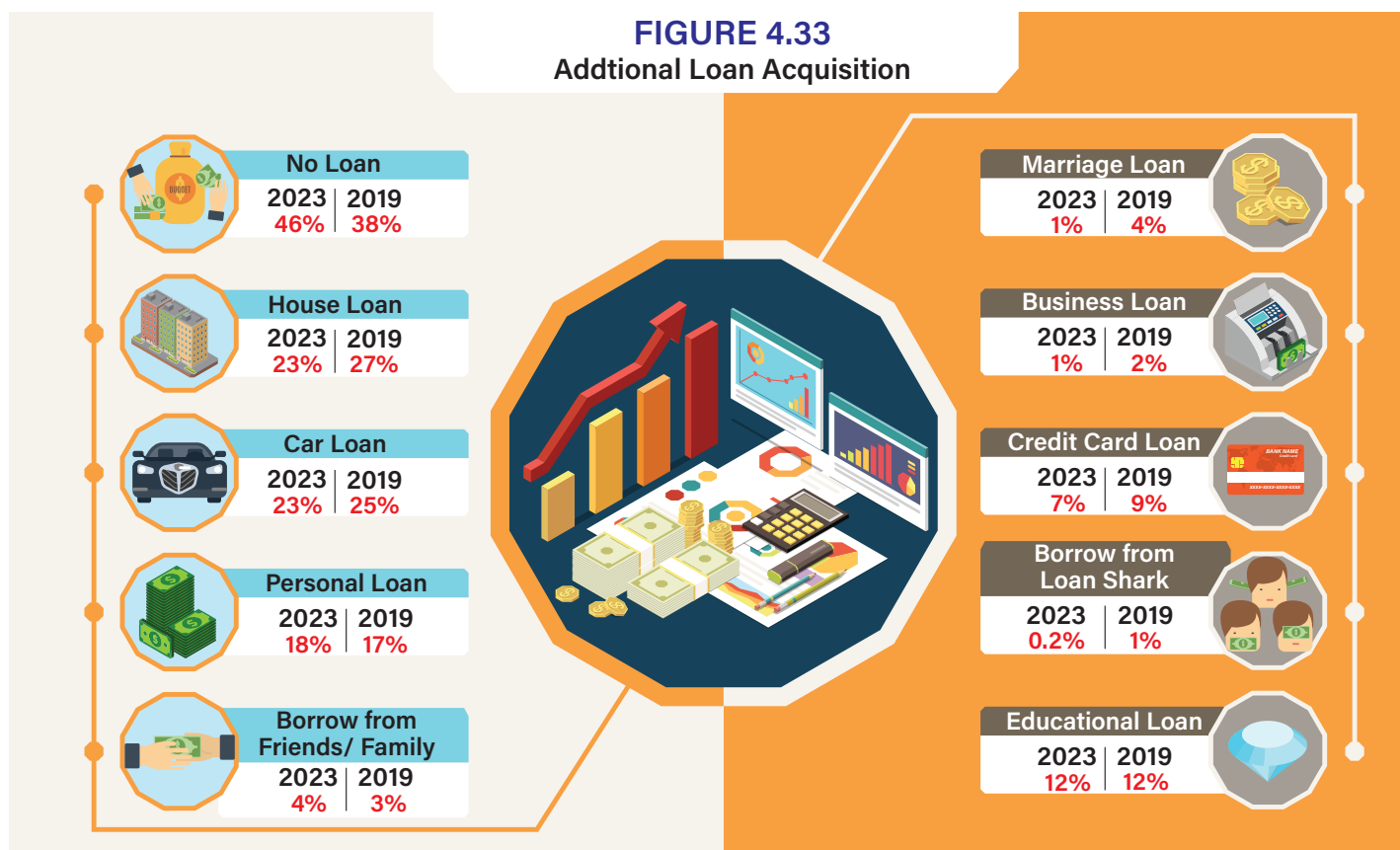
**FIGURE 4.32**  
Financial Activities



investment avenues preferred by the repeat respondents. Additionally, only 17 per cent and 13 per cent of respondents participate in gold and real estate, respectively. This group of repeaters is aware of the significance of additional savings and investment for a better financial future.

Besides saving and investing, the respondents also took the initiative to participate in several financial capability activities. These include monitoring income and expenses through budgeting (43%), paying zakat responsibly (34%), setting up an education fund for their children (32%), attending at least one financial programme (31%), and acquiring insurance/Family Takaful plans (31%) (Figure 4.32). An increase in the percentage of respondents relative

**FIGURE 4.33**  
Additional Loan Acquisition



**TABLE 4.10****Knowledge and Control  
Over Finances**

I am now much more knowledgeable in managing my finances

I am now more in control of my finances




Year	Agree
2023	295 (59)
2019	154 (54)
2023	300 (60)
2019	134 (47)

Table 4.10 reveals that 59 per cent of respondents admit they are now more well-informed in managing their finances, and 60 per cent feel more in control of their financial matters compared to before participating in the survey. It is exciting to note that more than half of them now have better financial literacy and capabilities in managing and controlling their finances. There has been a growth compared to the 2019 study, from 54 per cent to 59 per cent, as well as

to the 2019 survey reveals that respondents understood the importance of financial planning when preparing a budget. In addition, other financial activities that respondents engage in include reviewing their insurance/Family Takaful plan, approaching a financial planner, utilising the buy now pay later (BNPL) scheme, and writing a Will. This 2023 study indicates that respondents are aware of the need to improve their financial knowledge by making additional financial plans and acting on them.

from 47 per cent to 60 per cent.

It is thrilling news that 46 per cent of the respondents do not need to acquire any additional loans since 2019 (Figure 4.33). There is a decrease in acquisition of housing, car, credit card, business and marriage loan as well as borrowing from unlicensed money lenders. However, there is an increase in personal loan and borrowing from friends.



# **CONCLUSION**

## **5.0**

## 5.0 CONCLUSION

The current economic challenges, both globally and in Malaysia, stem from factors such as inflation, rising interest rates, the COVID-19 pandemic's after-effects, as well as geopolitical unrest. The shifting of global economic patterns present challenges for Malaysia's economic stability due to the downward revision of economic growth projections across the globe.

Malaysian Financial Planning Council (MFPC) has taken the initiative to conduct a survey to assess Malaysians' financial literacy and skills, as well as their knowledge of the capital market and preferences for financial planning advice services. Using purposive sampling techniques, a comprehensive data-gathering strategy with a sample size of 2,000 respondents, which reflect a range of demographics and geographic regions throughout the country, is performed and the findings are detailed.

The study included 1,500 new respondents, with a gender distribution of 60 per cent female and 40 per cent male. Among them, 51 per cent were single, and 75 per cent identified as Malay ethnicity. Concerningly, fewer people understood the importance of Employee Provident Fund (EPF) savings for retirement, with only 32 per cent stating that EPF is sufficient to live after retirement, down from 58 per cent in the 2019 survey. This is evident when individuals withdrew EPF savings due to financial difficulties, which resulted in insufficient savings for retirement. Similarly, there is a need for more knowledge and understanding about retirement planning instruments as seen by the 16 per cent decline in comprehension of the Private Retirement Scheme (PRS). In addition, there are still misconceptions about insurance eligibility and the function of Wills in insurance and EPF nominations.

A relatively low percentage of respondents correctly answered questions about capital market literacy, indicating gaps in their comprehension of the time value of money ideology. A study by Loke et al. (2022) revealed that less than 40 per cent of Malaysians meet the minimum financial literacy target score. This signifies that there is still a deficiency in capital market literacy and financial literacy in general. Although 64 per cent of respondents agree that investing in shares carries a higher level of risk, a sizable percentage do not understand the benefits of diversification.

Over 70 per cent of respondents are able to handle expenses and put money away for unforeseen circumstances, which rendered a favourable picture of their ability to manage daily expenses. They are aware of the need for an emergency fund. There is unfortunately a clear trend with 44 per cent of respondents favouring current living over future planning, indicating a preference for short-term comfort over long-term financial security.

The sources of information on financial products demonstrate the supremacy and popularity of social media, with 75 per cent of respondents expressing a preference for it. Following closely are recommendations from friends and family (49%) and information from banks (41%). This demonstrates the increasing impact of digital platforms on financial decision-making, indicating the need for prudent digestion of the online material available and also the abundance of potentially false information.

The perceptions of financial planners are found to be regrettably inconsistent, where 87 per cent of respondents confirmed they have consulted a financial planner. However, there appeared to be different perspectives on the functions and duties of these professionals. This reveals that Malaysians may have mistaken all those who provide financial information as professional financial planners. Unit trust consultants, bank officers and managers, insurance agents, plus many other consultants are considered as financial planners by the respondents. The media and personal networks have a major role in fostering trust in financial planners and the characteristics highlighted as significant in a financial planner include trustworthiness, experience, and proven historical success in financial planning.

The topic of financial decision-making is also analysed, with some respondents demonstrating a reasonable level of confidence in their capacity to fulfil fundamental demand (Mean = 3.39) and look for pertinent information (Mean = 3.33). There is still a need to improve comprehension of intricate financial issues and records of service providers.

With the current rapid adoption of financial technology, e-wallets and digital banking are widely acceptable (80%). Nevertheless, robo-advisors are not as well-known (9%) or frequently utilised, which suggests room for enhancement in the field of automated financial guidance to encourage participation. This is due to the fact that Malaysians have a low level of understanding and lack of trust towards robo-advisory. Data from investing in the capital market reveals that although many people set aside a modest portion of their income for investments, their main priorities are for medical emergencies, financial security, passive income, and retirement.

A total of 500 repeat respondents participated in the study, with 45 per cent of them being male respondents, 29 per cent are single and 75 per cent of the Malay ethnicity. Data from 500 repeat respondents indicates that only 33 per cent of them believe that their retirement years would be comfortable if they saved in EPF relative to 60 per cent in 2019. In addition, there is a fall in understanding of Shariah products generating reasonable returns similar to conventional products. In term of capital market literacy, the survey found a deterioration in understanding the concept



of time value of money and inflation. The fact that more respondents agreed to spend more for a comfortable life today than set money aside for retirement (38% in 2023 compared to 26% in 2019) is worrying. This reflects their preference to enjoy immediate satisfaction rather than delayed gratification.

Relative to the previous survey in 2019 at 29 per cent, there is a drastic increase to 73 per cent of respondents utilising the services of a financial planner. The respondents are most likely unable to identify licensed financial planners. A combination of knowledge, experience and trustworthiness are the top three (3) characteristics Malaysians expect from financial planners.

Overall, this survey demonstrates Malaysia's financial environment's advantages as well as areas for development. It brought to light the necessity of improving financial literacy, developing a critical comprehensive intricate financial plan, raising knowledge of retirement planning and resources, as well as exercising caution while relying on information from digital platforms. The development of stronger financial capacities and the promotion of a sensible balance between current comfort and future security are crucial lessons for creating a more financially resilient Malaysian population.

The results show that repeat responders had varying degrees of financial literacy and competence. Even if there have been improvements in some areas, there are still large gaps, especially when it comes to managing debt, conserving money, and comprehension of intricate financial concepts. The dependence on social media for financial information emphasises the necessity of trustworthy and accurate digital financial education resources. Furthermore, a greater understanding of the significance of individualised financial planning is indicated by the increased involvement with financial planners.

Targeted educational programmes, with a focus on debt management, savings, investments, and financial product awareness, are essential to improving financial literacy and aptitude. Enhancing financial literacy initiatives, cultivating confidence in financial establishments, and advocating for a well-rounded strategy in terms of spending, saving, and investing, can make a substantial impact on enhancing Malaysians' overall financial welfare. It is vital to provide consumers with the necessary tools and information to help them make sound financial decisions, which would enhance the economic well-being of everyone. Financially resilient households in Malaysia, in turn, would promote financial stability and a healthy economy.





# **RECOMMENDATIONS 6.0**

1. **Improve Financial Education Programmes:** To raise the level of financial literacy by creating and performing extensive financial education initiatives aimed at different populations. A variety of subjects, including debt management, retirement planning, investments, and savings, should be included in these assemblies. For the programmes to reach a larger audience, they should make use of a variety of platforms, such as social media (TikTok, Instagram, etc.) favoured by many which would enable greater outreach of target segments. Targeted groups, including students, youth, working adults, and retirees, are encouraged to participate in 'custom-made' sessions tailored to address each groups' financial education needs and awareness.
2. **Specialised Financial Workshops:** Arrange workshops with a specific focus on financial matters, such as retirement planning, investment strategies, risk management and product comprehension. These workshops must provide useful and intelligible information to a range of age and income groups.
3. **Promote Investment Diversity:** Inform the public on the value of investment diversity to reduce risk. Emphasise the possible advantages of investing in a variety of assets, including stocks, bonds, real estate, and mutual funds, to achieve financial goals.
4. **Enhance Financial Planner Education:** To help financial planners become more knowledgeable and proficient, create certification programmes and ongoing learning opportunities. This would ensure that financial advisors offer impartial and accurate advice to uphold their credibility.
5. **Promoting Financial Planner Services:** Bridging the gap between the financial planner and the public so that more interaction could be carried out to resolve inconsistencies and safeguard the interests of both parties. This includes understanding the various services and main responsibilities of a financial planner when it comes to professional financial advisory and execution level.
6. **Partnership with Financial Institutions:** Work together with all financial-related institutions to develop educational events such as webinars, seminars, and informational sessions about investments, financial planning services, and financial goals and products. Form alliances to provide the public objective financial guidance and raise financial awareness.
7. **Research and Continuous Monitoring:** To keep track of the latest financial innovation, advancements in financial capabilities as well as shifts in financial behaviours and trends, by periodic survey and study of the Malaysian public. Make timely and appropriate adjustments to financial services and educational initiatives in light of these findings.
8. **Periodic Engagement with the Public:** Actively organise financial workshops and financial industry updates by leveraging on government authorities, universities, and corporations to provide the latest developments in financial products and services to avoid the general public falling into financial scams and eventually being able to execute their financial plans effectively. This would eventually inspire long-term financial planning, especially for retirement.
9. **Early Involvement in Personal Financial Planning:** Establishment of Financial Planning Clubs at all levels of education - primary, secondary and tertiary are highly recommended.
10. **Prevention of Financial Fraud:** The advancement and development of artificial intelligence (AI) have resulted in an increasing number of reported cases of financial scams. It is worrying that reported cases span various forms and targets, including online scams, investment fraud, and Ponzi schemes, resulting in substantial financial losses. To disseminate latest information to the public regarding the early prevention of financial scams, targeting specific groups that need to be vigilant, informed, and proactive. The utilisation of AI can also enhance financial education programmes, making them more interesting and interactive.
11. **Empowerment via Digital Platforms:** Develop approachable and educational financial applications, robo-tech or platforms that provide interactive resources for retirement planning, savings tracking, budgeting, and investment simulations. The utilisation of mobile applications makes financial resources and expertise easily accessible.



# **REFERENCES**

## **7.0**

## 7.0 REFERENCES

- AKPK. (2022). Look before you leap into debts. Retrieved from <https://www.akpk.org.my/look-you-leap-debts>
- Bank Negara Malaysia. (2022). List of Financial Adviser's Representatives (FAR). Retrieved from <https://www.bnm.gov.my/documents/20124/0/Approved—FAR—30042022.pdf>
- Bank Negara Malaysia. (2016). Establishment of Financial Education Network. Retrieved from <https://www.bnm.gov.my/-/establishment-of-financial-education-network>
- Cornelli, G., Gambacorta, L., & Pancotto, L. (2023). Buy now, pay later: a cross-country analysis. BIS Quarterly Review.
- Department of Insolvency (2023). Bankruptcy Statistic. Retrieved from <https://www.mdi.gov.my/index.php/legislation/statistics/75-bankruptcy/1983-bankruptcy-statistic-2022>
- Department of Statistic Malaysia. (2023). Retrieved from <https://open.dosm.gov.my/>
- Department of Statistics Malaysia. (2023). Current Population Estimates Malaysia 2023. Retrieved from <https://www.melaka.gov.my/ms/koleksi-media/penerbitan/polisi-prosedur-pelan/lampiran-ppp-penerbitan/anggaran-penduduk-semasa-malaysia-2023.pdf>
- Department of Statistics Malaysia. (2022). Household Income Malaysia 2022. Retrieved from <https://ringgitplus.com/en/blog/personal-finance-news/dosm-average-household-income-increased-to-rm8479-in-2022.html>
- Employer Provident Fund. (2023). EPF maintains the integrity of member data. Retrieved from <https://www.kwsp.gov.my/en/web/guest/w/epf-maintains-the-integrity-of-member-data>
- Financial Education Network (FEN). (2023). Retrieved from <https://www.fenetwork.my/about/#:::text=The%20FEN%20is%20an%20inter,the%20financial%20literacy%20of%20Malaysians>
- FEN National Strategy Progress Report 2019-2022 (2023). Retrieved from <https://www.fenetwork.my/fen-national-strategy-progress-report/>
- Imson, N. (2022). An overview of Financial Technology in Malaysia. YCP Solidiance. Retrieved from <https://ycpsolidiance.com/article/fintech-malaysia-overview-2022>
- Loke, Y. J., Chin, P. N., & Hamid, F. S. (2022). Financial literacy in Malaysia, 2015-2018. Malaysian Journal of Economic Studies, 59(2), 171-197.
- Malaysia Fintech Report. (2021). Retrieved from <https://fintechnews.my/wp-content/uploads/2021/05/Fintech-Report-Malaysia-2021-Fintech-News-Malaysia-x-BigPay.pdf>
- Ministry of Economy. (2023). Mid Term Review Twelfth Malaysia Plan 2021 – 2025. Malaysia Madani: Sustainable, Prosperous, High-income. Retrieved from [https://rmke12.ekonomi.gov.my/ksp/storage/fileUpload/2023/09/2023092144\\_speech\\_pm\\_rmk\\_bi\\_dr.pdf](https://rmke12.ekonomi.gov.my/ksp/storage/fileUpload/2023/09/2023092144_speech_pm_rmk_bi_dr.pdf)
- Ministry of Finance. (2023). Budget 2024: Rate of Sumbangan Tunai Rahmah Increased. Retrieved from <https://www.mof.gov.my/portal/en/news/press-citations/budget-2024-rate-of-sumbangan-tunai-rahmah-increased-pm-anwar>
- Ministry of Finance. (2022). EPF special withdrawals totaling RM101 billion benefit 7.34 million members. Retrieved from <https://www.mof.gov.my/portal/en/news/press-citations/epf-special-withdrawals-totalling-rm101-bln-benefit-7-34-mln-members-mof>
- Multimedia Communications and Multimedia Commission. (2023). MCMC to take stern action and regulate digital content to tackle online harms. Retrieved from <https://www.mcmc.gov.my/skmmgovmy/media/General/PressRelease/MEDIA STATEMENT MCMC TO REGULATE DIGITAL CONTENTS.pdf>
- Network Readiness Index. (2019). Retrieved from <https://networkreadinessindex.org/wp-content/uploads/2019/12/Malaysia.pdf>
- United Nation. (2023). What are the Sustainable Development Goals? Retrieved from <https://www.undp.org/sustainable-development-goals>
- RinggitPlus. (2022). RinggitPlus Malaysian Financial Literacy Survey (RMFLS) 2022. Retrieved from <https://ringgitplus.com/en/blog/wp-content/uploads/2022/12/RMFLS-2022-Survey-Report-FINAL.pdf>
- Securities Commission Malaysia. (2015). Clarification on scope of financial planner's advice. Retrieved from <https://www.sc.com.my/regulation/technical-notes-practice-notes-and-circulars/technical-note-no-12015-clarification-on-scope-of-financial-planners-advice>
- Vives, X. (2020). Digital disruption in banking and its impact on competition. Organisation for Economic Co-operation and Development (OECD).
- World Bank. (2023). Malaysia's 2023 economic growth expected to moderate to 3.9 percent. Retrieved from <https://www.bernama.com/en/business/news.php?id=2230791>
- World Economic Outlook (2023). World Economic Outlook Update, July 2023: Near-Term Resilience, Persistent Challenges. Retrieved from <https://www.imf.org/en/Publications/WEO>

# RESEARCH COMMITTEE



**Prof. Dr. Mohamad Fazli Sabri**  
Dean Faculty of Human Ecology,  
Universiti Putra Malaysia



**Prof Dr Catherine S F Ho**  
Deputy President,  
Malaysian Women Graduates Association,  
Fullbright Scholar 2014/15



**Dr. Desmond Chong**  
DBA, MA, ABE, CFP, Shariah  
RFP & RFP, MFPC Principal Trainer  
and Certified Examiner,  
Senior Lecturer,  
Faculty of Human Ecology,  
Universiti Putra Malaysia



**Ms. Chung Kar Yin**  
RFP, MBA  
Executive Director, Malaysian  
Financial Planning Council



**Mr. Anthony Ang**  
MBA, (General), Executive  
MBA (Financial Planning), ACIS  
MAICSA, Shariah RFP, RFP, CFP,  
Secretary, Malaysian Financial  
Planning Council



**Dr Husniyah Abd. Rahim**  
BSc, Dip Ed., MBA, PhD  
(Financial Management),  
Certified Financial Planner (CFP)  
Faculty of Human Ecology  
Universiti Putra Malaysia



**Dr. Nuradibah Mokhtar**  
Department of Resource  
Management and Consumer  
Studies, Faculty of Human Ecology,  
Universiti Putra Malaysia



**Dr. Mervin Anthony**  
Manager, External Relations,  
Research & Publication,  
Malaysian Financial Planning Council



**Mr. Syed Mohd Khalil  
Syed Mahmood**  
Senior Executive, External Relations,  
Research & Publication,  
Malaysian Financial Planning Council



**Mr. Mohd Farhan Azizan**  
Executive, External Relations,  
Research & Publication,  
Malaysian Financial Planning Council



This report is published by Malaysian Financial Planning Council (MFPC). MFPC cannot accept responsibility for any errors or omissions or any liability resulting from the use or misuse of any such information. The views and opinions in this report may be used for information purposes only.

This research is a joint collaboration between Malaysian Financial Planning Council (MFPC) and University Putra Malaysia (UPM). This document is for general information purposes only, and should not be used as a substitute for Consultation with professional advisors.

©2024 Malaysian Financial Planning Council. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in whole or in part, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the MFPC.

For more information, please contact:

**Malaysian Financial Planning Council (MFPC), Suite 22-7, Menara 1 Mont' Kiara (1MK),  
1 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur, Malaysia.**

T: +603 6203 5899 | F: +603 6201 2669 | E: [mfpc@mfpc.org.my](mailto:mfpc@mfpc.org.my) | Web: [www.mfpc.org.my](http://www.mfpc.org.my)

Find us on facebook: MFPCSecretariat

ISBN 978-983-42388-3-4

