

Report of National Findings

2026



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

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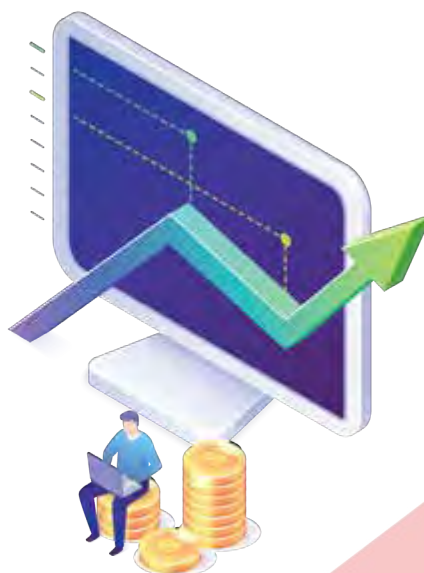
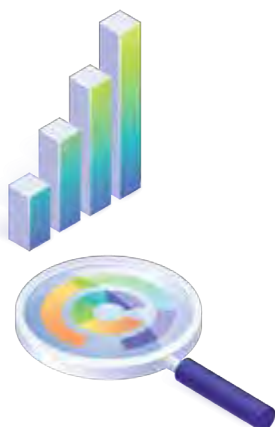
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ACKNOWLEDGEMENT

Our sincere appreciation to

CMDF

Dana Pembangunan Pasaran Modal
Capital Market Development Fund

ABOUT MFPC



The 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

Household financial resilience has become an increasingly crucial policy concern in Malaysia amid persistent economic uncertainty, rising living costs, rapid digitalisation, and population ageing. Therefore, this study assessed Malaysians' financial literacy, financial capability, capital market participation, digital financial literacy, and engagement with financial planning services. Data from 2,000 respondents were used, including 1,500 new respondents and 500 repeat respondents who had been recorded since 2017. The large number of respondents enabled cross-sectional and longitudinal analyses.

The findings highlighted a mixed and uneven trajectory of financial capability development. Improvements in routine financial behaviour are evident among new respondents, such as budgeting, timely bill payment, and the use of digital financial services. Digital tools are ingrained in daily transactions, supported by strong operational confidence and basic security awareness.

Nonetheless, these behavioural gains coexist with issues in foundational financial knowledge. Retirement literacy has deteriorated, particularly in comprehending the Private Retirement Scheme (PRS), while reliance on the Employee Provident Fund (EPF) remains high. Misconceptions about investment risk have intensified, including the belief that Shariah-compliant products are risk-free.

Behavioural improvements have not translated into

structural financial strength. Numerous respondents reported savings for retirement, but a substantial proportion prioritise present consumption and are exposed to digital fraud and scams. This situation indicates heightened vulnerability in an increasingly online environment. Capital market participation remains constrained, with reduced capacity to invest. Furthermore, most investors allocate negligible amounts to precautionary savings rather than wealth-building.

Longitudinal evidence from the 500 repeat respondents reinforces these concerns. Structural fragility persists despite gradual improvements in financial discipline, information-seeking behaviour, and decision-making processes. Specifically, the majority of respondents reported assets below or equal to their outstanding debt. Moreover, retirement preparedness and capital market engagement remain limited despite greater experience and repeated exposure to financial information.

The findings indicated that progress in the Malaysian financial capability landscape has been predominantly behavioural, rather than structural. Although access, awareness, and routine financial management have improved, constraints concerning income adequacy, asset accumulation, retirement preparedness, capital market participation, and digital financial risk exposure remain unresolved. This condition underscored the need for financial education and policy interventions that strengthen long-term financial capability, resilience, and planning capacity.

MESSAGE FROM MFPC PRESIDENT

Warmest greetings.

On behalf of the Malaysian Financial Planning Council (MFPC), I am pleased to present the Report on Financial Capability & Utilisation of Financial Advisory Services in Malaysia 2026. This report reflects the Capital Market Development Fund's (CMDF) continued commitment to strengthening Malaysia's financial ecosystem and empowering households to build resilience in an increasingly complex environment.

We extend our sincere appreciation to CMDF for its steadfast support in making this study possible. Since 2017, this study has focused on three core areas: assessing Malaysians' financial capability, evaluating capital market literacy, and understanding the use of and preferences for financial advisory services. Across four instalments, these insights have established a meaningful benchmark by highlighting both progress achieved and persistent gaps that continue to shape Malaysia's financial landscape.

The findings reinforce that financial literacy is not merely an individual responsibility, but a national priority. Rising household indebtedness, declining retirement preparedness, and limited savings among Malaysians—alongside the rapid adoption of digital financial services—underscore the need for more coordinated and sustained action. While these developments present significant opportunities, they also introduce new risks, making it imperative to equip Malaysians with the knowledge and confidence to navigate an evolving financial landscape safely and responsibly.

The Council remains steadfast in advancing inclusive prosperity in line with Malaysia MADANI and the Sustainable Development Goals. We will continue to champion financial education, strengthen the professionalism and visibility of financial advisory services and foster closer collaboration among regulators, industry players and educators to ensure Malaysians are empowered to make informed and sustainable financial decisions.

I would also like to commend the research team for their dedication in producing this report, particularly Prof. Dr. Mohamad Fazli Sabri for his leadership of the research committee, supported by local academicians and industry practitioners whose expertise has enriched the study. My appreciation also goes to the Secretariat team and all who contributed, directly or indirectly, to bringing this report to fruition.

I encourage all stakeholders to leverage these insights as a foundation for collective action towards building a more financially capable, resilient and inclusive Malaysia.

Thank you.

Andy Ng Yen Heng
MFPC President



FOREWORD

RESEARCH HEAD

It is my privilege to present the latest instalment of CMDF's Research Report: Financial Capability & Utilization of Financial Advisory Services in Malaysia (2026). Building on earlier reports produced in 2018, 2020 and 2024, this report offers a unique longitudinal perspective which tracks nearly a decade of change in Malaysians' financial literacy, capability, and use of advisory services, while assessing behavioural shifts and the impact of national financial education initiatives.

This year's findings present a clear and urgent narrative: progress is evident, but financial resilience remains fragile. While Malaysians show strong educational attainment and increasing adoption of financial technology, underlying vulnerabilities persist. More than one-third of respondents report debts exceeding assets, and nearly 60% of respondents either have no savings or save less than 10% of their income. Retirement preparedness is particularly concerning, with significant EPF withdrawals leaving many members inadequately prepared for long-term security. At the same time, the rapid rise of FinTech highlights the growing importance of digital financial literacy as a foundation for resilience.

The report also reveals a critical gap in public understanding of financial advisory services. Despite the availability of licensed professionals, many Malaysians continue to conflate financial planners with bank officers or insurance agents. This misperception limits the effective use of professional advice and underscores the need to strengthen awareness, trust, and accessibility of holistic financial planning services.

Importantly, the findings point to the need for a more coordinated and targeted approach to improving financial capability. This includes strengthening financial education across life stages, prioritising vulnerable segments through tailored interventions and encouraging earlier engagement in financial planning, and leveraging digital platforms to expand reach and impact. Greater collaboration between regulators, industry practitioners, and educators will be essential to ensure that financial knowledge translates into sustained behavioural change—particularly in areas such as retirement preparedness and responsible debt management.

On behalf of the research team, I extend my sincere appreciation to CMDF for their continued support, as well as to the academics and industry practitioners whose contributions have enriched this study. It is our hope that the insights presented will inform policy, strengthen industry practices, and ultimately contribute to improving the financial well-being of Malaysians.

Prof. Dr. Mohamad Fazli Sabri
Head of Research





INTRODUCTION

1.0

The world currently faces severe economic and social challenges, namely persistent global inflation, elevated interest rates, ongoing geopolitical conflicts in Ukraine and the Middle East, post-pandemic economic adjustments, and the accelerated climate crisis. These interconnected pressures have raised uncertainty in the global economy and complicated progress towards the Sustainable Development Goals (SDGs). The SDGs were adopted by the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development to provide a comprehensive framework for eradicating poverty, protecting the planet, and ensuring inclusive prosperity. This study aligned with SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption and Production), considering that enhancing financial capability directly supports sustainable economic growth while promoting responsible financial and consumption behaviour (United Nations, 2023).

Recent SDG progress assessments for Malaysia further emphasise that economic resilience, household financial security, and responsible consumption behaviour are interlinked. The SDG Roadmap for Malaysia outlines Phase II (2021-2025), which states that progress towards inclusive and sustainable development depends on macroeconomic performance and the ability of households to manage financial risks, adapt consumption behaviour, and sustain financial resilience amid rising living costs (Economic Planning Unit, 2021).

Global economic growth has experienced a slowdown recently as countries continue to navigate post-pandemic recovery alongside geopolitical tensions and monetary tightening. Significant uncertainties remain despite economic activity having demonstrated resilience. Malaysia is not immune to these developments, as growth projections have been revised amid weaker external demand, cost pressures, and global volatility.

The Malaysian GDP growth is projected to remain between 4.5% and 5.5% in 2025. National outlooks highlight that cost-of-living pressures, subsidy rationalisation, and higher household adjustment burdens continue to shape daily financial decisions (Economic Outlook, 2025; Ministry of Finance, 2025). These conditions reinforce the significance of strengthening household financial resilience and ensuring that individuals

possess financial knowledge and the capacity to apply that knowledge effectively under sustained economic stress.

In response, the Mid-Term Review of the Twelfth Malaysia Plan and the transition towards the Thirteenth Malaysia Plan introduced renewed policy directions under the Malaysian MADANI vision, which aspires to build a sustainable, prosperous, and high-income nation over the coming decade (Ministry of Economy, 2023). The Malaysian MADANI framework also outlines good governance, social cohesion, and inclusive growth, while prioritising lowered development disparities, narrowing income inequality, and addressing rising household indebtedness. In line with this agenda, social protection measures have been significantly expanded through programmes, such as Sumbangan Tunai Rahmah (STR) and Sumbangan Asas Rahmah (SARA). These government aids have collectively reached millions of recipients and received substantially higher fiscal allocations in recent budgets (Ministry of Finance, 2025). Nonetheless, national policy documents caution that income transfers are insufficient without corresponding improvements in financial capability, long-term planning, and asset accumulation.

The Malaysian demographic profile further intensifies these challenges. The Department of Statistics Malaysia reported that the population stood at approximately 34.2 million in 2025, with 70% of the population aged 15-64 years (Department of Statistics Malaysia, 2025). Although macroeconomic indicators suggest moderate stability, household-level vulnerability remains a pressing concern. The World Bank (2023) reported that hundreds of thousands of Malaysian households consistently experience financial strain following the COVID-19 pandemic (particularly among working-age adults).

Insolvency statistics reinforce this concern. Personal bankruptcy cases increased to 6,776 in 2025, a significant rise from 2024 (see Figure 1.1). Meanwhile, cumulative bankruptcy orders exceeded 29,000 between 2021 and 2025 (Department of Insolvency Malaysia, 2025). This statistic corresponds to a 13.4% annual increase in 2025. Notwithstanding this recent rise, data from the Malaysian Department of Insolvency indicated a decline since 2020, partially due to the increased bankruptcy threshold from RM 50,000 to RM 100,000.

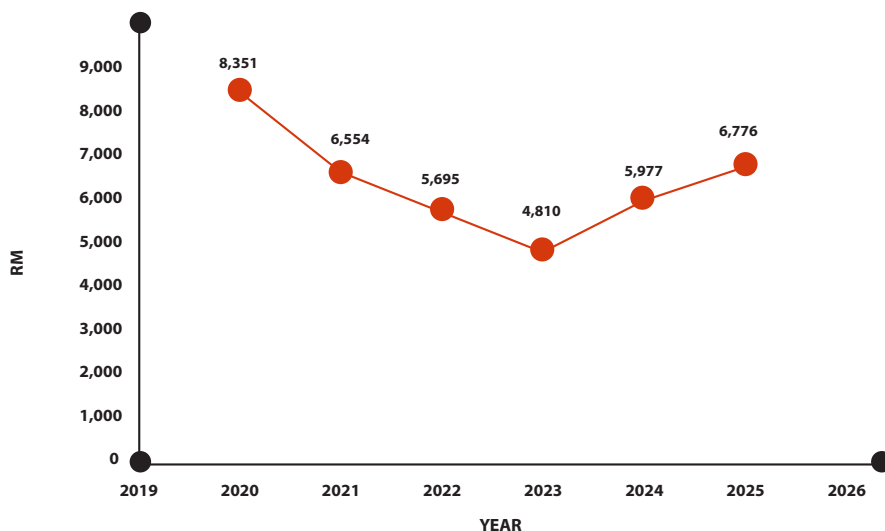


FIGURE 1.1 Bankruptcy Statistics for Years 2021 to 2025

Source: Malaysia Department of Insolvency, 2025

Financial distress remains high among economically active age groups, specifically individuals in their mid-30s to mid-40s, with young adults below the age of 35 disproportionately affected. From 2021 to 2025, approximately 4,447 bankruptcy cases were recorded among individuals under 35 years old, accounting for approximately 15% of all cases during this period (Department of Insolvency Malaysia, 2025). Nonetheless, the highest concentration of bankruptcy cases occurred among individuals aged 35 to 44, with 11,808 cases recorded between 2021 and 2025 (representing 40% of the total cases). These data highlight increased financial vulnerability during peak earning and family-formation years. These trends also underscore deficiencies in household finances and the ongoing need for enhanced financial literacy, prudent financial behaviour, and effective risk management.

The Household Income Surveys revealed that average household income in Malaysia increased from RM7,901 in 2019 to RM8,479 in 2022, representing approximately 2.4% growth over the period (Department of Statistics Malaysia, 2023). Recent estimates indicated that median household income grew further to RM7,017 in 2024, while mean income reached RM9,155. This increase reflects continued, albeit modest, income growth amid persistent cost-of-living pressures (Department of Statistics Malaysia, 2025). Despite these gains, income growth has remained insufficient relative to rising costs of food, fuel, housing, and services. Consequently, improvements in mean and median household income between 2019 and 2024 have not been reflected in stronger financial buffers or enhanced long-term financial security for multiple households.

The impact of these pressures is evident in retirement preparedness. The Employees Provident Fund (EPF) (2024) launched the Retirement Incentive Account (RIA) Framework, raising the basic savings target to RM390,000 by age 60, thereby highlighting the growing risk for individuals who primarily rely on EPF contributions for retirement security. Large-scale withdrawals from EPF during and after the COVID-19 pandemic have substantially weakened retirement savings. Millions of contributors accessed their balances, resulting in a significant depletion of long-term savings and leaving nearly half of EPF members below age 55 with balances of under RM10,000 (Ministry of Finance, 2023). As of the end of 2024, approximately 11.03 million members withdrew from the Flexible Account, totalling approximately RM12.17 billion and demonstrating widespread use of this facility for immediate financial needs (Employees Provident Fund, 2025). Although recent reforms [including the introduction of Akaun Fleksibel (Account III)] aim to balance short-term liquidity needs with long-term savings, continued reliance on flexible withdrawals reflects ongoing financial fragility and dependence on retirement savings to fulfil current consumption needs.

Financial fragility is also reflected in daily financial behaviour. The RinggitPlus Malaysian Financial Literacy Survey (RMFLS) indicated that numerous Malaysians save only modest amounts each month, frequently spend close to or beyond their income, and delay participation in investment activities (RinggitPlus, 2022; 2025). Consistent with this pattern, the Bank Negara Malaysia Financial Capability and Inclusion (FCI) Survey (2024) discovered that although the Financial Knowledge score improved to 62.9, the Financial Behaviour score declined to 59.9, indicating a persistent gap between financial knowledge and actual financial practices. Debt management

data further revealed that young and middle-aged adults remain disproportionately represented among participants in credit counselling and debt management programmes (AKPK, 2022; 2025). Emergency financial resilience is weak, with 61% of Malaysians experiencing issues in raising RM1,000 in cash, an increase from 47% in 2021 (Bank Negara Malaysia, 2024). These vulnerabilities are further amplified by the rapid expansion of Buy Now, Pay Later (BNPL) schemes. Despite enhancing short-term purchasing flexibility, BNPL can increase the risk of over-indebtedness when repayment obligations are not completely understood (Cornelli et al., 2023).

Parallel to these financial pressures, the rapid expansion of financial technology has fundamentally reshaped how Malaysians manage their finances. The Malaysia Fintech Report 2025 indicates that digital finance is embedded in daily transactions, with Malaysians making at least one e-payment per day on average and online banking continuing to expand. The number of FinTech firms operating in the country has also expanded to approximately 360 active players in 2025 (Fintech News Malaysia, 2025). As of the first half of 2025, the BNPL market recorded approximately 6.5 million active users, with over 90% of activity concentrated among three major providers. These numbers highlight widespread adoption and increased reliance on consumer credit through digital channels. Bank Negara Malaysia (2024) further reported that 92% of Malaysians use Digital Financial Services (DFS), up from 74% previously. These developments enhance financial inclusion and convenience, but increase exposure to digital risks, including overreliance on credit products and potential fraud. This situation underscores the importance of digital financial literacy and risk awareness as essential components of financial capability.

Malaysia recognises the importance of coordinated financial education and has established the Financial Education Network (FEN) under the National Strategy for Financial Literacy 2019-2023, followed by the National Strategy for Financial Literacy 2026-2030. These strategies emphasise retirement planning, responsible borrowing, risk protection, meaningful digital finance usage, and investment for wealth creation, while recognising that structural barriers, such as low-income growth, rising costs, and demographic ageing, limit the effectiveness of financial education unless supported by targeted interventions (Financial Education Network, 2023; Ministry of Finance, 2025).

Within this evolving ecosystem, professional financial advisory services are crucial. Bank Negara Malaysia (2022) stated that Malaysia has exactly 1,455 licensed financial planners and 1,319 licensed financial advisers. Malaysian-licensed financial planners and advisers support households in structuring financial plans, managing risks, preparing for retirement, and navigating complex financial products (Bank Negara Malaysia, 2022; Securities Commission Malaysia, 2015). These services complement national financial literacy initiatives by translating financial knowledge into practical, personalised, and sustainable financial behaviour.

The CMDF 2026 study provides timely, policy-relevant empirical evidence on Malaysians' financial literacy, financial capability, understanding of the capital market, and engagement with financial planning services. The study distinguished between behavioural improvements and deeper structural constraints by integrating cross-sectional and longitudinal analyses. These methods produced critical

insights to support policy formulation, financial education strategies, and efforts to strengthen household financial resilience consistent with Malaysia MADANI and the Sustainable Development Goals. The study objectives are as follows:

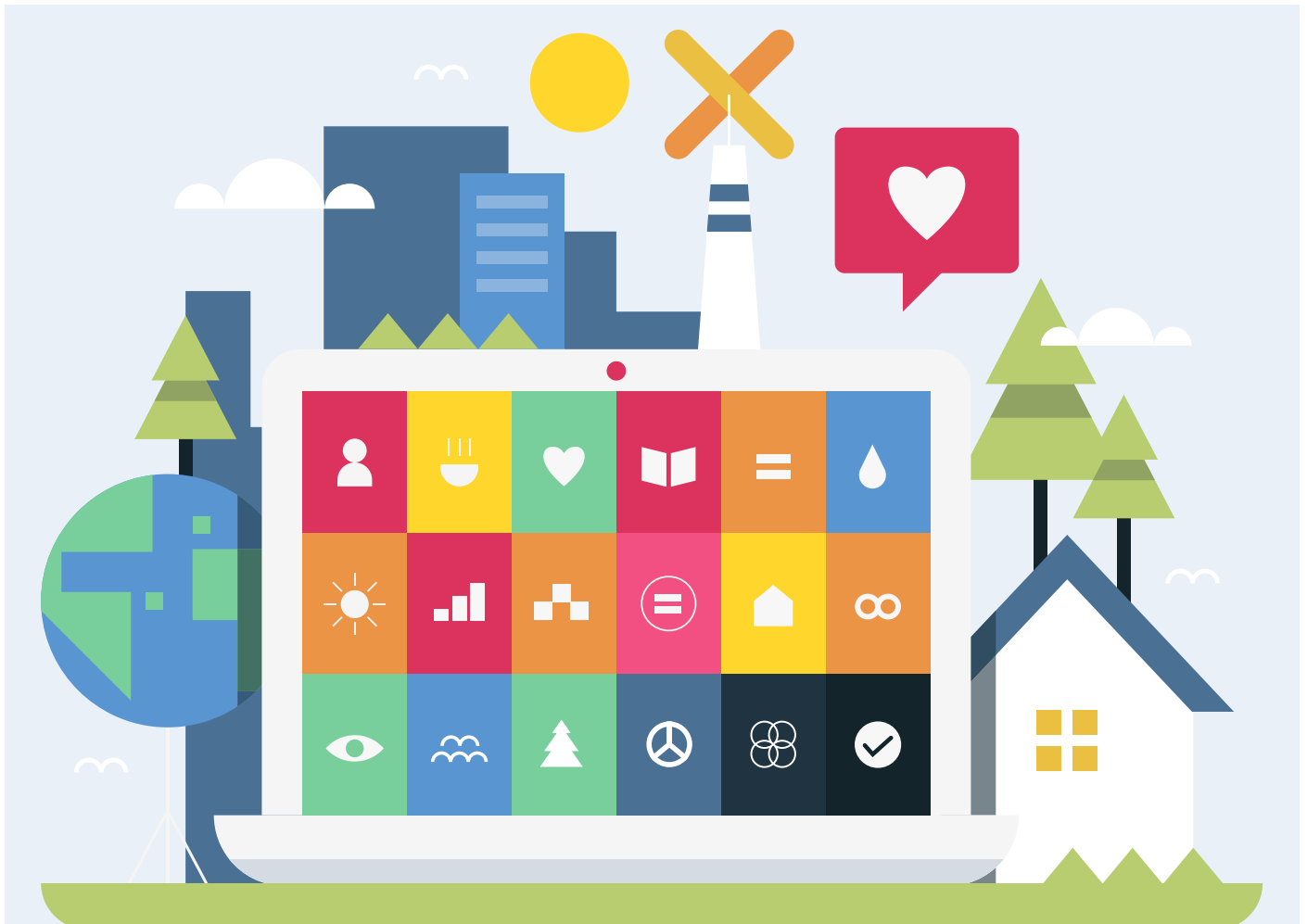
1. To examine the general financial literacy and financial capability of Malaysians
2. To determine Malaysians' capital market literacy
3. To understand Malaysians' preferences regarding financial planning advisory services

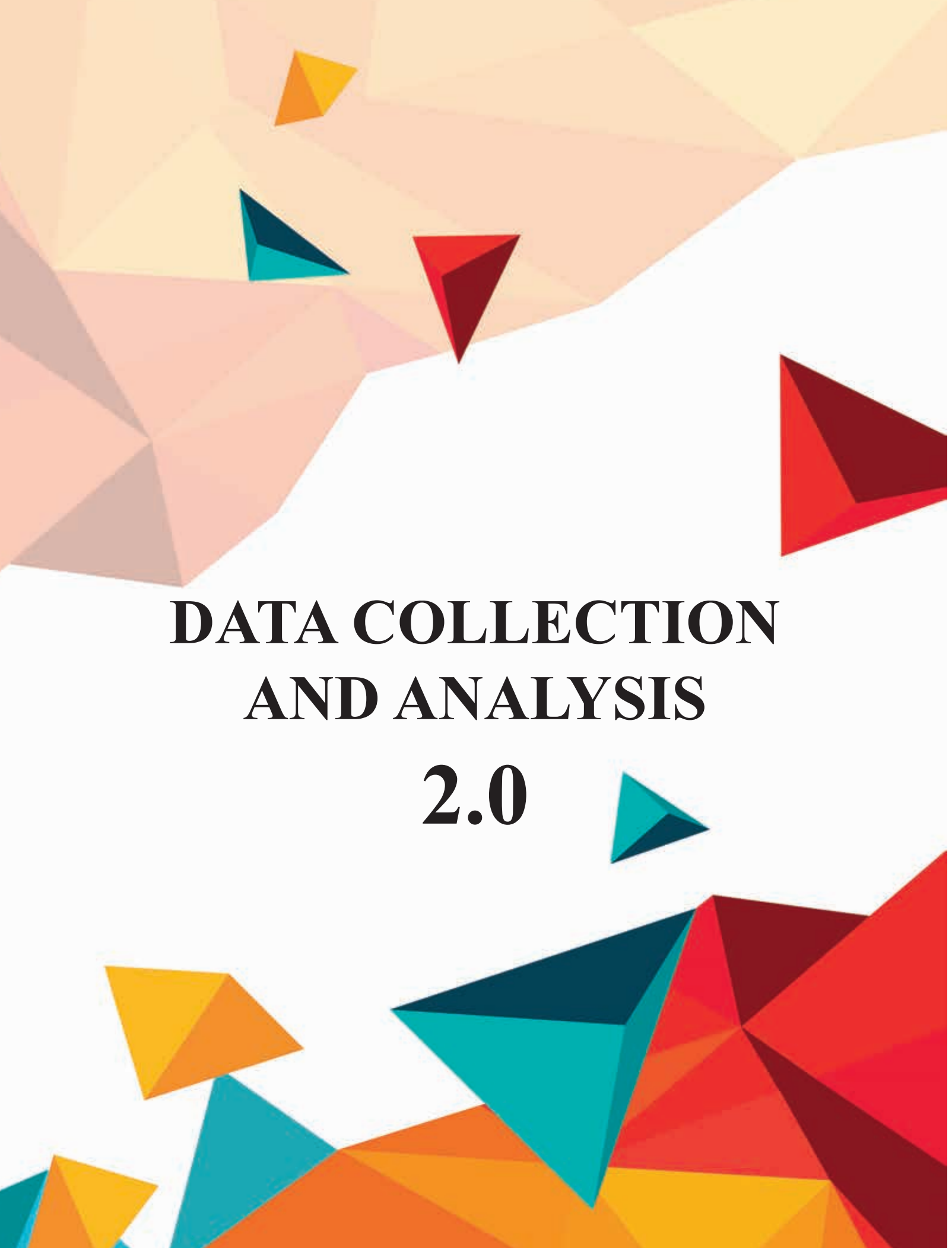
This study integrated conventional, capital market, and digital financial literacy perspectives to provide timely empirical evidence and support policy formulation, financial education strategies, and the

strengthening of household financial resilience. These objectives align with Malaysia MADANI aspirations and the SDGs.

SUSTAINABLE

DEVELOPMENT GOALS





**DATA COLLECTION
AND ANALYSIS
2.0**

Accurate estimation of population financial attributes requires a large and representative sample. Considering that small samples may generate substantial sampling errors and limit generalisability, a large sample size was employed to minimise potential biases concerning coverage, non-response, and measurement errors. A sufficiently large sample helps strengthen the reliability of statistical inference and enables extrapolation of the findings to the wider population.

The Current Population Estimates released by the Department of Statistics Malaysia indicated that the total Malaysian population was approximately 34.3 million in the third quarter of 2025, up from approximately 34.1 million in the same quarter of 2024 (Department of Statistics Malaysia, 2025). The working-age population aged 15-64 (which forms the principal focus of this study) accounted for approximately 70.4% of the total population in 2025, while those aged 65 and over increased to 8.0% (Department of Statistics Malaysia, 2025). These trends indicate a continued demographic transition towards a larger economically active population alongside gradual ageing.

Based on Krejcie and Morgan's (1970) sample size determination table, a minimum of 1,500 respondents is required for a population exceeding one million, with a 95% confidence level and a margin of error of 2.5%. The survey data were collected from 2,000 respondents, comprising 1,500 new respondents and 500 repeat respondents from earlier phases in 2017, 2019, or 2023. Including repeat respondents also enables gradual longitudinal comparisons and assessments of behavioural change.

A purposive sampling approach was adopted to ensure broad population coverage and representation across diverse socio-economic backgrounds. Respondents were categorised into four major groups: public sector employees, SME and private sector employees, the general public, FELDA settlers and rural residents, and youths enrolled in higher learning institutions. These strata were designed to record variations in income, employment structure, geographic location, and exposure to financial products and services, thereby enhancing the sample representativeness nationally.

All questionnaire items were structured in a closed-ended format to facilitate standardised responses and quantitative analysis. Furthermore, data collection was conducted between June and September 2025. Prior to the main survey, a pilot study involving 40 respondents was undertaken to evaluate the clarity, reliability, and relevance of the instruments. Feedback from the pilot phase informed revisions to wording, sequencing, and instructions, thereby improving the accuracy and response consistency. The final questionnaire was prepared in Malay and English to ensure inclusivity and ease of comprehension. Additionally, the questionnaire was administered through self-completion, with trained enumerators available to provide clarification when required. Reliability analysis was conducted

for all measurement scales, while Cronbach's Alpha coefficients confirmed acceptable internal consistency. Meanwhile, all data were analysed using the Statistical Package for the Social Sciences (SPSS) version 26.0.

2.1 - Financial Literacy

Financial literacy was assessed through three components: general financial literacy, capital market literacy, and digital financial literacy, to reflect conventional and technology-based financial practices. General financial literacy was measured using 20 true-or-false questions covering essential areas of personal finance, including debt management, cash flow management, retirement planning, saving and investment, Islamic financial products, risk management, taxation and estate planning, financial technology, and basic knowledge of the Malaysian financial system.

Capital market literacy was evaluated using five multiple-choice questions that examined respondents' comprehension of financial institutions, market mechanisms, and fundamental investment principles, such as risk-return and diversification. Moreover, digital financial literacy was recently included to evaluate respondents' ability to utilise digital financial services safely and effectively. This section measured routine digital transaction skills, awareness of online security practices, and the ability to manage transaction errors, fraud risks, and digital-related financial issues.

2.1.1 - Financial Capability

Financial capability assesses respondents' ability to apply financial knowledge in real-life financial management. This ability comprises 18 statements grouped into four domains: managing money, planning, selecting financial products, and staying informed. These items were adapted from established instruments, including the Scottish Household Survey (2005-2009), the British Household Panel Survey (2006), and Bank Negara Malaysia's Survey on Financial Literacy of Malaysian Adults (2010). Additionally, responses were recorded using a Likert scale to measure behavioural tendencies and self-perceived competence.

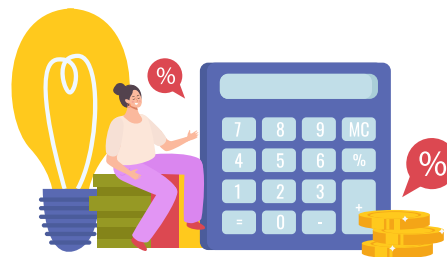
2.2 - Financial Planning Advisory Services

This section evaluates respondents' engagement with and perceptions of financial planning advisory services. Five subsections cover sources of information on financial products, financial planning services, perceptions towards financial planners, financial plans and financial planning companies, including financial decision-making behaviour, and participation in the capital market.



2.2.1 - Sources Of Information On Financial Products

Respondents were presented with 10 possible information sources and selected their three most frequently used channels when making financial decisions. This section identifies the significance of digital media, interpersonal networks, and institutional sources.



2.2.2 - Financial Planning Services

This section examines respondents' use of financial planning services, their preferred sources of advice, and their expectations regarding the qualities and services of financial planners. The questions cover topics such as preferred providers of financial planning services, the perceived need for a financial planner, expected criteria, and the services a financial planner is expected to provide.



2.2.3 - Perceptions Towards Financial Planners, Financial Plans, And Financial Planning Companies

Four questions capture how respondents evaluate financial planners, financial plans, and financial planning companies, assessing whether decisions are driven more by professional credibility, product suitability, or institutional reputation.



2.2.4 - Financial Decisions

This section evaluates the sources of information and respondents' ability to make financial decisions. Eight questions were included with alternatives, focusing on where respondents collect financial information, how they gather information before making financial decisions, and their knowledge and use of financial technology.

2.2.5 - Participation In The Capital Market

This segment examines respondents' participation in the capital market through six questions that describe their investment profiles. The subjects include the proportion of income allocated to investment, investment purposes, financial resources for retirement, types of current savings and investments, and engagement in alternative investment instruments.



2.3 - Demographic And Socio-Economic Information

This section recorded respondents' background characteristics, including age, gender, ethnicity, marital status, education, employment, income, household size, housing status, savings behaviour, financial adequacy, debt profile, and asset ownership. These variables provide crucial context for interpreting financial literacy and behaviour patterns.

2.4 - Improvement Of Financial Capability

This section applies exclusively to repeat respondents from the 2017, 2019, and 2023 surveys. Five additional questions evaluate perceived changes in saving habits, participation in financial activities, financial literacy, and awareness of personal financial management. This longitudinal component enables evaluating behavioural progression and provides insight into the effectiveness of national financial education and awareness initiatives over time.





FINDINGS

3.0

3.1 - Profile Of Respondents

3.1.1 - Demographics

The demographic composition of the 1,500 new respondents reflects a population that is young, highly educated, and predominantly from lower- and middle-income groups. This combination strongly shapes their financial behaviour and vulnerability.

Figure 3.1 demonstrates that females constitute 62% of the sample, while males account for 38%. Most respondents are married (52%), and a substantial proportion remain single (43%). Based on this pattern and household size (with 55% living in families of four to six members), many respondents carry considerable financial responsibilities for their families and households. Such obligations tend to influence their spending priorities and limit their capacity to save.

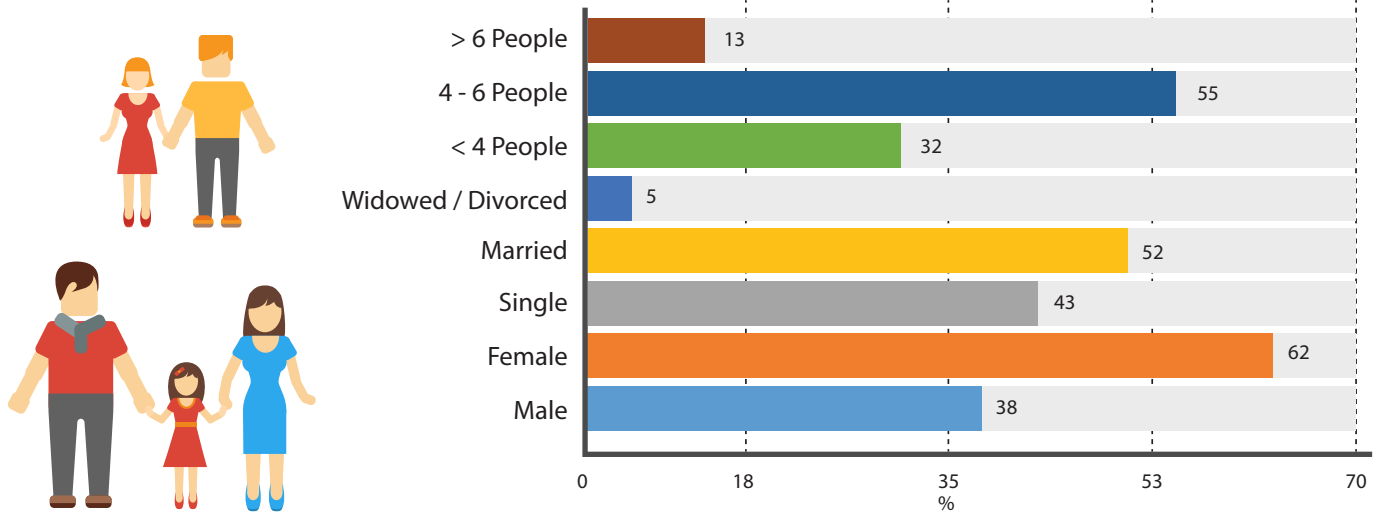


FIGURE 3.1 Gender, Marital Status, and Family Size

The ethnic distribution in Figure 3.2 demonstrates that Malays form the largest group (64%), followed by Chinese (25%), Indians (4%), and other ethnic groups (7%). These data broadly reflect the multicultural structure in Malaysia and support the contextual relevance of the findings.

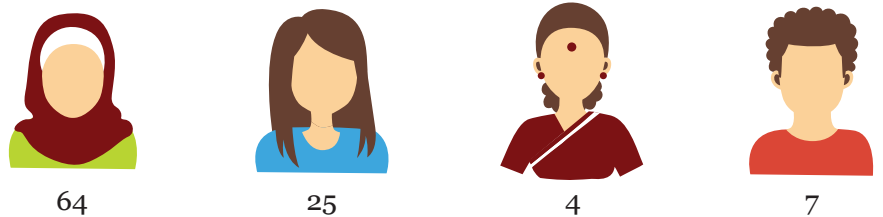


FIGURE 3.2 Ethnicity

Figure 3.3 illustrates a contrast between educational attainment and income distribution. Income levels remain modest despite high educational achievement, with 81% of respondents holding tertiary qualifications and 98% having at least secondary education.

A majority of respondents (55%) fall within the B40 category, while only 8% belong to the T20 group. This imbalance suggests that strong educational credentials have not translated into equivalent economic returns for a large segment of the sample.

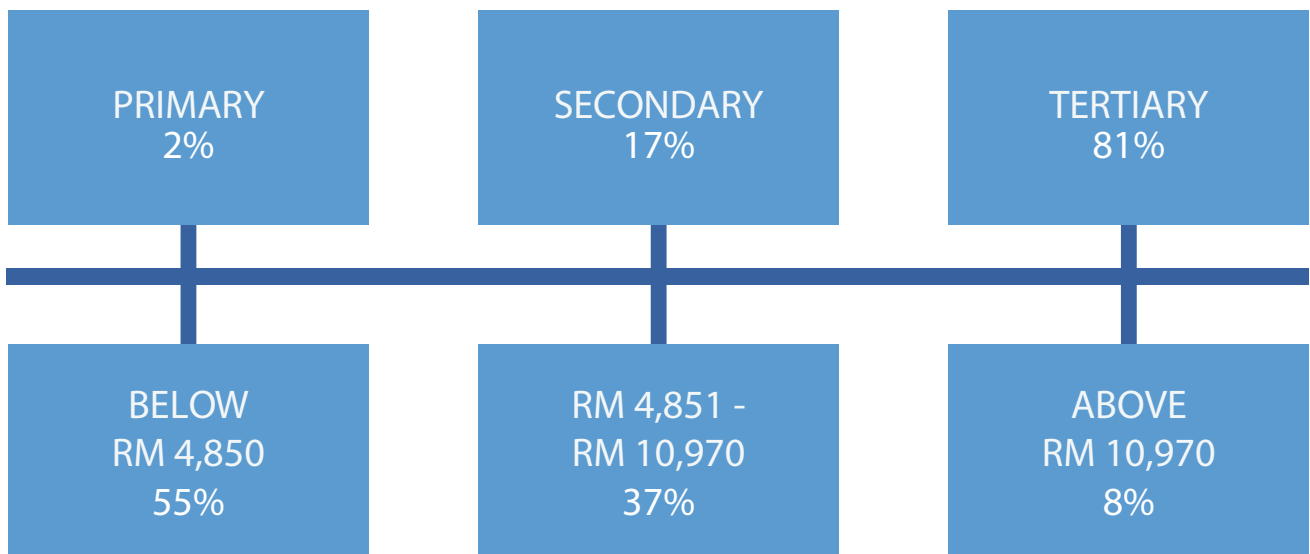


FIGURE 3.3 Education Level & Monthly Salary

The age structure further explains this pattern. Figure 3.4 depicts that approximately two-thirds of respondents are below 40 years old, with the largest proportions in the 30 to 39 (30%) and 20 to 29 (25%) age groups. At this stage of the life cycle, income

progression, asset accumulation, and saving capacity are typically still developing. This demographic positioning explains the gap between educational attainment and financial stability in the sample.

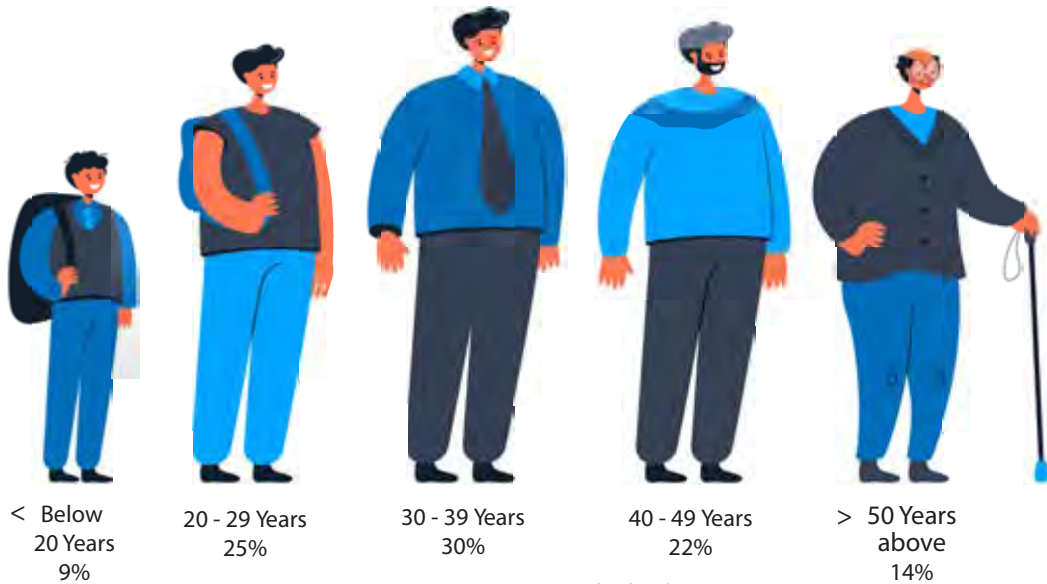


FIGURE 3.4 Age Distribution

Figures 3.1 to 3.4 depict a population rich in human capital but constrained by economic outcomes, laying the structural foundation for the socioeconomic vulnerabilities discussed in the following section.

3.1.2 Socioeconomic Information

The socioeconomic patterns reveal a financially fragile economically

active population. In this situation, employment participation coexists with limited savings, substantial debt exposure, and restricted income adequacy. Figure 3.5 indicates a strong labour market engagement, with 55% of respondents working as salaried employees and 17% operating as self-employed. Nonetheless, the presence of students (constituting 20% of the sample) reflects a sizeable group still in transition to stable employment. This transition phase is associated with income uncertainty and limited saving capacity.

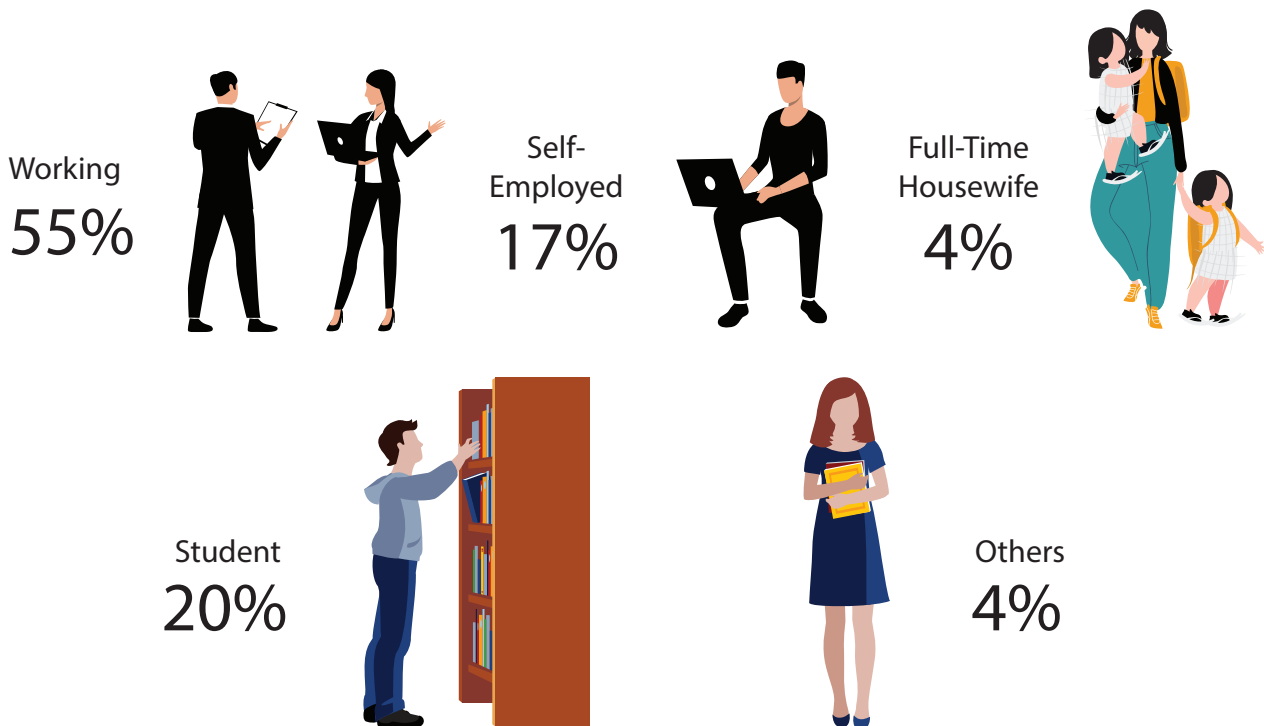


FIGURE 3.5 Employment Status

Housing conditions reflect similar constraints. Although 51% of respondents have achieved homeownership (see Figure 3.6), reliance on family housing (30%) and rental accommodation (17%) remains substantial. These arrangements align with early-career income limitations and affordability challenges, specifically among younger households. Moreover, financial resilience appears weak when examined through saving behaviour.

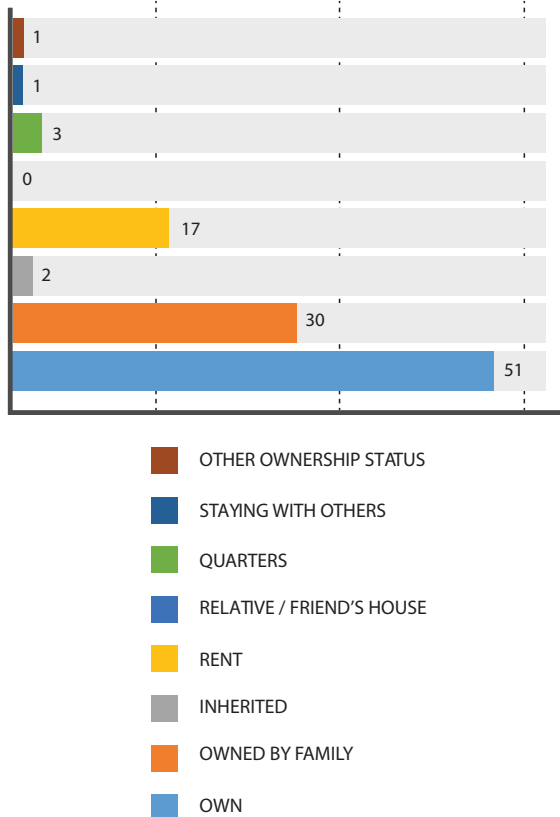


FIGURE 3.6 Homeownership

Figure 3.7 illustrates that 10% of respondents do not save at all, while 48% save less than 10% of their income. Conversely, fewer than 10% save over 20%. Such low saving intensity suggests limited preparedness for emergencies and long-term financial commitments. This situation also reflects the strong pressure on household finances from rising costs of living, which constrains the capacity to build adequate financial buffers and accumulate wealth.

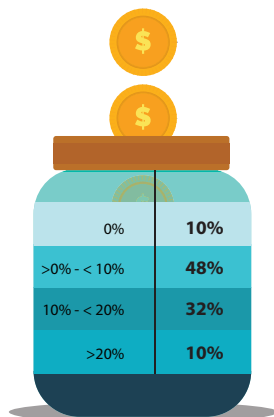


FIGURE 3.7 Monthly Savings

Fragile financial positions are reinforced by the balance between assets and debt. Figure 3.8 demonstrates that 36% of respondents have debts exceeding their assets, while 27% indicate parity between the two. Only 37% possess assets surpassing their liabilities, and nearly two-thirds of the sample hold weak or neutral net-worth positions, reflecting limited wealth accumulation. Such a structure increases household vulnerability to income shocks, interest rate increases, and unexpected expenses, thereby constraining long-term financial resilience.

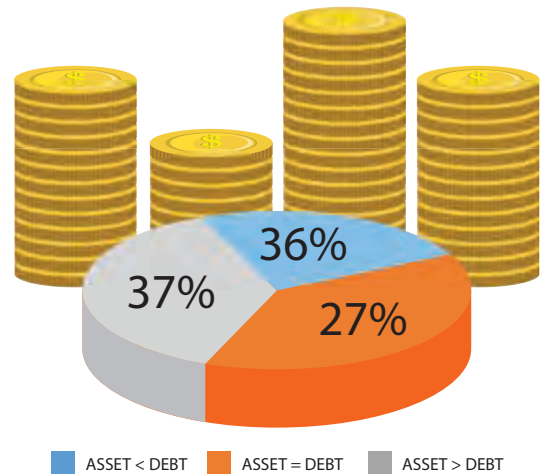


FIGURE 3.8 Assets-to-Debt-Ratio

Income sufficiency patterns in Figure 3.9 further explain this vulnerability. A total of 11% report insufficient income, while 39% state that their income is only sufficient for basic needs. Although 30% can meet most necessities, only 20% have income levels that allow for discretionary spending and saving. These constraints limit current financial security and future wealth-building. Consequently, a large proportion of households remain trapped in short-term financial survival, with limited capacity to accumulate savings or invest for long-term stability.

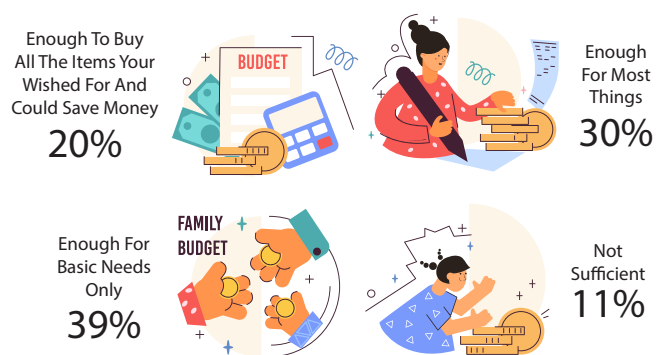


FIGURE 3.9 Income Adequacy

Borrowing behaviour is dominated by essential life-cycle expenditures. Figure 3.10 reveals the most common debt forms, including vehicle hire purchase (36%), housing loans (34%), and education loans (29%). This situation indicates that most borrowing among respondents is driven by basic necessities,

rather than discretionary spending. Loans are primarily taken for transportation, housing, and education, which are essential for mobility, shelter, and human capital development. The dominance of vehicle hire purchase (36%), housing loans (34%), and education loans (29%) indicates that debt is primarily used to support long-term livelihood and future security, rather than for consumption or luxury purposes.

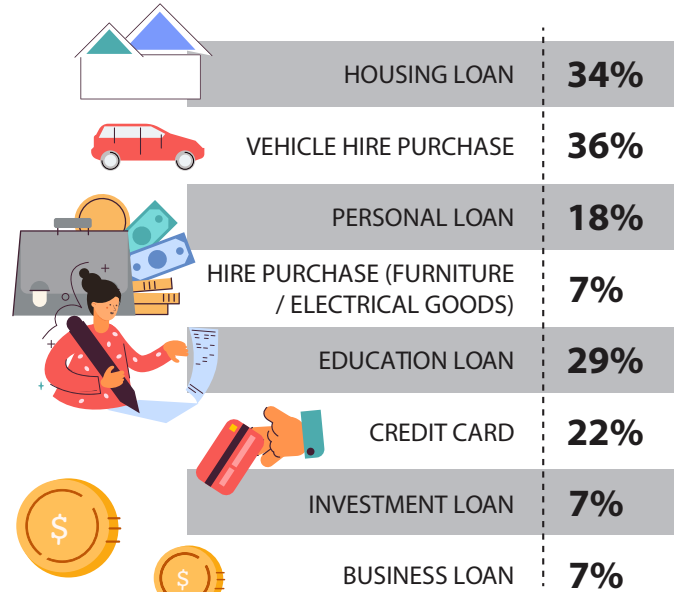


FIGURE 3.10 Types of Loan



These patterns mirror asset ownership in Figure 3.11, with vehicles (69%) and houses (61%) being the most common assets. Alongside borrowing behaviour, the data reveal that debt is primarily used to acquire essential but non-liquid assets, such as transport and housing. While these assets are important, they do not generate income and often increase long-term debt

commitments. Contrarily, ownership of income-generating assets remains limited, with only 14% owning land and 10% owning rental properties. This situation indicates that asset portfolios are primarily consumption-based rather than investment-oriented, limiting opportunities for passive income and long-term financial resilience.

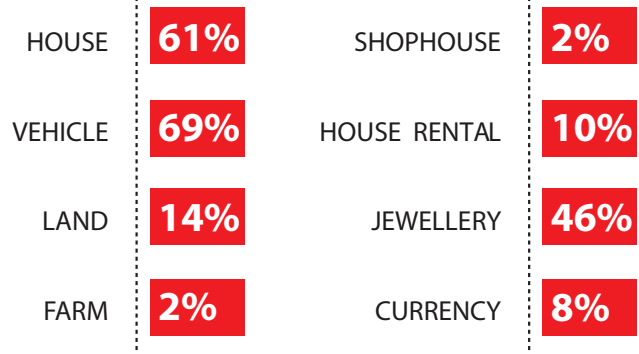


FIGURE 3.11 Types of Assets

Evidence from Figures 3.5 to 3.11 indicates that financial vulnerability among the respondents arises from the coexistence of modest income levels, weak saving habits, heavy reliance on debt to acquire essential assets, and limited diversification into

productive investments. Multiple respondents possess tangible assets, such as vehicles and homes, yet their financial positions remain fragile, as these assets are accompanied by substantial liabilities and minimal financial buffers.

This pattern highlights the significance of financial capability initiatives that emphasise disciplined saving behaviour, sustainable debt management, and gradual movement towards income-generating asset ownership, specifically for younger households whose financial trajectories are still in the formative stage.

The findings indicated that Malaysian financial capability challenges are concentrated within a young, educated, yet economically constrained population. Nearly two-thirds of respondents are under 40, reflecting the dominance of economically active and early-career cohorts. Most respondents are within the B40 income group despite high educational attainment (over four-fifths possess tertiary education). Meanwhile, respondents within T20 remain limited.

This education-income mismatch aligns with national assessments in the Thirteenth Malaysia Plan (RMK-13) (Ministry

of Economy, 2025) and the SDG Roadmap for Malaysia Phase II (Economic Planning Unit, 2021). These initiatives highlight that human capital gains have not been accompanied by proportional improvements in income mobility among younger working adults. Additionally, the prevalence of medium-sized households increases exposure to cost-of-living pressures. This situation aligns with the Economic Outlook 2025, where rising prices disproportionately influence younger households with dependants (Ministry of Finance Malaysia, 2024).

3.2 Financial Literacy

Financial literacy assessment in this study is based on responses from 1,500 new respondents, benchmarked against three previous survey stages in 2023, 2019, and 2017. Table 3.1 provides a longitudinal perspective on changes in financial knowledge, awareness, and misconceptions. The findings indicated that financial literacy has not progressed in a linear manner. Instead, improvements in certain domains coexist with persistent and widening gaps in critical areas, such as retirement planning, insurance, Islamic finance, and understanding of regulatory institutions.

TABLE 3.1 Financial Literacy

NO.	STATEMENT	2025	2023	2019	2017
		n (%); Correctly Answered			
1	Bank Negara Malaysia's role is to regulate interest rate	1,255 (84)	1,291 (86)	NA	NA
2	E-wallet can be used to control spending	957 (64)	901 (60)	NA	NA
3	Bank Negara Malaysia is regulating cryptocurrency in Malaysia	589 (39)	505 (34)	NA	NA
4	One can depend on EPF savings for living after retirement	645 (43)	484 (32)	867 (58)	1,124 (56)
5	My Will can include EPF and Insurance savings nominees	431 (29)	339 (23)	285 (19)	466 (23)
6	Shariah products generate reasonable returns similar to conventional products	912 (61)	903 (60)	967 (65)	1,337 (67)
7	Shariah products are free from risk	1,032 (69)	812 (54)	817 (55)	1,229 (62)
8	Securities Commission Malaysia ensure ethical conduct of market institutions and licensed individuals	1,404 (94)	1,354 (90)	1,334 (89)	1,680 (84)
9	Not everyone can contribute to Private Retirement Scheme (PRS)/ Private Retirement Scheme is only for Government employees.*	872 (58)	1,066 (71)*	1,307 (87)*	1,548 (77)*
10	Everyone can buy insurance/ takaful whenever they wish to do so	519 (35)	329 (22)	381 (25)	565 (28)
11	Credit Counselling and Debt Management Agency (AKPK) offers loan services	1,030 (69)	830 (55)	1,019 (68)	1,115 (56)

*NA = Not Available (new items introduced)

A significant shift is evident in respondents' understanding of core financial concepts concerning retirement preparedness, insurance, Islamic finance, and regulatory institutions. Regarding retirement planning, reliance on EPF savings as a primary source of post-retirement income increased from 32% in 2023 to 43% in 2025. Although this increase reflects greater recognition of EPF as a critical retirement resource, heavy reliance on EPF alone raises concerns about retirement adequacy, as the scheme was not designed to serve as the sole source of post-retirement income. The introduction of the Retirement Incentive Account (RIA) Framework by EPF (2024) (which raises the recommended basic retirement savings benchmark to RM390,000 by age 60) reflects growing policy concern about the financial risks of relying primarily on EPF contributions for retirement security. The level of reliance also remains lower than that recorded in 2019 (58%) and 2017 (56%). These findings indicate uncertainty and inconsistency in long-term financial planning, reinforcing the need for diversified retirement preparation strategies beyond mandatory savings.

Knowledge of the Private Retirement Scheme (PRS) declined in 2025, with only 58% of respondents demonstrating a correct understanding, compared with 71% in 2023, 87% in 2019, and 77% in 2017. Although PRS eligibility was assessed across survey waves, the question wording differed: the 2025 statement was "Not everyone can contribute to PRS," whereas earlier waves used "The Private Retirement Scheme is only for Government employees." The revised statement reflects the eligibility condition that participation is generally limited to individuals aged 18 or older. These individuals can legally enter financial contracts, which may explain varying responses. Nevertheless, modest understanding aligns with industry evidence from the Federation of Investment Managers Malaysia and Ipsos, which indicates low PRS awareness: only 28% of retail investors are aware of the scheme (Goh, 2024). These findings suggest persistent gaps in public understanding of supplementary retirement instruments and emphasise the need for clearer and more consistent financial education efforts.

Misconceptions surrounding insurance and *takaful* remain evident. In 2025, only 35% of respondents correctly recognised that not everyone can purchase insurance or *takaful* at any time. Although this represents a modest improvement from 22% in 2023, the level remains only marginally higher than in earlier years. Similarly, literacy regarding estate planning is weak, with only 29% of respondents understanding that EPF and insurance nominations are not governed by a will. Despite improvements, misunderstandings in this area have serious implications for asset distribution and family protection.

Awareness of Islamic financial products presents a mixed pattern. Although 61% of respondents in 2025 recognised that Shariah-compliant products can generate returns comparable to conventional products, this figure remains lower than in 2019 and 2017. More concerning is the persistent misconception about risk: in 2025, as only 69% of respondents believed that Shariah-compliant products are not free from risk, a substantial increase from 54% in 2023. This misunderstanding contradicts financial

principles and Islamic finance fundamentals and is concerning, given the leadership role of Malaysia in Islamic finance.

In contrast, confidence in regulatory oversight remains strong. Awareness of the Malaysian Securities Commission's role in ensuring ethical conduct and market integrity increased to 94% in 2025, reflecting sustained trust in institutional governance. Nonetheless, misunderstanding regarding Credit Counselling and Debt Management Agency (AKPK) services persists. In 2025, only 69% of respondents believed that AKPK does not offer loan services, suggesting limited public awareness of its actual mandate as a financial counselling and debt management agency.

Encouraging developments are observed in digital financial practices. In 2025, 64% of respondents acknowledged that e-wallets can help control spending, up from 60% in 2023. This situation suggests growing alignment with prudent financial behaviour and greater integration of digital tools into personal money management.

The four-wave comparison presented in Table 3.1 indicates an uneven, nonlinear trajectory of financial literacy development. Although awareness of key regulatory institutions (particularly the Securities Commission Malaysia) remains high and has gradually strengthened, critical gaps persist in core financial planning domains. These gaps include retirement planning literacy regarding the Private Retirement Scheme (PRS), estate planning, Islamic finance risks, and awareness of credit advisory functions provided by agencies, such as AKPK. Although incremental improvements have been made in the use of digital financial tools, misconceptions about investment risk, insurance access, and Shariah-compliant products remain widespread. The findings suggested inconsistent improvements in financial knowledge, irregularly sustained across survey waves. This finding highlights the need for continuous, targeted financial education and clearer public communication.

More specifically, the findings outline a marked deterioration in retirement-related financial literacy. Knowledge of supplementary retirement instruments (particularly the PRS) has declined compared with earlier CMDF waves, while reliance on the EPF remains poorly understood. Misperceptions about investment risk (most notably the belief that Shariah-compliant products are inherently risk-free) have intensified to their highest levels since 2017.

These patterns align with the concerns highlighted in the National Strategy for Financial Literacy 2026-2030 (Financial Education Network, 2025). The strategy identifies retirement adequacy and risk misperception as persistent structural weaknesses in the Malaysian financial literacy landscape. These structural weaknesses are further reinforced by national evidence demonstrating that large-scale EPF withdrawals during and after the pandemic have significantly weakened retirement preparedness, underscoring the risks of continued over-reliance on EPF in the absence of complementary retirement planning mechanisms (Employee Provident Fund, 2023; Ministry of Finance, 2022).

3.3 Capital Market Literacy

Capital market literacy is evaluated using five indicators that assess respondents' understanding of the time value of money, inflation, risk, and diversification. The comparative results for 2025, 2023, 2019, and 2017 (see Table 3.2) provide vital insights into the gradual evolution of respondents' financial reasoning and investment-related knowledge.

A weakness persists in understanding the time value of money. In 2025, only 52% of respondents correctly identified that inheriting RM10,000 today is more valuable than inheriting the same amount three years later. Although this figure represents an improvement from 35% in 2023, it is marginally higher than 37% in 2019 and 41% in 2017. Similarly, in the second time-value-of-money question, 53% recognised that purchasing power remains unchanged when both income and prices double. This finding reflects a notable increase from 42% in 2023 and 47% in 2019, and from 44% in 2017. Despite these improvements, only half of the respondents can answer these fundamental questions correctly, which indicates that comprehension of inflation and real purchasing power remains inadequate. This weakness is concerning, as these concepts underpin rational decision-making about saving, borrowing, and investing.

Encouraging progress is evident in respondents' awareness of market volatility and asset risk. In 2025, 75% of respondents identified that shares exhibit the highest fluctuations, up from 64% in 2023, 69% in 2019, and 66% in 2017. This figure indicates a stronger understanding of equity market behaviour and risk exposure. Consistently, 86% of respondents in 2025 acknowledged that shares are riskier than unit trust investments, rising significantly from 72% in 2023 and surpassing the levels seen in 2019 (76%) and 2017 (82%). These findings reflect growing maturity in respondents' perception of risk hierarchy across financial instruments.

Knowledge of diversification remains comparatively weaker. Although 67% of respondents in 2025 understood that spreading money across different assets does not eliminate the risk of losing money. This improvement from 46% in 2023 and 51% in 2019 remains modest relative to the strong performance observed in risk perception indicators. Compared to 55% in 2017, the 2025 result indicates gradual progress, yet nearly one-third of respondents still hold an incomplete or inaccurate understanding of diversification principles. This gap is critical, as diversification is a cornerstone of modern portfolio theory and an essential strategy for managing investment risk.

The four-wave comparison in Table 3.2 highlights a varied development of capital market literacy. Awareness of market volatility and the relative risk of equities has increased significantly in 2025, signalling an improved intuitive grasp of investment risk. Conversely, understanding of more abstract economic concepts, such as the time value of money and inflation, remains limited, despite modest improvements compared with 2023. These results indicate that respondents still encounter challenges in mastering the quantitative and conceptual aspects of financial reasoning (especially those related to future value, real purchasing power, and intertemporal decision-making).

The 2025 findings reveal a partial recovery and improvement in capital market literacy following weaker performance in 2023. Nonetheless, the level of understanding remains inconsistent, with stronger skills in risk recognition but a weaker grasp of fundamental economic principles. This imbalance underscores the need for financial education initiatives that place greater emphasis on numerical reasoning, inflation awareness, and the practical implications of the time value of money, while also reinforcing concepts of diversification and risk management. Such an approach is vital to enable respondents to identify which financial instruments are riskier, assess investment outcomes in real terms, and make informed long-term financial decisions in complex capital markets.

Capital market literacy among new respondents has partially recovered from the 2023 low, specifically in basic concepts such as the time value of money and inflation. Nevertheless, deeper conceptual understanding remains uneven. While respondents demonstrate strong recognition of relative risk across asset classes, comprehension of diversification and long-term risk dynamics remains weaker. This pattern aligns with observations in the Securities Commission Malaysia Annual Report 2024, which indicate that Malaysians are aware of market risks but lack sufficient understanding of portfolio construction and long-term investment planning. This issue becomes more critical as Malaysia transitions into an ageing society, with an increasing reliance on capital markets for retirement income (Securities Commission Malaysia, 2024).

3.4 Digital Financial Literacy

Digital financial literacy in 2025 denotes high functional competence and awareness among respondents, specifically in the practical use of digital financial platforms and basic online security

TABLE 3.2 Capital Market Literacy

NO.	STATEMENT	2025	2023	2019	2017
		n (%); Correctly Answered			
1	Assume a friend inherits RM10,000 today and his sibling inherits RM10,000 three years from now. Who is richer because of the inheritance?	772 (52)	521 (35)	561 (37)	824 (41)
2	Suppose that your income has doubled, and prices of all goods have doubled too. How much will you be able to buy with your income?	794 (53)	628 (42)	701 (47)	885 (44)
3	Normally, which asset displays the highest fluctuations over time?	1,117 (75)	966 (64)	1,041 (69)	1,311 (66)
4	When an investor spreads his money among different assets, does he risk losing money?	1,005 (67)	689 (46)	768 (51)	1,098 (55)
5	Shares are normally riskier than unit trust	1,294 (86)	1,084 (72)	1,144 (76)	1,636 (82)

practices. The results in Table 3.3 indicate that respondents are highly familiar with mobile banking, online banking, and e-wallet services, suggesting that digital financial tools are deeply embedded in their daily financial activities.

TABLE 3.3 Digital Financial Literacy

NO.	STATEMENT	Mean
1	I am aware of the security of a website (https sites, safety logo or certificates) before making online transactions	4.30
2	I know the benefits of using mobile banking, online banking, and e-wallet	4.34
3	I know how to open an online banking, mobile banking, or e-wallet menu, find the menu options, initiate a transaction, and complete a transaction successfully	4.37
4	I have experience transferring or receiving money using mobile banking, online banking, or e-wallet	4.44
5	I know how to correct an error, reverse, or cancel a transaction successfully when doing online banking, mobile banking, or e-wallet transactions	3.73
6	I am alert to the security of a website (https sites, safety logo or certificates) before making online transactions	4.22

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

Operational proficiency is the most developed aspect. The highest average score is recorded for experience in transferring or receiving money via mobile banking, online banking, or e-wallet services (mean = 4.44). This finding demonstrates that digital transactions extend beyond occasional or experimental activities but are routine parts of daily financial management. Closely related to this issue is respondents' confidence in performing digital transactions, including their ability to navigate platforms, find relevant menu options, and complete transactions successfully (mean = 4.37). These results indicate high digital functional literacy, with users aware of digital platforms and able to use them effectively.

Awareness of the benefits of digital financial services is similarly robust. A high mean score of 4.34 is recorded for understanding the advantages of mobile banking, online banking, and e-wallets, reflecting recognition of the efficiency, convenience, and accessibility these technologies offer. This finding implies that respondents' digital finance adoption is driven by necessity and a clear appreciation of its practical value in improving financial management.

Security awareness is another essential element of digital financial literacy. Respondents report high vigilance towards website security indicators, such as "https" protocols, safety logos, and security certificates, before making online transactions, with a mean score of 4.30. Additionally, their overall alertness to online security threats before transactions remains high (mean = 4.22). These results suggest that respondents possess a well-developed understanding of cyber risk exposure and the importance of verifying digital authenticity, both of which are crucial given the rise in online fraud and digital scams.

A notable gap emerges in the management of errors and the resolution of issues in digital transactions. The lowest mean score is

observed for the ability to correct, reverse, or cancel a transaction successfully (mean = 3.73). This value exceeds the midpoint of the scale but remains substantially lower than the scores for operational usage and security awareness. This disparity suggests that respondents are comfortable initiating and completing transactions, albeit less confident when managing transactional errors or technical disruptions. Such limitations are significant, as the ability to manage errors is an essential dimension of digital financial resilience, specifically in high-frequency digital transaction environments.

The pattern of results in Table 3.3 indicates strong digital financial literacy in 2025 across usability, adoption, and security awareness, but weaker in transactional problem-solving competence. Respondents demonstrate high capability in routine digital financial activities and sound awareness of online security practices, yet lower confidence in correcting errors or resolving system failures, which outlines a significant vulnerability.

Holistically, the findings indicate that digital financial literacy has progressed beyond basic adoption towards routine integration in everyday financial behaviour. Nonetheless, this progress remains uneven, as strengths in operational competence are not matched by equivalent resilience in managing digital risks. Among the 1,500 respondents, confidence in executing routine digital transactions and in recognising basic security indicators is high, yet capabilities for error resolution, dispute handling, and responding to fraudulent incidents remain comparatively weak.

This finding aligns with insights from the Malaysia Fintech Report 2025, which notes that digital finance adoption in Malaysia has reached maturity in usage but is increasingly accompanied by heightened exposure to fraud, misleading promotions, and complex digital credit products (Fintech News Malaysia, 2025). National financial literacy strategies further emphasise that digital financial capability must move beyond basic use to effective risk management and problem-solving skills (Financial Education Network, 2025).



3.5 Financial Capability

Financial capability refers to individuals' ability to manage daily expenses, plan for uncertainties, and build long-term financial well-being. Table 3.4 presents improved basic financial discipline in 2025. Approximately 78% of the respondents reported planning their expenses, suggesting that budgeting behaviour is well established, although slightly lower than in 2023 (81%). Timely bill payment also increased to 81% in 2025, up from 74% in 2023 and from lower levels in earlier years. Additionally, 76% reviewed their expenses, 74% set aside money for emergencies, and 73% established clear financial goals.

TABLE 3.4 Financial Capability

NO.	STATEMENT	2025	2023	2019	2017
		n (%); Agreed			
1	I make plans for my expenses	1,172 (78)	1,219 (81)	1,150 (77)	1,405 (70)
2	I pay my bills on time	1,211 (81)	1,124 (74)	1,008 (67)	1,408 (70)
3	I review and evaluate my expenses	1,145 (76)	1,165 (78)	1,045 (70)	1,298 (65)
4	I regularly set money aside for possible unexpected expenses	1,112 (74)	1,103 (74)	1,011 (67)	1,299 (65)
5	I set specific financial goals and strive to achieve them	1,089 (73)	1,078 (72)	1,020 (68)	1,245 (62)
6	I make adequate provision for unexpected expenses (shrinking income)	971 (65)	960 (64)	859 (58)	1,049 (52)
7	I save for retirement	1,036 (69)	956 (64)	911 (61)	1,201 (60)
8	I spend to have a comfortable life today rather than planning for retirement	604 (40)	662 (44)	410 (28)	640 (32)
9	Household income after retirement can guarantee a more comfortable living standard	965 (64)	834 (56)	835 (55)	1,099 (55)
10	Apart from contributing to pension funds, it is important for me to make my own savings	1,339 (89)	1,307 (87)	1,297 (87)	1,593 (80)
11	I consider several products/ loans/policies/ accounts from different providers before making my decision	1,151 (77)	1,083 (72)	1,072 (72)	1,416 (71)
12	I understand the various financial products that I need without consulting a financial adviser/planner	632 (42)	565 (38)	465 (31)	660 (33)
13	I believe financial planners and accept what they recommend	777 (52)	791 (53)	635 (43)	804 (40)
14	I compare products on features and price rather than making a choice based on the brand image	1,204 (80)	1,123 (75)	1,154 (78)	1,359 (68)
15	I actively seek financial information through professional advice	806 (54)	702 (47)	596 (40)	795 (40)
16	I am always interested to learn about financial products and services	1,062 (71)	955 (64)	928 (63)	1,117 (56)
17	I would like to know further about financial issues and learn how to interpret the information	1,104 (74)	993 (64)	1,044 (70)	1,315 (66)
18	I have personally experienced monetary fraud / identity theft / scams while purchasing goods and services / investing	566 (38)	588 (39)	NA	NA

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

Signs of a stronger long-term focus are clear. Saving for retirement rose to 69% in 2025, while 65% reported preparing for income uncertainty or emergencies. Confidence in having enough funds after retirement increased to 64%, up from 56% in 2023. These trends indicate growing concern about future financial security, though confidence should be approached cautiously given ongoing savings constraints.

A tension between present consumption and future planning remains. In 2025, 40% prioritised current spending over retirement planning, a decrease from 2023 but still higher than in earlier years. Despite this situation, personal responsibility towards saving is broadly acknowledged, with 89% agreeing that individual savings are necessary alongside pension contributions.

Financial decision-making also depicts gradual improvement. In 2025, 77% compared financial products prior to deciding, and 80% evaluated products based on features and price, rather than brand. Financial independence increased, with 42% feeling confident making decisions without an adviser despite common reliance on professional advice.

Engagement with financial learning is increasing. In 2025, over half of respondents actively sought financial information, and nearly three-quarters expressed interest in improving their financial knowledge. Despite this expanding engagement, exposure to financial fraud remains substantial, with 38% reporting experiences of scams or related losses, underscoring persistent vulnerabilities in the digital financial environment and the continued importance of consumer protection and financial education.

This concern is supported by national enforcement data. The National Scam Response Centre (NSRC) reported receiving 11,858 scam complaints as of April 2023 (Malaysian Communications and Multimedia Commission, 2023). In parallel, the Royal Malaysia Police (PDRM) disclosed that financial losses from scams amounted to RM1.2 billion between 2021 and April 2023, reflecting the scale and severity of digital financial crime. Additionally, 2,125 cases of false news were reported to the Malaysian Communications and Multimedia Commission (MCMC) during the same period. This situation highlights the broader information risks experienced by consumers in a digitalised financial landscape.

The findings indicated improvements in daily financial discipline, including timely bill payment and budgeting behaviour. Nonetheless, these behavioural gains coexist with rising financial stress. Although participation in retirement saving has increased, a substantial proportion of respondents prioritise present consumption over long-term security. Interestingly, more than one-third report direct exposure to fraud or scams.

These outcomes are consistent with national evidence, RinggitPlus Malaysian Financial Literacy Survey 2025 and Credit Counselling and Debt Management Agency (AKPK) reports. Hence, improvements in basic financial behaviours have occurred alongside persistent vulnerabilities regarding savings adequacy, debt management, and digital fraud exposure (AKPK, 2022; RinggitPlus, 2025). These results suggest that behavioural improvements have not translated into structural financial resilience.

3.6 Sources of Information on Financial Products

The sources of financial product information have evolved substantially across the four survey waves, reflecting increasing digitalisation and diversification of information-seeking behaviour. Figure 3.12 illustrates that although social media remains the most dominant source in 2025, its influence has moderated compared with earlier years. Reliance on social media declined slightly to approximately 72% in 2025, from 75% in 2023 and 89% in 2019, implying a gradual shift away from excessive dependence on a single informal channel.

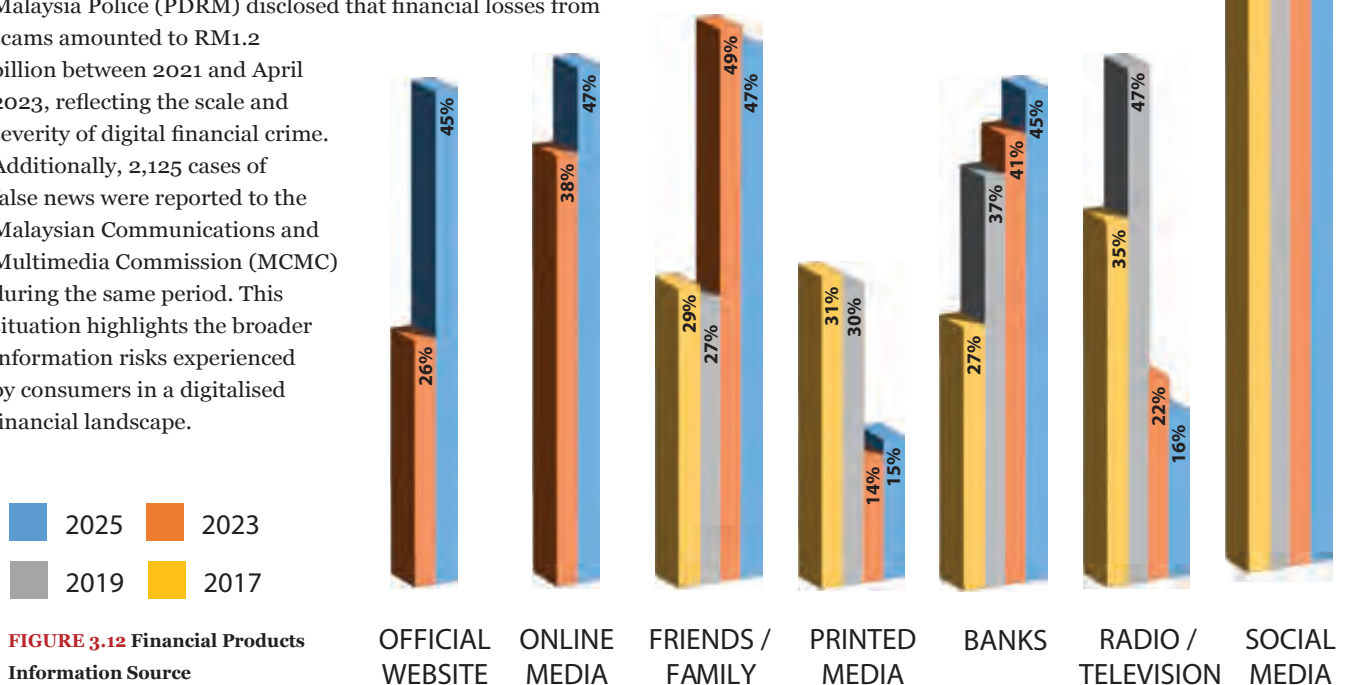


FIGURE 3.12 Financial Products Information Source

A stronger inclination towards more formal and authoritative sources is evident. The role of banks has continued to strengthen, reaching 45% in 2025, up from 41% in 2023 and 27% in 2017. Official websites and online media platforms also recorded notable increases, suggesting that respondents tend to verify financial information through structured and credible digital sources. Friends and family are a crucial reference group, accounting for 47% in 2025, which outlines the persistent role of trust-based interpersonal networks in shaping financial decisions.

In contrast, traditional media, such as radio, television, and print, continue to reveal a sharp decline in relevance. This pattern confirms a structural transition from conventional mass communication channels towards digital, interactive, and institution-based information sources, reflecting changing information consumption habits in an increasingly technology-driven financial environment.

The four-year comparison demonstrates a movement towards a more diversified and mature information ecosystem. Although social media remains influential, respondents in 2025 increasingly complement it with institutional, professional, and official sources. This diversification is a positive development that enhances the quality of the financial information accessed, reduces vulnerability to misinformation, and supports more informed and responsible financial decision-making.

Information-seeking behaviour among respondents reflects a gradual shift away from heavy reliance on social media toward more institutional and formal sources, particularly banks and official online platforms. This trend signals greater discernment in information consumption and aligns with national financial education efforts coordinated by the Financial Education Network (Financial Education Network, 2023; RinggitPlus, 2025).

Social media remains a dominant channel, underscoring the significance of ensuring that accurate, regulated financial information is disseminated through digital platforms where consumers are most active (Financial Education Network, 2025; RinggitPlus, 2025).

3.7 Financial Planning Services

The utilisation of financial planning services in 2025 indicates stronger engagement with professional financial advice, though clarity about the role of financial planners remains limited. Figure 3.13 presents that 79% of respondents reported having a financial planner, based on their own perception. This finding suggests growing awareness of the importance of structured financial planning in managing increasingly complex financial matters. Nonetheless, widespread engagement does not necessarily imply an accurate understanding of professional financial planning roles.



FIGURE 3.13 Have a Financial Planner

This ambiguity is clear in Figure 3.14, where respondents continue to categorise a wide range of individuals as financial planners. Independent financial advisers, who are recognised as the official providers of comprehensive financial planning services (namely financial planners), were most frequently identified in 2025 (36%), followed by wealth managers (28%), unit trust consultants (27%), AKPK advisers (26%), and bank officers (24%). Although the heightened recognition of independent financial advisers reflects improved awareness of professional financial planning roles, the inclusion of other financial service providers indicates ongoing misclassification of roles. Respondents may classify insurance agents and unit trust consultants as financial planners, even though regulators specify that licensed financial planners are individuals holding a Capital Markets Services Representative's Licence (CMSRL) or Financial Adviser's Representative (FAR) licences. Compared with 2023 and 2019, the decline in the identification of unit trust consultants and AKPK advisers indicates gradual progress. Nevertheless, the continued presence of multiple role classifications highlights that professional boundaries remain insufficiently understood among respondents.

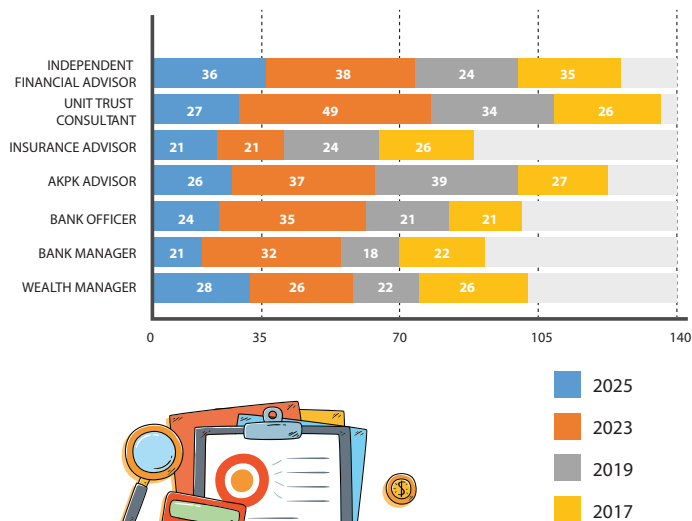


FIGURE 3.14 Person Considered as Financial Planner

The perceived practical value of financial planners remains significant, especially in terms of personalisation and error prevention. Figure 3.15 demonstrates that in 2025, 80% of respondents believed that financial planners help to personalise financial plans and strategies, an increase from 69% in 2023 and generally consistent with the high level recorded in 2019 (81%). Similarly, 67% of respondents indicated that financial planners help them avoid costly financial mistakes, an increase from 64% in 2023 (though still slightly below the 74% observed in 2019). These findings verified that respondents still value financial planners primarily for their technical role in designing customised financial solutions and reducing financial risk exposure.

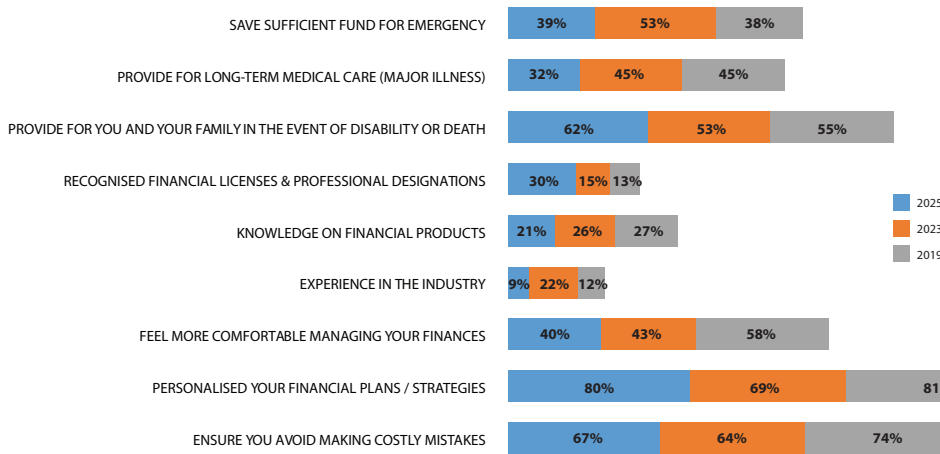


FIGURE 3.15 Need for, Expectation, and Service from Financial Planner

The emotional reliance on financial planners has decreased. Merely 40% of respondents in 2025 felt that financial planners made them feel more comfortable managing their finances, compared with 43% in 2023 and a much higher 58% in 2019. This decline suggests that respondents may be gaining greater financial self-confidence or becoming more critical and selective in their evaluation of advisory services. Thus, financial planners are regarded as technical facilitators, rather than sources of psychological reassurance.

Expectations regarding professional credibility have significantly evolved. In 2025, 30% of respondents highlighted recognised financial licences and professional designations as significant attributes, doubling from 15% in 2023 and more than doubling from 13% in 2019. Conversely, reliance on industry experience dropped sharply to 9% in 2025 from 22% in 2023, while the importance of product knowledge decreased to 21% from 26%. This change implies a growing preference for formal regulatory legitimacy and certified professionalism over informal, experience-based indicators of competence.

Service expectations have shifted towards outcomes focused on protection. In 2025, 62% of respondents expected financial planners to offer protection for themselves and their families in case of disability or death, up from 53% in 2023. Conversely, expectations for long-term medical care planning decreased from 45% to 32%, while the focus on building emergency savings dropped from 53% to 39%. This pattern signals a rising prioritisation of immediate risk protection against significant life events over broader, long-term financial resilience strategies.

The 2025 findings indicate a more professionalised, risk-oriented, and standards-driven view of financial planning services. Engagement with financial planners has increased, with a greater focus on professional credentials and licensing, while dependence on emotional reassurance and familiarity has decreased.

This professionalisation trend aligns with the emphasis by the Securities Commission Malaysia and Bank Negara Malaysia on strengthening the quality, accountability, and credibility of financial advisory services. The situation reflects a broader shift toward regulated, competency-based trust rather than informal

or relational reliance in financial decision-making (Bank Negara Malaysia, 2022; Securities Commission Malaysia, 2015; 2024).

3.8 Perceptions toward Financial Planners, Financial Plans, and Financial Planning Companies

Respondents' perceptions in 2025 show a clear shift towards a more plan-oriented approach in financial decision-making. Figure 3.16 demonstrates that financial plans remain the most influential factor, with 48% of respondents saying their choice of financial planner is mainly based on the benefits and suitability of the financial plan. This percentage stays the same as in 2023 (48%) and improves from 44% in 2019 and 34% in 2017. Conversely, reliance on the reputations of financial planners and financial planning firms has decreased, though it is still important. In 2025, 39% of respondents were influenced by the financial planner, and 35% by the financial planning firm, compared to 43% and 33%, respectively, in 2017. These trends indicate a gradual shift from reputation-based to value-based financial choices, in which the quality and relevance of the financial plan are increasingly valued over reputation.

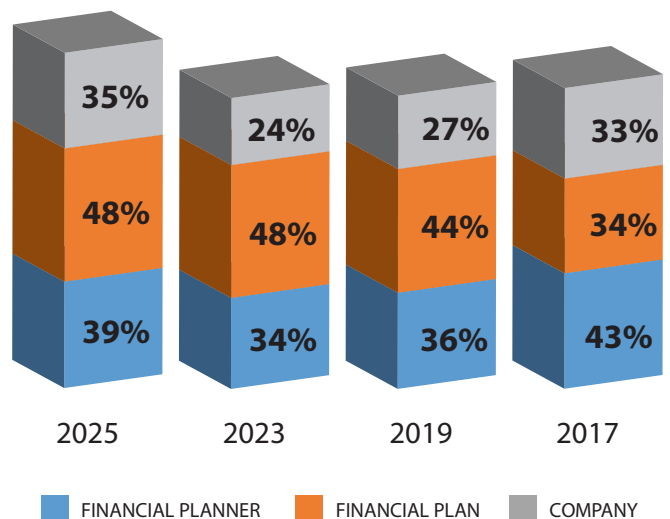


FIGURE 3.16 Perception towards Financial Planners, Financial Plans, and Financial Planning Companies

Information-seeking behaviour further reflects this maturing perspective. In Figure 3.17, interpersonal networks have become the primary source of information on financial planning companies. By 2025, 46% relied on people they knew in the financial industry, up from 40% in 2023 and 23% in 2017. Meanwhile, dependence on media declined sharply to 26% from 39% in 2023. Friends and family also grew in importance (22% in 2025, versus 17% in 2023, and 12% in 2017). This shift underscores the increasing role of trust-based relationships and peer validation in shaping perceptions and confidence in financial planning services.

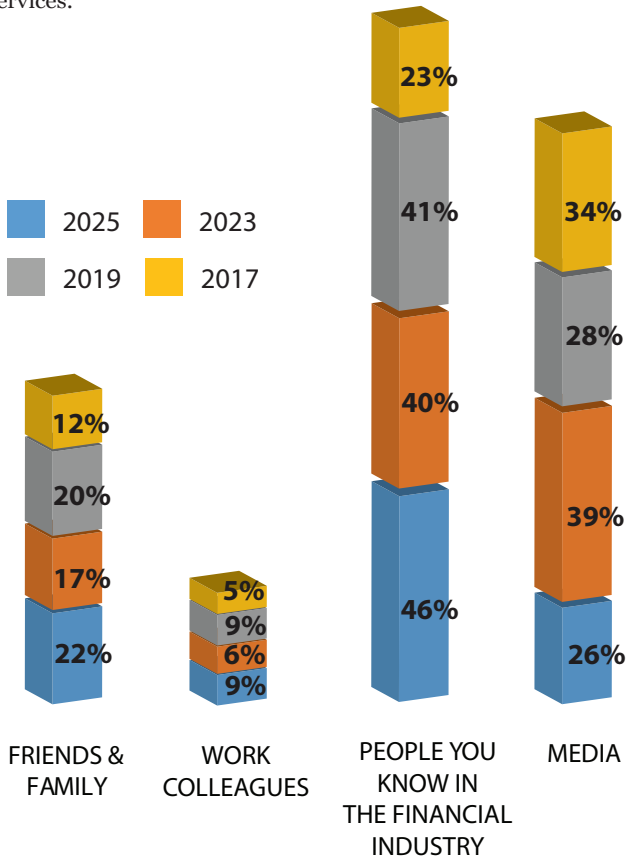


FIGURE 3.17 Financial Planning Companies Information Source

The selection criteria for financial plans in Figure 3.18 further support a more analytical approach. Although suitability to individual needs remains the main criterion, it decreased from 67% in 2023 to 51% in 2025, indicating a shift in evaluation priorities. A greater emphasis exists on capital security (30%), acceptable returns (23%), reasonable fees and commissions (20%), and acceptable risk levels (21%). Compared with 2017 and 2019, these increases indicate greater awareness of the technical and cost-related aspects of financial products.

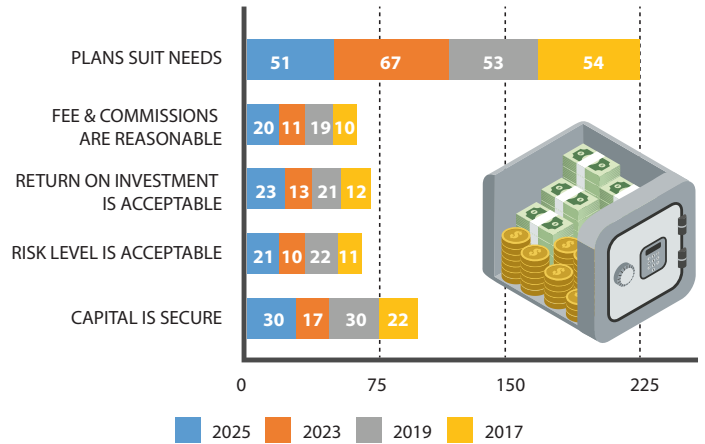


FIGURE 3.18 Selection Criteria for Financial Plan

Preferences for qualities in financial planners also show growing sophistication. In Figure 3.19, trustworthiness remains the most valued attribute, although it decreases to 62% in 2025 from 80% in 2023. Concurrently, demand for planners who provide up-to-date information rose to 25%, those offering independent advice increased to 22%, and those able to demonstrate evidence of success also rose to 22%. These changes indicate that respondents are no longer satisfied with trust alone, but increasingly expect competence, transparency, and professional credibility.

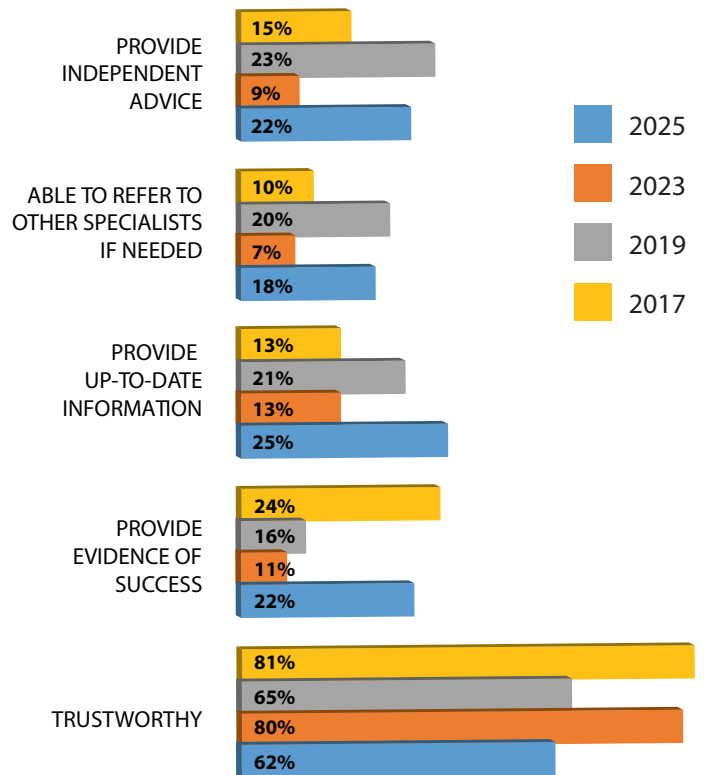
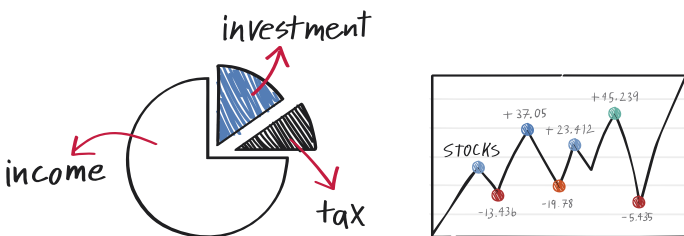


FIGURE 3.19 Preferred Qualities of a Financial Planner

Digital payment behaviour continues to demonstrate how deeply financial technology has integrated into daily transactions. In Figure 3.20, Touch 'n Go remains the most popular e-wallet, increasing from 80% in 2023 to 91% in 2025, reinforcing its dominance in the digital payment landscape. DuitNow maintains a consistently high usage rate



of 75% across both years, emphasising its role as a national payment infrastructure. GrabPay demonstrates a modest rise from 37% to 39%, while Shopee Pay declined from 67% in 2023 to 52% in 2025, indicating a shift away from platform-specific wallets towards more universal

payment methods. Usage of Boost slightly decreased from 21% to 17%, and Lazada Wallet decreased from 17% to 13%. These trends suggest a growing consumer preference for dominant, interoperable platforms, rather than fragmented merchant-based applications.

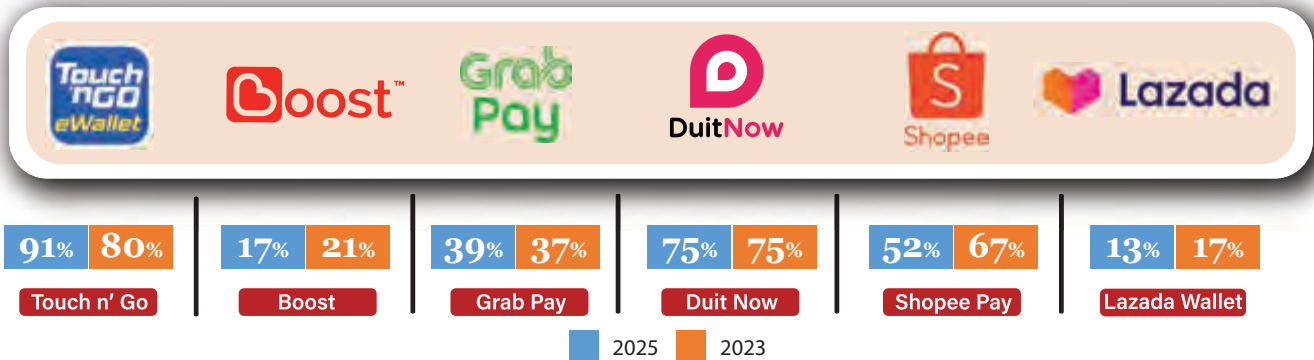


FIGURE 3.20 E-wallet Services

Despite the widespread use of e-wallets, engagement with robo-advisory services remains limited, although a steady increase is evident. Figure 3.21 indicates that robo-advisor usage grew from 9% in 2023 to 15% in 2025, while non-usage decreased from 91% to 85%. Although still a minority activity, this six-percentage-point rise demonstrates increasing acceptance of algorithm-based financial advice. Nonetheless, the large proportion of non-users emphasises ongoing concerns about trust, personalisation, and the perceived ability of automated systems to fulfil complex financial needs. Consequently, robo-advisors are still regarded as supplementary tools rather than mainstream alternatives to human financial planners.

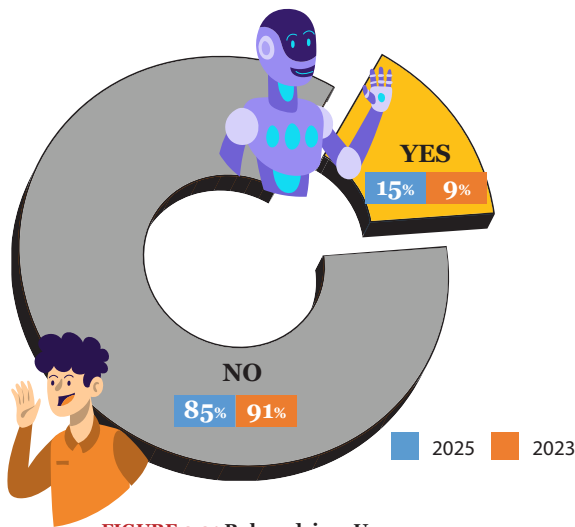


FIGURE 3.21 Robo-advisor Usage

Perceived knowledge of financial technology has slightly increased, supporting the observed behavioural changes. In Figure 3.22, respondents' rating their knowledge as "good" remained stable at 41% in 2023 and 40% in 2025. Those reporting a "moderate" level grew from 43% to 46%, while the proportion perceiving their knowledge as "bad" decreased from 16% to 14%. Therefore, 86% of respondents in 2025 considered themselves to have moderate to good knowledge of financial technology, up from 84% in 2023. This minor improvement indicates increasing confidence in using digital financial platforms and services.

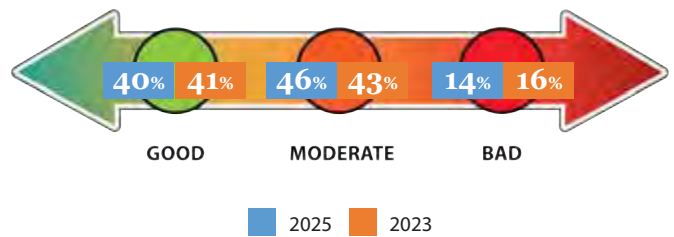


FIGURE 3.22 Knowledge on Financial Technology

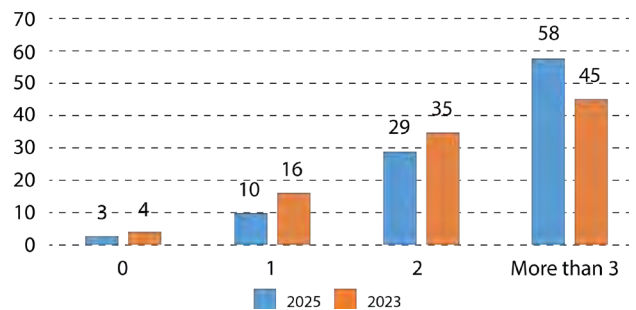


FIGURE 3.23 Financial Technology Application

The adoption of financial technology applications has increased (Figure 3.23), with more respondents using more than three applications in 2025 (58%) compared to 2023 (45%). At the same time, fewer respondents used one or two applications, indicating a shift towards more intensive usage. Overall, these findings show that financial technology is becoming a more common part of daily financial management.

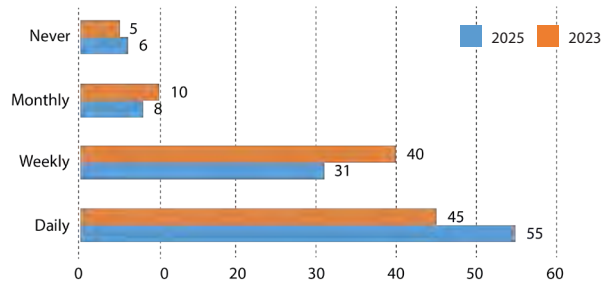


FIGURE 3.24 Frequency of Financial Technology Usage

Consistent with this trend, the frequency of financial technology engagement has also increased (Figure 3.24), with daily usage rising from 45% in 2023 to 55% in 2025. Weekly usage declined from 40% to 31%, suggesting a shift from occasional to more regular engagement. Monthly usage remains low (8% vs. 10%), while the proportion who never use financial technology is small and largely unchanged (6% & 5%). These results show that financial technology is increasingly used in everyday financial activities.

The evidence from Figures 3.20 to 3.24 unveils a pattern of strong digital adoption in routine financial activities, contrasted with cautious engagement in more complex digital financial services. E-wallets have become a nearly universal transactional tool, while robo-advisors remain at an early stage of acceptance. Simultaneously, improved self-assessed financial technology knowledge supports the shift towards a more digitally integrated financial environment. These developments suggest that respondents are increasingly comfortable with financial technology for everyday use, yet remain selective and risk-aware when adopting advanced digital financial advisory tools.

Perceptions of financial planners, financial plans, and financial planning companies in 2025 reflect a more value-driven, performance-oriented decision-making pattern, supported by the increasing use of digital financial services. In Table 3.5, financial planning is strongly aligned with respondents' personal values and life goals, with the highest mean score (3.92), up from 3.84 in 2023 and 3.62 in 2019. This finding indicates that financial planning is increasingly regarded as an essential component of long-term life and family security.

Awareness of where to access financial information has also increased in 2025 (mean = 3.57), although time constraints continue to limit comprehensive evaluation (mean = 3.00). Perceived financial knowledge shows only a slight improvement (mean = 3.14), indicating that confidence in financial competence remains moderate. The significance of self-image in selecting a financial planner remains steady (mean = 3.25), highlighting the ongoing significance of psychological and symbolic factors in financial decisions.

TABLE 3.5 Financial Decision

NO.	STATEMENT	2025	2023	2019	2017
		Mean			
1	I know where to get information to make important financial decisions	3.57	3.39	3.30	3.75
2	I only look for information that keeps me up to date with certain products	3.44	3.33	3.26	3.31
3	I do not have time to evaluate all the information provided to me	3.00	2.95	2.94	2.98
4	I know a lot about financial matters	3.14	3.09	2.99	3.31
5	My choice of financial planner is relevant to my self-image	3.25	3.33	3.17	3.14
6	Financial planning is relevant to my values and goals in life	3.92	3.84	3.62	3.82

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

Evaluation behaviour towards financial service providers has become more analytical. Table 3.6 demonstrates that choosing providers based on overall performance recorded the highest mean in 2025 (mean = 3.94), rising from 3.85 in 2023 and 3.64 in 2019. Similarly, reliance on minimum acceptable standards strengthened (mean = 3.66), reflecting a more structured screening approach. Nevertheless, behavioural influences persist, as preference for familiar providers (mean = 3.59) and those respondents who have always wanted to use (mean = 3.64) remain high. Recommendations from knowledgeable individuals also continue to influence decisions (mean = 3.68). These findings demonstrate that trust-based social validation continues to complement rational evaluation.

Table 3.6 Evaluation of Financial Service Providers

NO.	STATEMENT	2025	2023	2019	2017
		Mean			
1	I would choose the first financial service which surpassed my minimum requirements on each of the important criteria	3.66	3.60	3.38	3.42
2	I would choose a financial service provider I have always wanted to use	3.64	3.60	3.42	3.47
3	I would choose a financial service provider I currently use	3.59	3.52	3.34	3.42
4	I would choose the financial service which performed the best when comparing all the relevant aspects	3.94	3.85	3.64	3.76
5	I would choose the financial service which was recommended to me by people who knew more about it	3.68	3.58	3.45	3.52

*Scale: 1 = Highly Unlikely to 5 = Highly Likely

The role of financial technology further shapes these perceptions. As shown in Table 3.7, FinTech usage is highest for money transfer and payments (92%) and savings (87%), indicating strong digital integration in everyday financial management. Over half of respondents use FinTech for insurance or takaful (55%) and investment (51%), while 41% use it for financial planning. Nonetheless, estate planning adoption remains low (16%), suggesting that complex, long-term financial decisions still depend primarily on professional advice.



Table 3.7 Usage of Financial Technology Service

NO.	FINTECH SERVICE CATEGORY	2025
		%; Yes
1	Money transfer and payment	92
2	Financial planning	41
3	Loan	47
4	Insurance/Takaful	55
5	Savings	87
6	Investment	51
7	Zakat	44
8	Taxation	43
9	Estate planning	16
10	Others	6

The 2025 findings indicate that perceptions of financial planners and financial planning services are influenced by value alignment, performance assessment, and digital accessibility. Financial decision-making has become more rational and structured, yet it remains affected by familiarity, trust, and social recommendations. This situation reflects a maturing yet hybrid financial mindset in which analytical judgment coexists with behavioural and relational factors.

Financial decision-making among respondents has become more plan-focused and results-driven, with a decreasing reliance on media influence and an increasing reliance on peer networks and perceived insider knowledge. Although this finding indicates greater analytical engagement, it also underlines the ongoing importance of social validation in financial decisions.

This pattern is consistent with national findings that Malaysians increasingly evaluate financial products using structured criteria, yet remain susceptible to peer influence, particularly in digital and investment contexts (Fintech News Malaysia, 2025; RinggitPlus, 2025).

3.9 Participation in the Capital Market

Across the four survey waves, participation in the capital market still indicates limited investment capacity among households. Figure 3.25 illustrates that the proportion of respondents reporting no income available for investment has steadily increased from 12% in 2017 to 15% in 2019, 22% in 2023, and remained at 22% in 2025. Meanwhile, those investing less than 20% of their annual income reduced from 61% in 2017 to 54% in 2019, 55% in 2023, and 50% in 2025.

Conversely, participation at higher investment levels has declined over time. The proportion investing between 20 and 40% dropped from 24% in 2017 and 28% in 2019 to 22% in 2023 and 24% in 2025, while those investing more than 40% fell from 3 to 5% in earlier years

to only 1% in 2023 and 5% in 2025. Collectively, these trends confirm that a substantial majority of respondents continue to invest modest proportions of their income, reflecting ongoing financial constraints caused by rising living costs, inflation, and income insecurity.

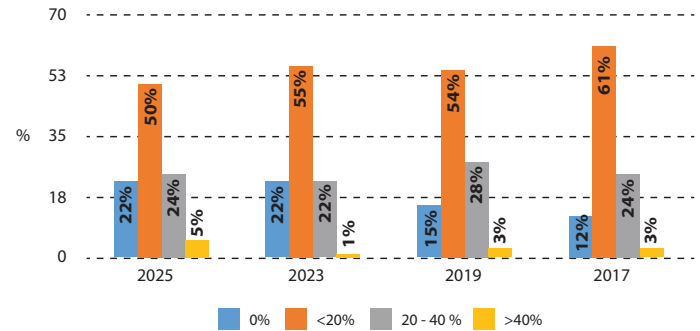


FIGURE 3.25 Annual Income Invested

The purpose of investment further emphasises that participation in capital markets is driven more by precautionary needs than by growth ambitions. Figure 3.26 illustrates that preparing for retirement is the main motive (64%), followed closely by generating passive income (59%) and securing financial stability (53%). Medical emergencies also remain a significant concern, cited by 53% of respondents. Children’s education accounts for 33%, while the desire for higher returns attracts 48%. Conversely, entrepreneurial goals are limited, with only 13% investing in starting or expanding a business. These patterns denote that investment behaviour is primarily defensive, centred on financial protection and long-term stability rather than wealth maximisation or risk-taking.

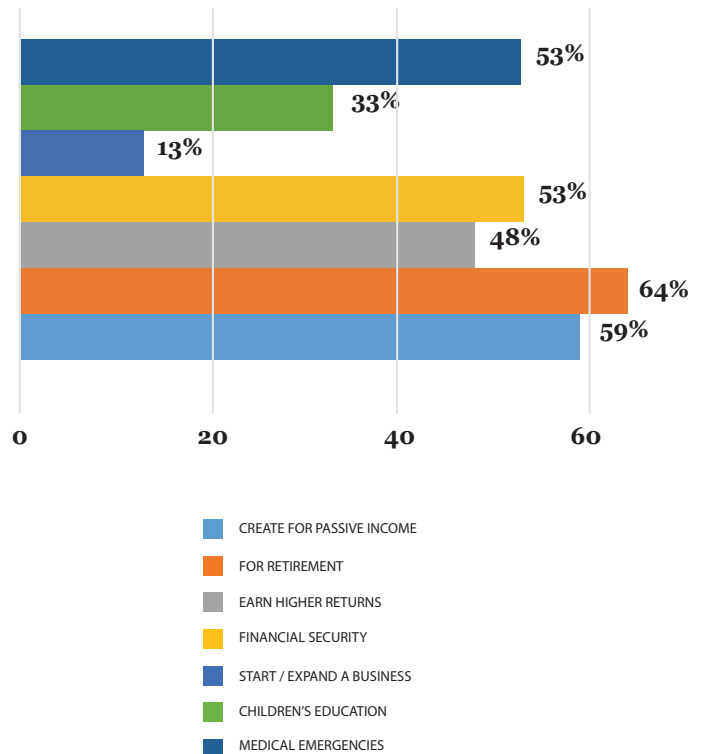


FIGURE 3.26 Purpose of Investment

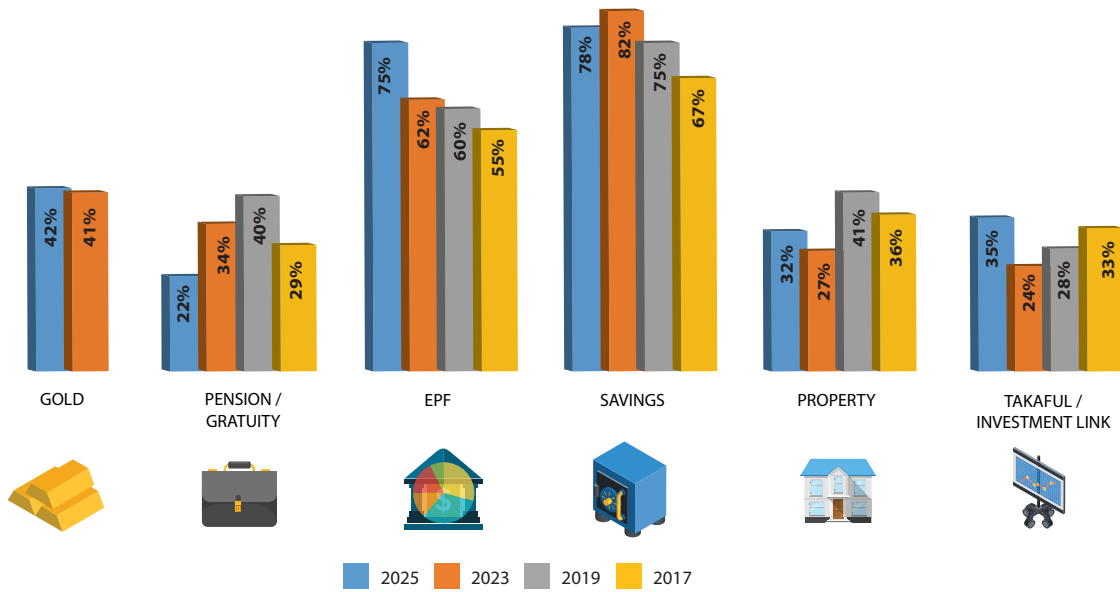


FIGURE 3.27 Financial Resources for Retirement

A strong reliance on traditional, low-risk instruments for retirement planning persists across all years. Figure 3.27 illustrates that personal savings remain the main source of retirement funds, increasing from 67% in 2017 to 75% in 2019, 82% in 2023, and staying high at 78% in 2025. EPF also plays an important part, rising from 55% in 2017 and 60% in 2019 to 75% in 2025. Gold remained significant, from 41% in 2023 to 42% in 2025, demonstrating its role as a hedge against inflation and financial instability. Meanwhile, reliance on pension or gratuity schemes decreased from 29% in 2017 to 22% in 2025, and property investment stayed moderate at around 27% in 2023 to 32% in 2025.

A similar conservative trend is seen in asset ownership in Figure 3.28, where savings (77% in 2025), EPF (67%), and gold (42%) lead, while participation in Tabung Haji (29%) and insurance or investment-linked products (34%) remains supportive rather than dominant. The four-year comparison indicates that capital market participation in Malaysia remains cautious, protection-focused, and reliant on traditional savings tools, underscoring the need to boost household financial resilience and long-term investment capacity.

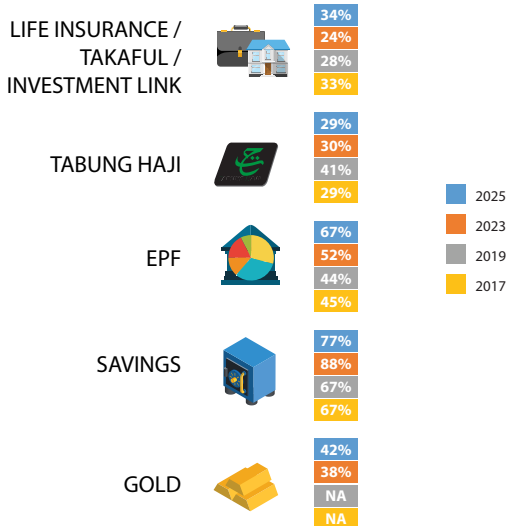


FIGURE 3.28 Types of Savings or Investment

Figure 3.29 indicates that engagement in alternative investments remains low, although there is a slight increase from 2023 to 2025. In 2023, only 22% of respondents reported investing in alternative instruments, while 78% did not. By 2025, participation has edged up to 26%, while non-participation has decreased to 74%.

This slight increase indicates growing awareness and cautious interest in higher-risk investment options. However, the large proportion of non-participants indicates that alternative investments still account for only a marginal share of respondents' portfolios. Concerns about volatility, uncertainty, and financial risk continue to deter wider involvement, emphasising that investment behaviour remains predominantly conservative.

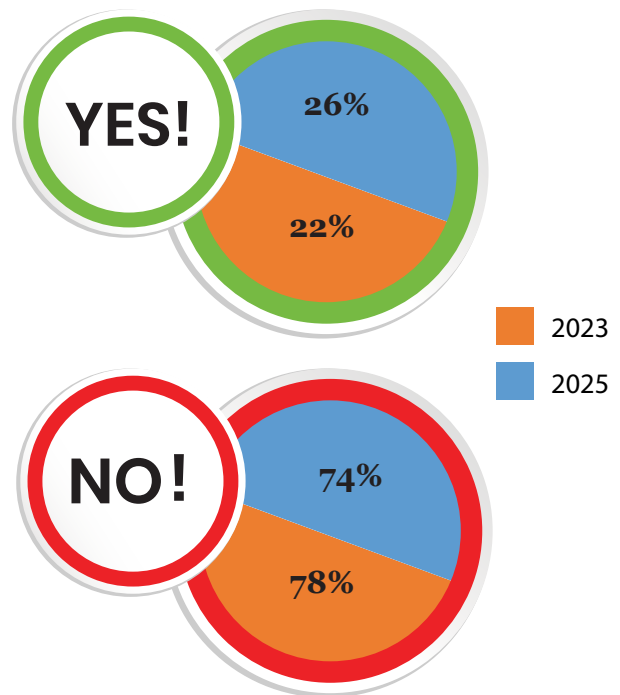


FIGURE 3.29 Participation in Alternative Investments

More specifically, Figure 3.30 demonstrates that participation in alternative investments remains selective and uneven across various instruments, with only modest changes between 2023 and 2025. Commodities were the most popular choice, increasing from 10% in 2023 to 17% in 2025, indicating greater confidence in these and more familiar asset classes. Interest in cryptocurrency rose sharply from 4% in 2023 to 14% in 2025, reflecting rising exposure to digital assets and increasing public awareness of this investment avenue.

Crowdfunding participation also grew, from 4% to 9%, indicating cautious exploration of new digital-based financing platforms. Conversely, engagement in high-return business compensation schemes increased only slightly from 5% to 6%, while participation in online Forex trading declined from 7% in 2023 to 5% in 2025, signalling ongoing concern over volatility and speculative risk.

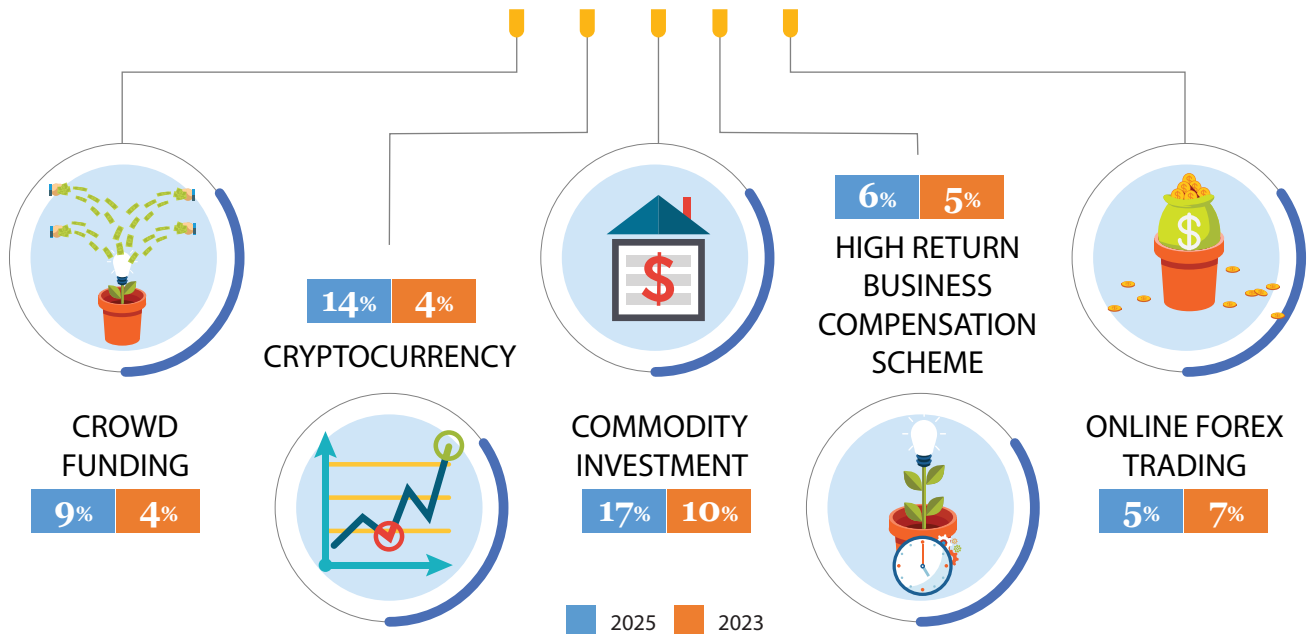


FIGURE 3.30 Types of Alternative Investments

Participation levels remain low despite these minor changes, emphasising the cautious nature of respondents’ investment behaviour. In 2025, no single alternative investment category attracted over 17% of respondents, highlighting strong risk aversion and limited confidence in less regulated or highly volatile financial instruments. These patterns indicate that alternative investments serve more as supplementary or exploratory options, rather than as main parts of household portfolios.

Although awareness and experimentation have grown, particularly in cryptocurrencies and commodities, financial vulnerability and rising living costs continue to constrain wider involvement. This highlights the importance of strengthening household financial resilience and enhancing investment literacy to enable more balanced, sustainable participation in the capital market.

Participation in capital markets remains cautious and limited. An increasing number of respondents report having no capacity to invest, while most investors allocate only a small portion of their income to investments. Investment motives are mainly driven by precautionary goals such as retirement and medical security. Although involvement in crypto assets has expanded, overall engagement with alternative investments remains limited.

These findings on capital market participation align with national concerns highlighted in the Thirteenth Malaysia Plan (RMK-13) and the Securities Commission Malaysia Annual Report 2024, which emphasise that limited disposable income, persistent risk aversion, and inadequate

long-term planning continue to hinder meaningful participation in wealth-building assets.

The CMDF 2026 findings for the 1,500 new respondents demonstrate that while financial behaviour and access have improved, underlying structural constraints (particularly income adequacy, retirement preparedness, capital market participation, and exposure to digital financial risks) remain unresolved. This trend aligns with national policy assessments outlined in the Thirteenth Malaysia Plan (RMK-13), the National Strategy for Financial Literacy 2026-2030, the Securities Commission Malaysia Annual Report 2024, and the Economic Outlook 2025, suggesting that behavioural improvements have not been matched by equivalent structural progress. Collectively, these findings emphasise the need for financial education and policy interventions that extend beyond raising awareness to strengthen long-term financial capability, resilience, and planning.





FINDINGS

4.0

4.0 Findings

4.1 Profile Of Respondents

4.1.1 Demographics

The demographic profile of the 500 repeated respondents shown in Figure 4.1 indicates a higher proportion of females (62%) than males (38%). Regarding marital status, married respondents constitute the largest group at 70%, followed by singles at 26%, suggesting that most respondents are likely managing family

and household financial responsibilities. In terms of ethnicity, most respondents are Malay (64%), followed by Chinese (25%), Indians (3%), and other ethnic groups (8%). This composition reflects a diverse respondent base across gender, marital status, and ethnicity, providing a strong foundation for analysing financial behaviour and related outcomes.

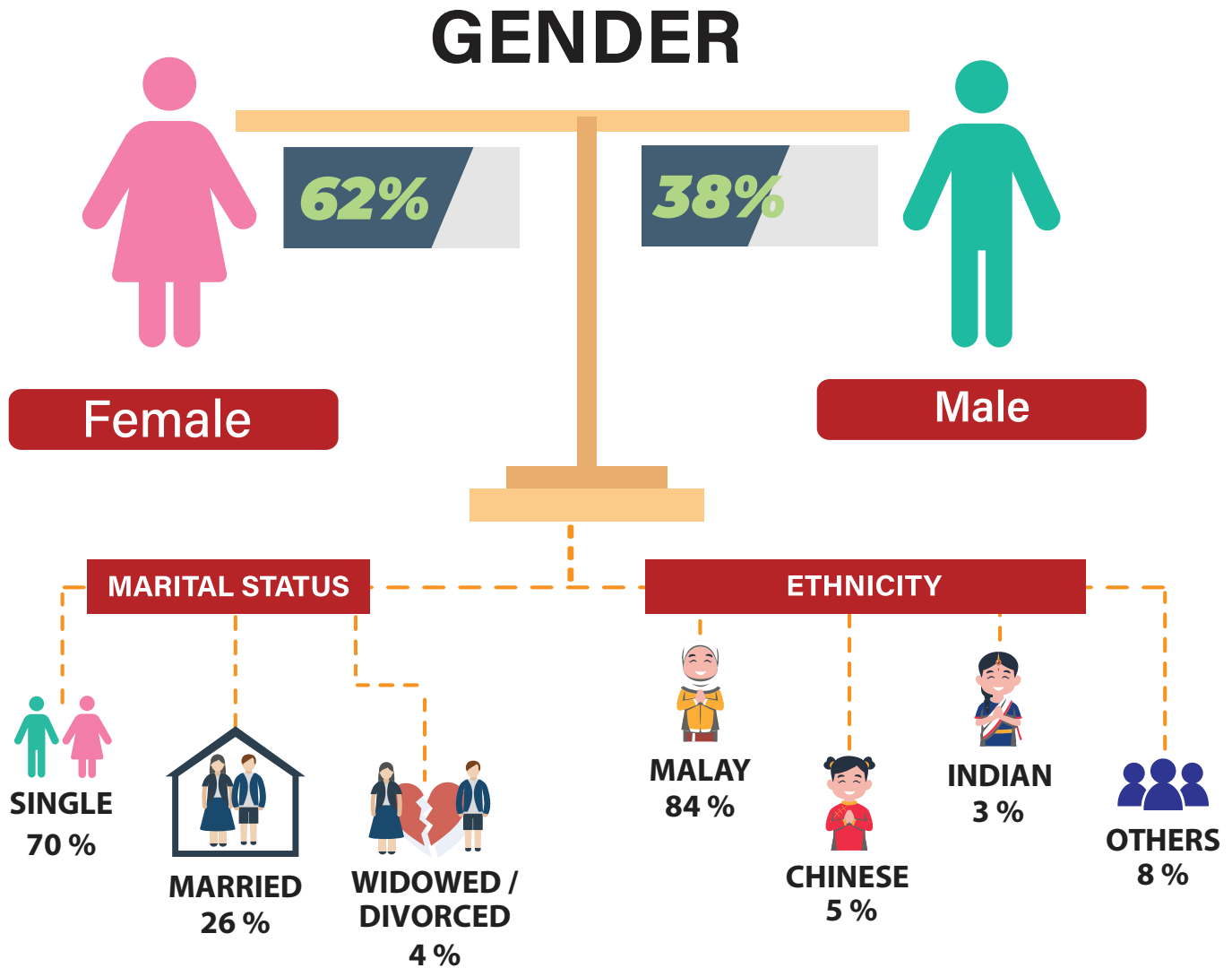


FIGURE 4.1 Gender, Marital Status & Ethnicity

The other demographic characteristics of the respondents are summarised by their education level and monthly salary in Figure 4.2. In terms of education, the sample is largely well educated, with the majority having attained tertiary education (82%), followed by those with secondary education (18%). This finding indicates that nearly all respondents hold at least a secondary-level qualification, suggesting a relatively strong educational foundation.

Regarding monthly income, a clear concentration is observed in the lower-income category. Most respondents earn below RM 4,850 per month (61%), while just over one-third earn between RM 4,851 and RM 10,970 (35%). Only a small proportion reports earning above RM 10,970 (4%). This income distribution indicates that the respondents mainly come from lower- to middle-income households, with limited representation from higher-income earners.

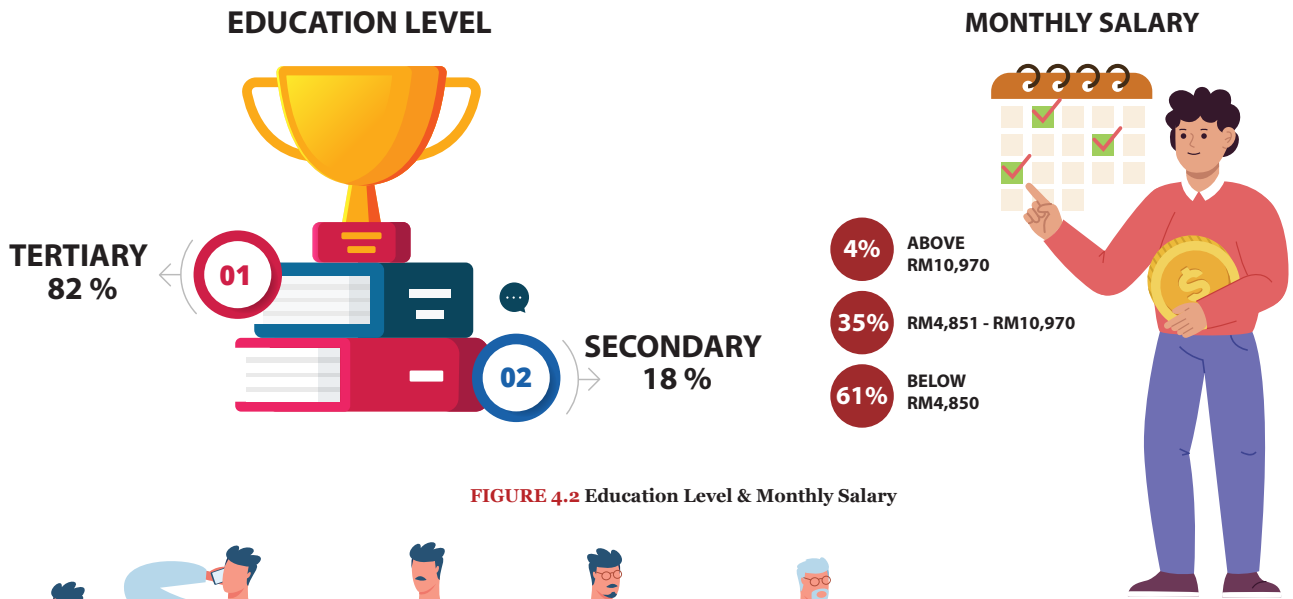
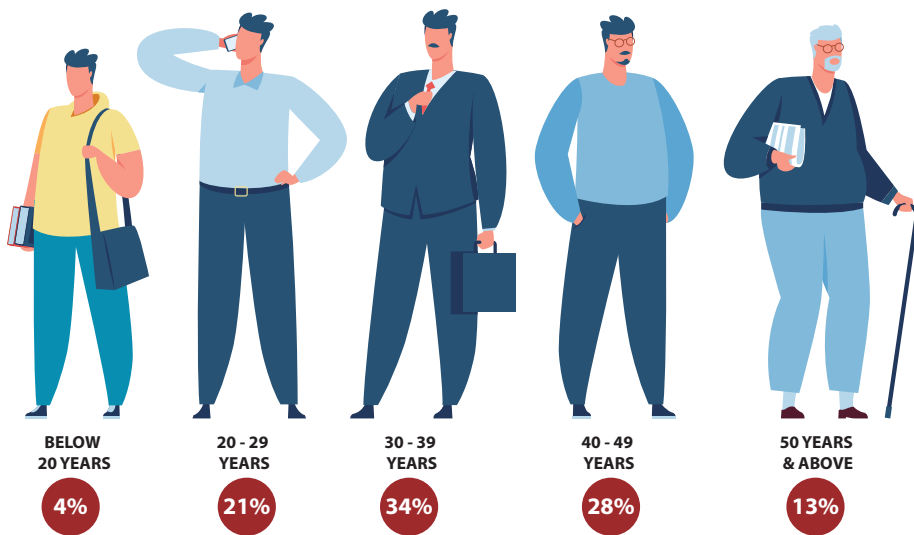


FIGURE 4.2 Education Level & Monthly Salary



The age profile of the respondents shows a higher proportion of working-age adults, with those aged 30 to 39 years making up the largest group at 34%, followed by those aged 40 to 49 years at 28% (see Figure 4.3). Younger adults aged 20 to 29 years represent a smaller share, while only a small proportion of respondents are under 20 years old (4%). This trend suggests that the sample primarily consists of individuals in their peak employment years, who are more likely to be actively involved in financial decision-making and planning.

FIGURE 4.3 Age Distribution

The family-size profile in Figure 4.4 shows that most respondents come from households of medium size. More than half of the respondents live in families of four to six members (56%), reflecting the common household structure among the study sample. This is followed by households with fewer than four

members, accounting for approximately one-third of respondents (31%). A smaller proportion of respondents comes from larger households with more than six family members (13%), suggesting that extended-family living arrangements are less common in this group.

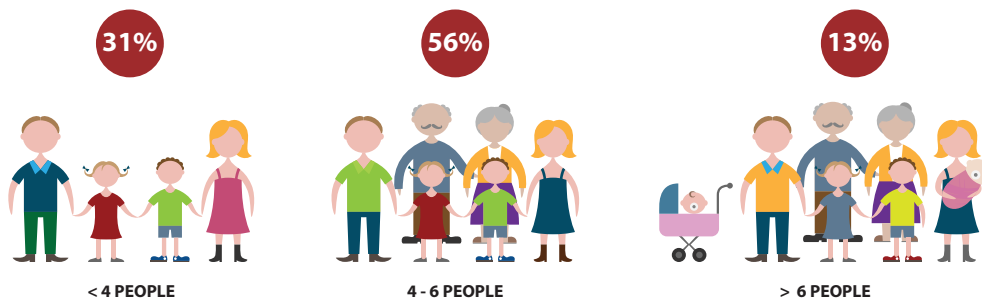


FIGURE 4.4 Size of Family

4.1.2 SOCIOECONOMIC INFORMATION

The employment profile shows that most respondents are active in the labour market (see Figure 4.5), with a large majority working (83%), indicating a mostly economically engaged sample. Smaller groups include students (5%) and full-time housewives (4%), indicating that

a modest share of respondents are not in formal employment due to education or household duties. A mere proportion are self-employed (6%) or belong to other employment categories (2%), reflecting limited representation of alternative or non-standard employment arrangements within the sample.

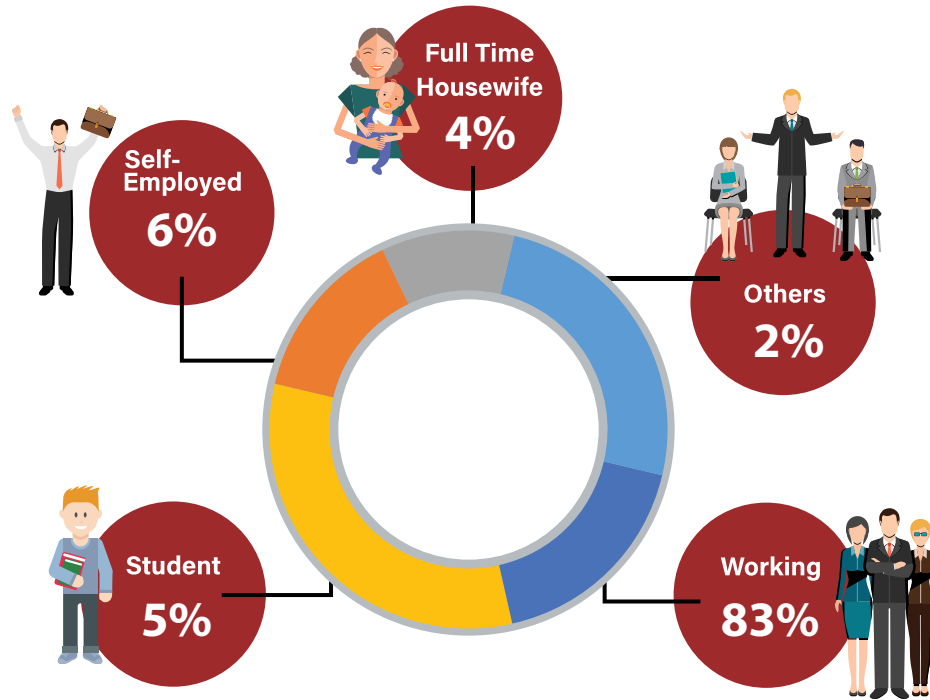


FIGURE 4.5 Employment Status

Homeownership among the respondents shows a strong preference for owner-occupation, as illustrated in Figure 4.6. A majority own their homes (55%), indicating relatively stable housing conditions within the sample. This is followed by respondents living in homes owned by family members (24%), highlighting the continued importance of extended family support in housing arrangements. Renting remains a common option, with 18% residing in rented accommodation. Other types of housing, including quarters, inherited properties, living with others, and other ownership statuses, each account for only a small proportion of respondents (5% or less), underscoring that non-ownership and transitional living arrangements are relatively rare in this group.

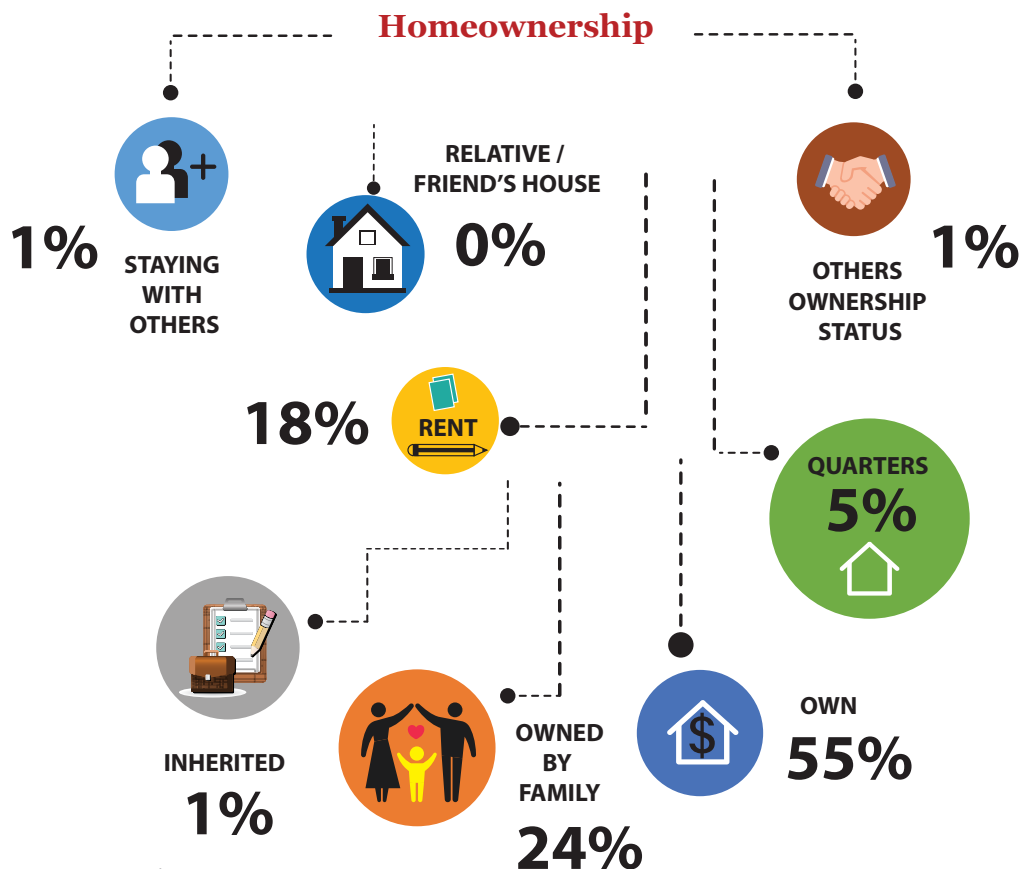


FIGURE 4.6 Homeownership

The distribution of monthly income allocated to savings indicates that saving behaviour among respondents remains modest (see Figure 4.7). Most allocate a small portion of their income to savings: 51% save more than 0% but less than 10%, while another 34% save between 10% and under 20%. Only a small group exhibits stronger saving discipline, as 8% report saving at least 20% of their income. At the lower end, 7% state disregard savings, suggesting that a minority of respondents remain financially constrained or prioritise immediate consumption over regular savings.

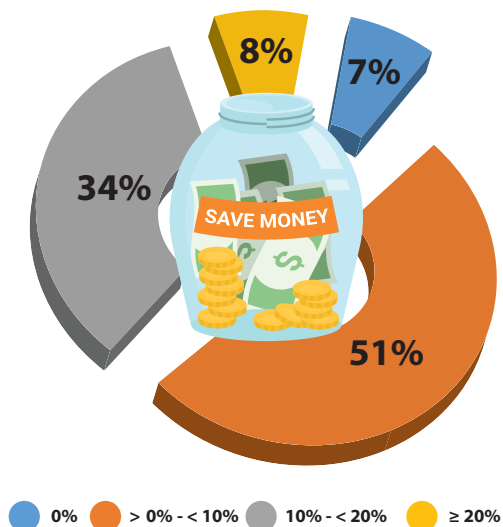


FIGURE 4.7 Monthly Savings

The assets-to-debt ratio of respondents indicates varying levels of financial resilience (see Figure 4.8). A significant proportion of respondents (40%) have assets that are less than their debts, indicating a constrained financial position and limited buffers against economic shocks. Simultaneously, approximately 30% report having assets equal to their debts, reflecting a neutral balance in which obligations are matched by available resources. Another 30% state that their assets exceed their debts, signalling a more stable financial situation with a greater capacity to withstand risks and manage future financial commitments.

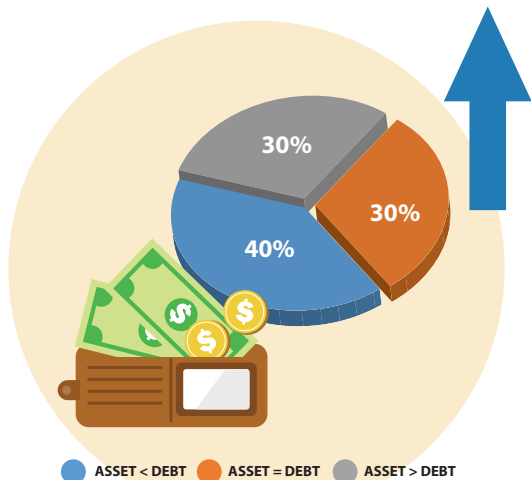


FIGURE 4.8 Assets-to-Debt-Ratio

The results in Figure 4.9 show different levels of income adequacy among respondents. A significant 34% reported that their income covers only basic needs, indicating limited financial flexibility beyond essential expenses. Another 27% state that their income is sufficient for most expenses, while 29% say they have enough to cover expenses and save, indicating a relatively more secure financial situation. Nonetheless, a vulnerable group comprising 10% of respondents reported that their income is insufficient even for basic needs. This distribution emphasises ongoing disparities in income adequacy, with implications for household resilience and the capacity of some respondents to manage financial shocks.

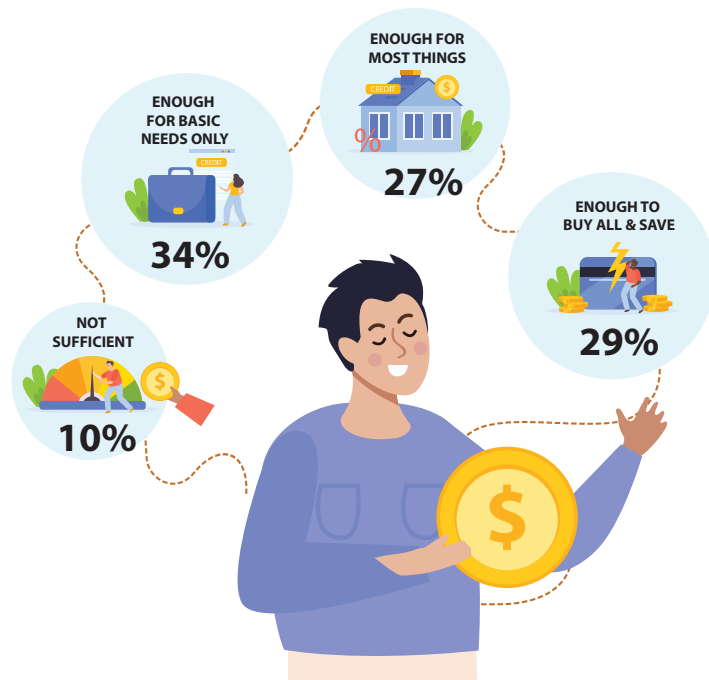


FIGURE 4.9 Income Adequacy

Regarding loan ownership shown in Figure 4.10, the most common form of borrowing among respondents is vehicle hire purchase, reported by 45%, underscoring the significance of private transport for everyday mobility. This figure is followed by housing loans at 36%, reflecting a strong commitment to long-term housing finance. Personal loans are also common, with 35% of respondents, while education loans account for 27%, indicating ongoing reliance on credit for skills development and human capital investment. Credit card debt is reported by 18%, indicating a moderate level of short-term consumer borrowing. Conversely, fewer respondents hold hire purchase loans for furniture or electrical goods (12%), investment loans (6%), and business loans (4%), implying that borrowing is more focused on consumption and essential assets than on investment or entrepreneurial financing.



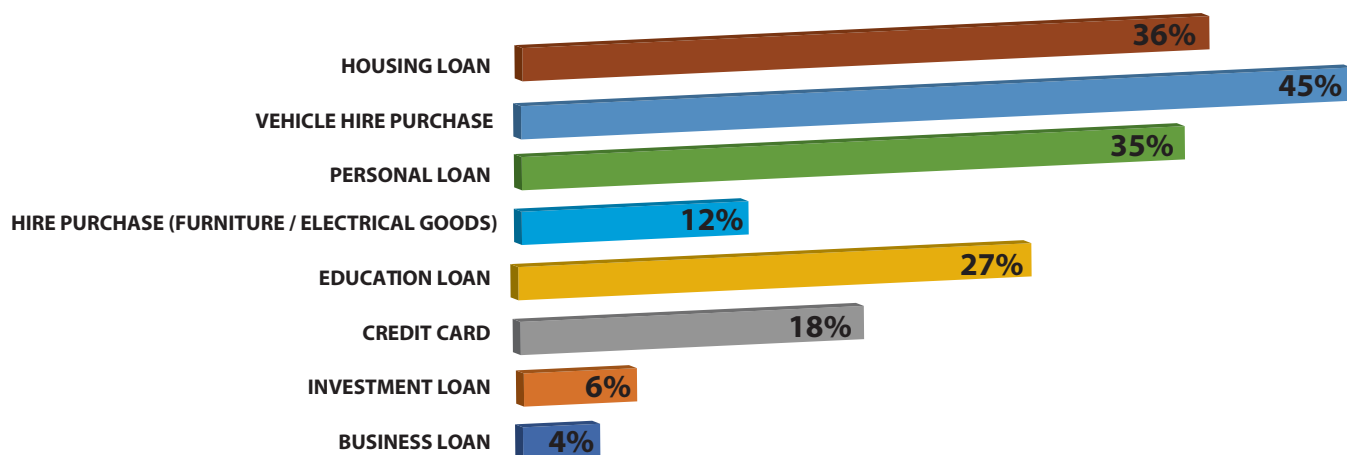


FIGURE 4.10 Types of Loans

Respondents report holding a diverse range of assets, with vehicle ownership the most common, reported by about three-quarters (74%), followed by home ownership at 60% (see Figure 4.11). Jewellery is also relatively common, held by 42%, reflecting its dual role as both a consumption and savings asset. Land ownership is reported by around

one-quarter of respondents (24%), while smaller proportions own rental houses (8%), farms (2%), shop houses (2%), currency holdings (2%), or other types of assets (5%). This pattern suggests that tangible and easily accessible assets, especially vehicles and owner-occupied homes, dominate respondents' asset portfolios.

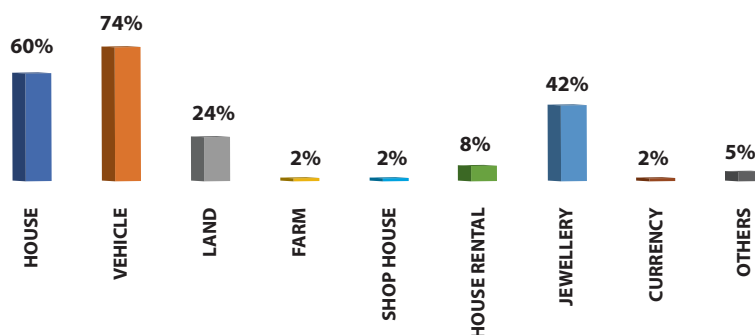


FIGURE 4.11 Types of Assets

The asset profile indicates that many respondents depend on practical, non-financial assets rather than diversified investment holdings. Although a reasonable number own housing and other valuables, asset accumulation remains focused on a few categories, with limited involvement in income-generating or investment-focused assets. This explains why a significant proportion of respondents continue to face tight financial conditions, as asset ownership does not necessarily convert into liquid resources or steady income streams.

The demographic and socioeconomic profile of the 500 repeat respondents indicates a group that holds assets moderately but remains financially vulnerable. Although ownership of vehicles and housing is relatively common, their assets are mainly in non-liquid forms, with limited savings and investment ability, which reduces overall financial resilience. These results highlight the importance of policies and programmes that encourage asset diversification, improve savings and investment literacy, and support sustainable income growth, especially to strengthen long-term financial security.

Having advanced through successive CMDF waves since

2017, repeat respondents offer valuable insights into financial trajectories over time. Despite increased work experience and life-stage changes, around 40% still report asset levels below their outstanding debt, indicating ongoing balance-sheet fragility. This demonstrates that ageing and accumulated experience alone are not enough to ensure significant improvements in financial stability.

This pattern aligns with wider national evidence indicating that income growth and asset accumulation among working-age Malaysians have not kept pace with rising living costs and debt obligations, especially within urban and middle-income groups (Ministry of Economy, 2025; RinggitPlus, 2025).

4.2 Financial Literacy

Table 4.1 displays the financial literacy outcomes of repeat respondents across the 2019, 2023, and 2025 survey waves. Overall, the results demonstrate consistently strong awareness of key institutional roles within Malaysia's financial system. In 2025, 83% of respondents correctly identified Bank Negara Malaysia's role in regulating interest rates, a figure that remained broadly stable compared with 82% in 2023. Similarly, knowledge

of the Securities Commission Malaysia's responsibility in ensuring ethical conduct among market institutions and licensed individuals stayed high, with 89% answering correctly in 2025, indicating sustained confidence in regulatory oversight.

Understanding of selected personal finance concepts, however, exhibits more mixed patterns. The proportion of respondents recognising that e-wallets can be used to control spending declined to 59% in 2025 from 66% in 2023, suggesting that widespread adoption of digital payment tools does not necessarily translate into disciplined financial behaviour. Knowledge relating to cryptocurrency regulation weakened substantially, with correct responses falling from 67% in 2023 to just 37% in 2025, indicating growing confusion amid the rapid evolution of digital financial products.

Retirement-related literacy remains a significant concern. Only 34% of respondents in 2025 correctly understood that Employees Provident Fund (EPF) savings alone are insufficient for post-retirement living, a figure almost unchanged from 33% in 2023. This persistent misconception indicates an ongoing overreliance on EPF as the sole

retirement resource. Recent reforms within the EPF (2025), including the establishment of the Retirement Incentive Account (RIA) and the upward revision of the basic retirement savings benchmark to RM390,000 by age 60, highlight institutional concerns about the financial risks faced by individuals who depend mainly on EPF balances for retirement income. Together, these findings reveal a gap between policy efforts to improve retirement adequacy and public understanding of the limitations of mandatory savings alone. In contrast, awareness of estate planning improved significantly, with correct understanding that EPF and insurance nominations can be included in a will rising to 71% in 2025, from 28% in 2023.

Regarding Islamic finance, understanding that Shariah-compliant products can produce returns comparable to conventional products improved to 57% in 2025, up from 47% in 2023, although it still falls below the 2019 level of 60%. Simultaneously, awareness that Shariah-compliant products are not risk-free decreased, with only 62% answering correctly in 2025 compared to 74% in 2023. These trends suggest partial progress in Shariah finance literacy alongside ongoing misconceptions about risk characteristics.

TABLE 4.1 Financial Literacy

NO.	STATEMENT	2025	2023	2019
		n (%); Correctly Answered		
1	Bank Negara Malaysia's role is to regulate interest rates.	417 (83)	408 (82)	NA
2	E-wallet can be used to control spending.	294 (59)	329 (66)	NA
3	Bank Negara Malaysia is regulating cryptocurrency in Malaysia.	187 (37)	333 (67)	NA
4	One can depend on EPF savings for living after retirement.	171 (34)	167 (33)	NA
5	Securities Commission Malaysia ensures ethical conduct of market institutions and licensed individuals.	445 (89)	441 (88)	NA
6	My Will can include EPF and insurance savings nominees.	353 (71)	140 (28)	94 (19)
7	Shariah products generate reasonable returns similar to conventional products.	284 (57)	235 (47)	300 (60)
8	Shariah products are free from risk.	308 (62)	371 (74)	313 (63)
9	Not everyone can contribute to the Private Retirement Scheme (PRS). / Private Retirement Scheme is only for Government employees.*	314 (63)	356 (71)*	447 (89)*
10	Everyone can buy insurance/ takaful whenever they wish to do so.	144 (29)	137 (27)	134 (27)
11	Credit Counselling and Debt Management Agency (AKPK) offers loan services.	364 (73)	378 (76)	352 (70)

*NA = Not Available (new items introduced)

A weaker understanding is also evident in specific areas of retirement and insurance knowledge. Knowledge of the Private Retirement Scheme (PRS) remains limited, with only 63% of respondents in 2025 correctly recognising that not everyone can contribute to PRS, compared with 71% in 2023 and 89% in 2019. Although both survey waves assessed PRS eligibility, the wording differed: the 2025 statement was “Not everyone can contribute to PRS,” whereas earlier waves used “Private Retirement Scheme is only for Government employees.” The revised statement reflects the eligibility condition that PRS participation is generally limited to individuals aged 18 or older who are legally able to enter financial contracts. While differences in question framing may partly explain the decline, the findings nonetheless indicate ongoing gaps in public understanding of PRS, consistent with industry evidence from the Federation of Investment Managers Malaysia and Ipsos showing relatively low awareness (28%) among Malaysian investors, ranked 11th in terms of product awareness among retail investors (Goh, 2024).

Misconceptions surrounding universal access to insurance or takaful persist, with correct responses remaining low at 29% in 2025, broadly unchanged from 27% in both 2019 and 2023. In contrast, awareness of institutional support mechanisms is comparatively stronger: nearly three-quarters of respondents correctly recognised that the Credit Counselling and Debt Management Agency (AKPK) does not offer loan services in 2025 (73%), although this represents a slight decline from 76% in 2023 and is comparable to 70% in 2019.

Viewed collectively, the findings indicate that although repeat respondents demonstrate consistently strong awareness of financial institutions and regulatory roles, substantial gaps persist in critical areas related to retirement adequacy, digital finance capability, insurance accessibility, and risk understanding. These weaknesses point to limitations in translating institutional awareness into effective long-term financial planning and risk management.

Financial literacy among repeat respondents exhibits stability rather than sustained improvement across survey waves. Awareness of key institutions, particularly Bank Negara Malaysia and the Securities Commission Malaysia, has remained high, yet this has not been accompanied by corresponding gains in retirement-related knowledge. Understanding of supplementary retirement instruments, such as the Private Retirement Scheme (PRS), remains persistently weak, while misconceptions regarding Islamic finance risks persist.

These long-term patterns align with concerns emphasised in the National Strategy for Financial Literacy 2026-2030, which identifies retirement adequacy and risk misperceptions as persistent structural issues in the Malaysian financial literacy landscape (Financial Education Network, 2025). They are further supported by national evidence indicating that extensive EPF withdrawals during and after the pandemic have weakened retirement preparedness and delayed long-term planning among working-age households (Employee Provident Fund, 2023; Ministry of Finance, 2022).

4.3 Capital Market Literacy

Respondents’ capital market literacy across four survey waves (2017, 2019, 2023, and 2025), based on five core statements, evaluates their understanding of fundamental investment concepts (Table 4.2). In

2025, respondents showed notably strong awareness of investment risk, with 68% correctly identifying shares as the asset with the highest price fluctuation and 83% correctly recognising that shares are riskier than unit trust investments. These figures are broadly comparable to earlier survey rounds, indicating a consistently high level of awareness regarding risk–return characteristics in the capital market.

TABLE 4.2 Capital Market Literacy

NO.	STATEMENT	2025	2023	2019	2017
		n (%); Correctly Answered			
1	Time value of money: RM10,000 today vs RM10,000 in 3 years	240 (48)	165 (33)	205 (41)	205 (41)
2	Income and prices both double	260 (52)	225 (45)	255 (51)	220 (44)
3	Asset with highest fluctuation	340 (68)	370 (74)	385 (77)	330 (66)
4	Effect of diversification on risk	265 (53)	265 (53)	300 (60)	275 (55)
5	Shares are riskier than unit trust	415 (83)	395 (79)	385 (77)	410 (82)

Understanding of diversification remains moderate, with 53% of respondents in 2025 correctly indicating that diversification reduces risk. This situation demonstrates stability compared with 2023 (53%) but a slight decline from 2019 (60%) and 2017 (55%), suggesting that while the concept is widely recognised, it has not strengthened over time. Similarly, understanding of inflation effects shows mixed results: 52% correctly understood that purchasing power stays the same when income and prices both double, an improvement from 2023 (45%), but only marginally higher than earlier years.

Knowledge of the time value of money remains comparatively weak. Only 48% of respondents in 2025 correctly identified that receiving RM10,000 today is more advantageous than receiving the same amount three years later. Although this marks an improvement from 2023 (33%), the level remains below half of respondents and is only slightly higher than the 2019 and 2017 results (both 41%).

Table 4.2 shows that while respondents have a fair understanding of investment risk and equity markets, fundamental concepts, such as the time value of money and inflation, still pose challenges. This highlights the need for more targeted capital market education centred on basic economic principles. Capital market literacy among repeat respondents shows limited improvement over time. While they recognise relative risk across asset classes reasonably well, their understanding of diversification, compounding, and long-term portfolio construction remains inconsistent. No significant long-term progress is apparent in these more complex areas.

This finding aligns with national observations that Malaysians tend to understand basic investment risks but struggle to convert this knowledge into effective portfolio strategies, especially as retirement planning increasingly depends on capital market participation (Securities Commission Malaysia, 2024).

4.4 Digital Financial Literacy

Respondents’ digital financial literacy, which has recently been added to the survey, is summarised in Table 4.3. It is based on their self-assessed knowledge and experience in using online and mobile financial services. The findings indicate a generally high level of digital financial capability, with mean scores exceeding 4.00 for most items. Respondents reported strong familiarity with conducting digital transactions, including opening and navigating mobile banking, online banking, and e-wallet platforms, initiating transactions, and successfully transferring or receiving money (mean = 4.38). Awareness of the benefits of digital financial services is also high (mean = 4.25), indicating strong acceptance of financial technology in daily financial activities.

In terms of digital security, respondents showed good awareness of website security features such as HTTPS sites, safety logos, and certificates before making online transactions (mean = 4.24), as well as remaining alert to security considerations during transactions (mean = 4.15). However, lower confidence is evident in managing transaction errors, such as correcting, reversing, or cancelling transactions, which recorded the lowest mean score (3.84). Overall, the findings indicate that although respondents are skilled and confident in using digital financial services, there is still room to improve their practical problem-solving skills in transaction management and error handling in digital financial environments.

TABLE 4.3 Digital Financial Literacy

NO.	STATEMENT	Mean
1	I am aware of the security of a website (https sites, safety logo or certificates) before making online transactions	4.24
2	I know the benefits of using mobile banking, online banking, or e-wallet	4.25
3	I know how to open mobile banking, online banking, or e-wallet menus, find menu options, initiate a transaction, and complete a transaction successfully	4.38
4	I have experience transferring or receiving money using mobile banking, online banking, or e-wallet	4.38
5	I know how to correct an error, reverse, or cancel a transaction successfully when using mobile banking, online banking, or e-wallet	3.84
6	I am alert to website security (https sites, safety logos, or certificates) before making online transactions	4.15

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

Digital financial engagement among repeat respondents has increased and become more stable over time, especially for routine tasks such as payments and savings. Use of digital investment platforms has grown steadily, demonstrating increased familiarity with FinTech-enabled financial activities. However, the use of digital tools for more complex financial planning, including estate planning and long-term wealth management, remains limited.

This pattern reflects national FinTech trends showing that while digital finance adoption in Malaysia has reached maturity in usage, it remains uneven in depth, resilience, and risk-management capability

(Fintech News Malaysia, 2025). National financial literacy strategies similarly emphasise that digital financial capability must go beyond transactional use to include effective management of disputes, fraud exposure, and complex digital financial products (Financial Education Network, 2025).

4.5 Financial Capability

Respondents’ financial capability across four survey waves (2017, 2019, 2023, and 2025) is shown in Table 4.4, indicating a generally positive trend in daily financial management behaviours.

In 2025, most respondents reported planning their expenses (84%) and paying bills on time (80%), reflecting steady improvement compared with previous years. Regular review and evaluation of expenses also increased to 79% in 2025, up from 65% in 2017, indicating growing financial discipline and monitoring practices over time. Savings-related behaviours indicate gradual strengthening but remain inconsistent.



TABLE 4.4 Financial Capability

NO.	STATEMENT	2025	2023	2019	2017
		n (%); Agreed			
1	I make plans for my expenses	420 (84)	365 (73)	375 (75)	350 (70)
2	I pay my bills on time	400 (80)	400 (80)	355 (71)	350 (70)
3	I review and evaluate my expenses	395 (79)	345 (69)	330 (66)	325 (65)
4	I regularly set money aside for possible unexpected expenses	375 (75)	330 (66)	325 (65)	325 (65)
5	I set specific financial goals and strive to achieve them	380 (76)	335 (67)	310 (62)	310 (62)
6	I make adequate provision for unexpected expenses (shrinking income)	340 (68)	285 (57)	290 (58)	260 (52)
7	I save for retirement	350 (70)	335 (67)	285 (57)	300 (60)
8	I spend to have a comfortable life today rather than planning for retirement	225 (45)	190 (38)	130 (26)	160 (32)
9	Household income after retirement can guarantee a more comfortable living standard	365 (73)	300 (60)	265 (53)	275 (55)
10	Apart from contributing to pension funds, it is important for me to make my own savings	440 (88)	450 (90)	430 (86)	400 (80)
11	I consider several products/providers before making my decision	390 (78)	385 (77)	355 (71)	355 (71)
12	I understand financial products without consulting a financial adviser/planner	250 (50)	175 (35)	155 (31)	165 (33)
13	I believe financial planners and accept what they recommend	255 (51)	260 (52)	190 (38)	200 (40)
14	I compare products on features and price rather than brand image	420 (84)	380 (76)	355 (71)	340 (68)
15	I actively seek financial information through professional advice	250 (50)	215 (43)	150 (30)	200 (40)
16	I am always interested to learn about financial products and services	305 (61)	335 (67)	260 (52)	280 (56)
17	I would like to know more about financial issues and how to interpret information	330 (66)	330 (66)	295 (59)	330 (66)
18	I have personally experienced monetary fraud/identity theft/scams	180 (36)	210 (42)	NA	NA

*NA = Not Available (new items introduced)

The proportion of respondents saving for unexpected expenses increased from 65% in 2017 and 2019 to 75% in 2025, while those adequately provisioned for such expenses under shrinking income conditions rose to 68% in 2025. Saving for retirement has improved, rising from 60% in 2017 to 70% in 2025, along with a significant increase in awareness that household income after retirement contributes to a more comfortable standard of living (73% in 2025, up from 55% in 2017). Meanwhile, 45% in 2025 still prioritise spending for present comfort over retirement planning, indicating an ongoing tension between short-term consumption and long-term financial security.

In terms of financial decision-making, respondents consistently report cautious and comparative behaviour. Across all four years, a high proportion consider several products or providers before making decisions (78% in 2025), and reliance on comparing features and prices rather than brand image increased to 84% in 2025. Understanding of financial products without consulting an adviser increased from 33% in 2017 to 50% in 2025, though this suggests that half of respondents still feel uncertain.

Trust in financial planners remains relatively stable, with 51% trusting their recommendations in 2025. Interest in learning about financial products and services stays moderate (61% in 2025), while the percentage actively seeking professional financial advice has increased compared with earlier years. The inclusion of fraud-related experiences in later surveys highlights growing exposure to financial risks, with 36% of respondents in 2025 reporting personal encounters with fraud, identity theft, or scams, emphasising the importance of ongoing consumer education and protection efforts.

Longitudinal analysis shows clear improvements in daily financial discipline among repeat respondents. Timely bill payment, emergency preparedness, and financial goal setting have all steadily improved from 2017 to 2025, reflecting learning effects and the routine adoption of basic financial management practices.

However, these behavioural improvements have not led to stronger household balance sheets. A consistent portion of respondents still report liabilities exceeding assets, indicating ongoing vulnerability to income shocks. This matches national evidence showing that improved financial habits alone are not enough to counteract structural pressures from rising costs of living, wage limitations, and accumulated debt (Financial Education Network, 2025; RinggitPlus, 2025).

4.6 Sources of Information on Financial Products

Information-seeking behaviour for financial products mainly relies on digital and interpersonal channels (Figure 4.12). By 2025, social media will be the most popular source, used by 71 percent of respondents, followed by online media (47%) and official websites (45%). Friends and family remain a significant source of information (44%), showing the ongoing influence of personal networks, while banks are also an important formal source, used by 46 percent of respondents.

Over time, the significance of social media has remained strong, although its dominance has slightly decreased, with an increased

reliance on more formal and institutional sources. Dependence on banks and official websites has grown compared to earlier years, indicating that respondents are increasingly turning to more credible and authoritative platforms. Traditional media such as radio and television continue to serve a supporting role (18%), while printed media is used by a smaller proportion (15%).

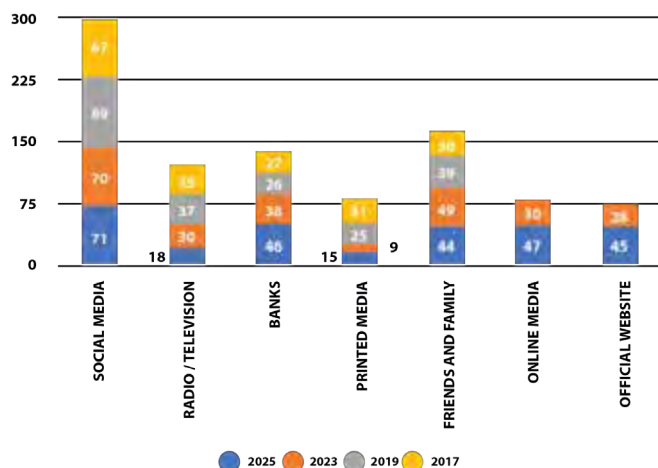


FIGURE 4.12 Financial Products Information Source

Respondents depend on a mix of digital platforms, personal networks, and formal institutions for financial product information, with a gradual move towards more credible and trustworthy sources. Among repeat respondents, information-seeking behaviour increasingly prefers institutional channels such as banks and official websites, although social media remains influential, indicating growing discernment in how information is consumed as financial experience builds.

This trend aligns with national financial education initiatives coordinated through the Financial Education Network, which emphasise guiding consumers to credible, regulated sources while recognising the ongoing influence of digital platforms (Financial Education Network, 2023; RinggitPlus, 2025).

4.7 Financial Planning Services

Figure 4.13 demonstrates a significant increase in the use of financial planning services among repeat respondents. In the most recent survey, over three-quarters of respondents reported having used the services of a financial planner (77%), as they perceived it, while less than a quarter said they had not engaged such services (23%).

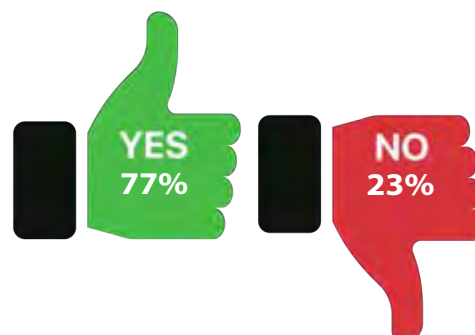


FIGURE 4.13 Have a Financial Planner

Respondents' perceptions of who qualifies as a financial planner show clear shifts over time, reflecting changing trust patterns and increasing awareness of advisory roles (see Figure 4.14). In 2025, AKPK financial advisory services were most frequently identified as financial planners (37%). However, respondents also often associate other financial service providers with the role, followed closely by unit trust consultants (31%) and independent financial advisers, who are officially recognised as providers of comprehensive financial planning services (27%), indicating ongoing conceptual overlap between financial planning and product-based or public advisory functions.

This pattern suggests a degree of public misclassification, in which respondents extend the label "financial planner" to insurance agents and unit trust consultants, despite regulatory definitions that restrict the title to individuals holding a Capital Markets Services Representative's Licence (CMSRL) or a Financial Adviser's Representative (FAR) licence. Compared with earlier years, reliance on bank-related roles remains evident, with bank officers (26%) and bank managers (21%) still viewed as financial planners, although their relative importance has decreased since 2017. Insurance advisors also maintain a consistent position, identified by about one-quarter of respondents (22%). These findings imply that, despite better recognition of independent financial advisers, significant public confusion continues regarding the distinction between licensed independent financial planners and other financial intermediaries or advisory providers.

Over the four survey waves, the data indicate a gradual expansion in respondents' understanding of financial planning beyond traditional bank-centric roles. The rising awareness of independent financial advisers and specialised advisory services points to improved financial literacy and more nuanced decision-making among respondents. This shift suggests that respondents are becoming more discerning in recognising financial planners, based on institutional affiliation and perceived expertise and advisory functions, signalling a maturing approach to financial planning and advisory services.

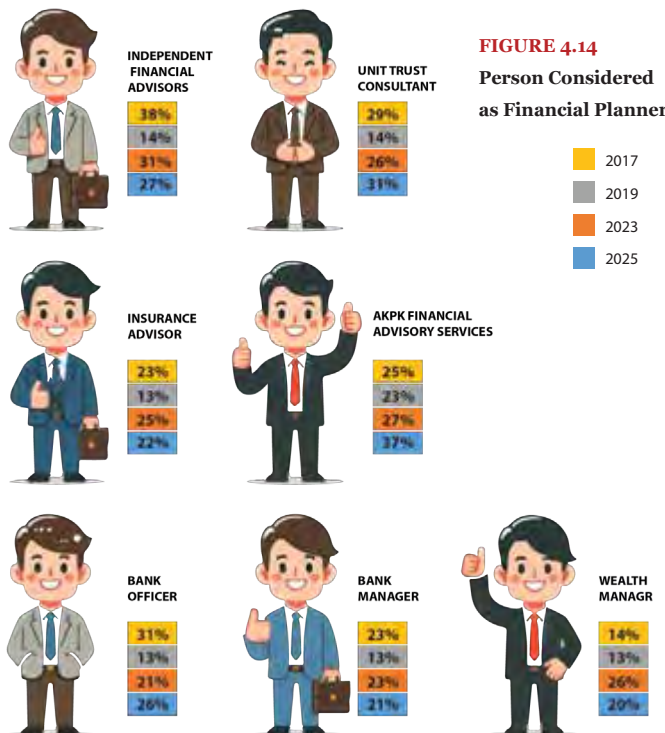


FIGURE 4.14 Person Considered as Financial Planner

Figure 4.15 depicts that respondents mainly value financial planners for practical support rather than emotional reassurance. Most emphasise the importance of financial planners in personalising financial goals and strategies (76%) and avoiding costly financial mistakes (70%), while fewer associate their role with increasing comfort in managing finances (37%).

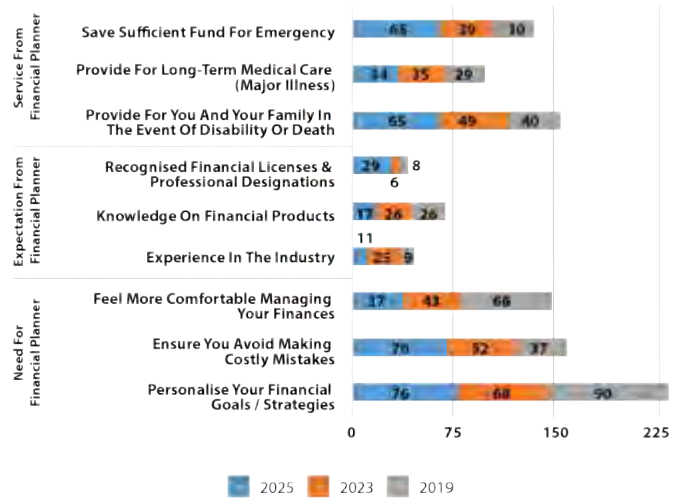


FIGURE 4.15 Need for, Expectation & Service from Financial Planner

Respondents emphasise the importance of professional credibility, with recognised financial licences and qualifications being the top expectation (29%), followed by knowledge of financial products (17%) and industry experience (11%). In terms of services, they prioritise financial protection and preparedness, especially protection against disability or death (65%) and the capacity to establish sufficient emergency savings (65%). This demonstrates a clear focus on financial security and household resilience.

Engagement with financial planning services among repeat respondents has grown over time, with a noticeable shift towards more professionalised expectations. Respondents increasingly value formal credentials, licensing, and technical competence, while reliance on emotional reassurance and personal familiarity, though still evident, has diminished.

This trend aligns with regulatory and policy efforts to strengthen the quality, accountability, and professionalism of financial advisory services in Malaysia (Bank Negara Malaysia, 2022; Securities Commission Malaysia, 2024). It reflects increased awareness of the growing complexity of financial decision-making and supports the demand for competent, regulated financial planning services to ensure long-term financial security and effective risk management.

4.8 Perceptions toward Financial Planners, Financial Plans and Financial Planning Companies

Figure 4.16 shows a clear shift in respondents' perceptions when selecting between financial planners, financial plans, and financial planning companies over time. In 2025, financial plans became the most influential factor, with 43% of respondents prioritising the plan itself, followed closely by financial planners at 41%, while financial planning companies were less emphasised at 33%.

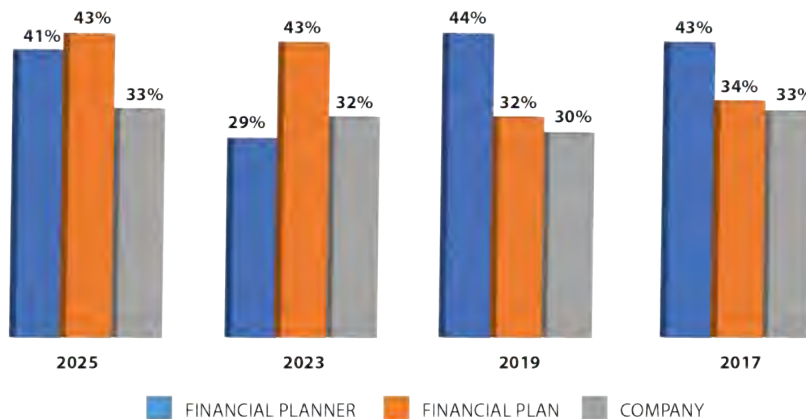


FIGURE 4.16 Perception towards Financial Planners, Financial Plans and Financial Planning Companies

Compared with 2019, when financial planners were the primary consideration (44%), this shift suggests that respondents are outcome-focused, prioritising the suitability and structure of the financial plan over mainly relying on the individual planner. The 2023 results reinforce this trend, with financial plans still highly valued (43%) compared to financial planners (29%). The pattern indicates growing financial awareness and maturity among respondents, demonstrating an improved capacity to evaluate financial solutions based on personal needs and goals rather than solely on the reputation of planners or companies.

Information sources play a key role in shaping respondents' decisions when choosing financial planning companies, with 2025 results showing that well-known figures within the financial industry remain the most influential source (45%), followed by media (33%), friends and family (24%), and work colleagues (11%) (Figure 4.17). A comparison across survey years reveals a clear shift in information-seeking behaviour, with reliance on people within the financial industry dominant in 2019 (45%), while media played a smaller role (27%). However, media usage increased significantly by 2023 and continued into 2025, reflecting a growing confidence in publicly accessible and digital information channels.

Despite this shift, interpersonal trust remains vital, as respondents continue to appreciate insights from industry contacts, close social networks, and media sources. These patterns indicate that respondents increasingly blend professional and personal, trust-based information with media-driven content, highlighting evolving communication habits while emphasising the lasting importance of credibility and relationships in financial decision-making.

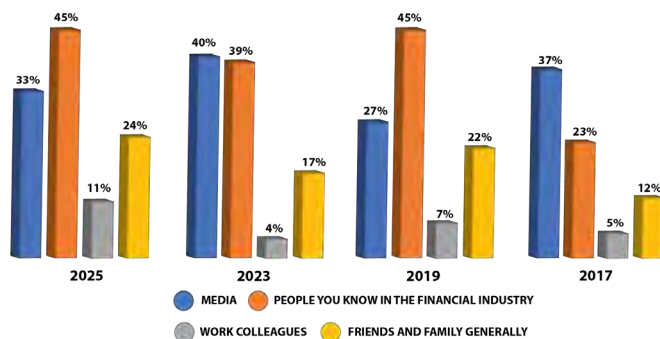


FIGURE 4.17 Financial Planning Companies Information Source

In Figure 4.18, more than half of the respondents prioritise choosing financial plans that meet their personal needs, with a consistently high preference recorded in 2025 (58%), closely aligned with 2023 (59%), 2019 (54%), and 2017 (54%). Considerations related to cost remain secondary, as only about a quarter of respondents emphasise reasonable fees and commissions in 2025 (23%), a pattern similar to earlier years (10%-13%) compared to a suitable financial plan. Preferences for acceptable investment performance and risk levels are relatively moderate, with 19% indicating acceptable performance over time and 23% focusing on acceptable risk in 2025, broadly consistent with trends observed since 2017.

Capital security remains an important criterion, with nearly one-third of respondents in 2025 (29%) valuing assurance that their capital is secure, a proportion slightly higher than in 2023 (19%) and 2017 (22%). These findings highlight that respondents consistently prioritise suitability and personal relevance of financial plans over cost or return considerations, underscoring the importance of needs-based financial planning approaches.



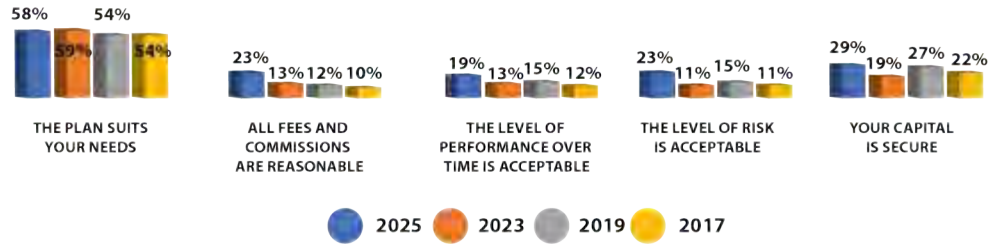


FIGURE 4.18 Selection Criteria for Financial Plan

Respondents emphasise trustworthiness most when assessing the qualities of a financial planner, with nearly three-quarters (73%) citing this attribute in 2025, a figure that remains consistently high across earlier survey waves (see Figure 4.19). This underscores the importance of credibility and ethical behaviour in fostering confidence in financial planners. Beyond trust, respondents also value planners who demonstrate past success (21%) and provide current information on the financial market (26%), reflecting an expectation that advice should be both dependable and informed of current market conditions.

The ability to offer independent advice (19%) and refer clients to other specialists when necessary (16%) is recognised, though by a smaller proportion, suggesting that respondents prioritise core integrity and competence over supplementary services. Viewed collectively, these findings indicate that respondents favour financial planners who combine strong ethical standing with proven experience and relevant knowledge, reinforcing the importance of trust-based and capability-driven relationships in financial planning decisions.

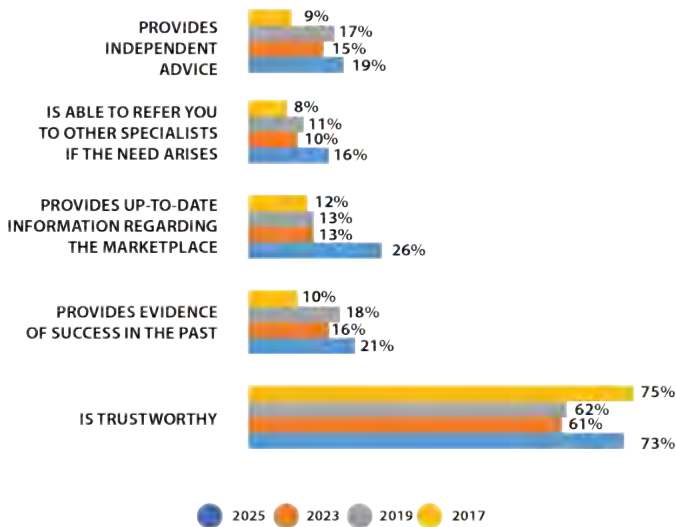


FIGURE 4.19 Preferred Qualities of Financial Planner

In Table 4.5, respondents generally demonstrate positive and improving financial decision-making across the four survey waves. In 2025, respondents report greater confidence in knowing where to obtain information for making important financial decisions (mean = 3.55), showing steady growth from 2023 (mean = 3.42) and 2019 (mean = 3.15), though still slightly below 2017 (mean = 3.75). A similar pattern is seen in reliance on current information when evaluating products (mean = 3.53), highlighting continued awareness of the importance of up-to-date financial information.

Time constraints remain a challenge, with respondents moderately agreeing that they lack sufficient time to evaluate all provided information (mean = 3.08), a level that has stayed relatively stable over time. Perceived financial knowledge has gradually improved, with respondents in 2025 expressing greater confidence that they know a lot about financial matters (mean = 3.23) compared to earlier years. The relevance of financial planning to respondents' personal values and life goals received the highest mean score in 2025 (mean = 4.04), highlighting strong recognition of its role in guiding long-term decisions. These findings suggest that respondents are becoming more informed and values-driven in their financial choices, even as practical limitations such as limited time to process information persist.

TABLE 4.5 Financial Decision

NO.	STATEMENT	2025	2023	2019	2017
		Mean			
1	I know where to get information to make important financial decisions.	3.55	3.42	3.15	3.75
2	I only look for up-to-date information on certain products.	3.53	3.46	3.21	3.31
3	I do not have time to evaluate all the information provided to me.	3.08	3.19	2.97	2.98
4	I know a lot about financial matters.	3.23	3.07	2.87	3.31
5	My choice of a financial planner is relevant to my self-image.	3.49	3.40	3.06	3.14
6	Financial planning is relevant to my values and goals in life.	4.04	3.97	3.57	3.82

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

Respondents' evaluations of financial services indicate a generally positive, stable decision-making pattern across the four survey waves, with mean scores in 2025 remaining above the midpoint of the scale for all statements (Table 4.6). In 2025, respondents show the strongest agreement when choosing a financial service that performs best after comparing all relevant aspects (mean = 3.95), followed by a preference for providers who have consistently met their expectations (mean = 3.74) and for those they are currently using (mean = 3.71). The tendency to rely on recommendations from more knowledgeable individuals also remains evident (mean = 3.71), highlighting the continued importance of trusted social and professional cues in financial decision-making.

TABLE 4.6 Evaluation of Financial Services

NO.	STATEMENT	2025	2023	2019	2017
		Mean			
1	I would choose the first financial service which surpassed my minimum requirements on each of the important criteria.	3.74	3.76	3.37	3.42
2	I would choose a financial service provider I have always wanted to use.	3.67	3.79	3.39	3.47
3	I would choose a financial service provider I currently use.	3.71	3.74	3.28	3.42
4	I would choose the financial service which performed the best when comparing all the relevant aspects.	3.95	4.09	3.66	3.76
5	I would choose the financial service which was recommended to me by people who knew more about it.	3.71	3.39	3.50	3.52

*Scale: 1 = Highly Unlikely to 5 = Highly Likely

Compared to 2019 and 2017, the average scores in 2025 are quite similar to those in 2023 and higher than earlier years, indicating a gradual increase in confidence and discernment when assessing financial service providers. Despite this progress, the results also suggest that respondents now weigh familiarity and recommendations alongside performance-based evaluations, rather than relying solely on past habits. This reflects a more thoughtful and evaluative approach to choosing financial services.

The use of e-wallet services among respondents reflects high adoption, with DuitNow and Touch 'n Go each used by 81% of respondents, followed by ShopeePay (58%) and GrabPay (39%) (Figure 4.20). In contrast, Boost (18%) and Lazada Wallet (12%) have lower usage rates. This pattern indicates a clear preference for platforms widely accepted and frequently used for daily transactions, such as fund transfers and retail payments. The widespread use of e-wallets suggests increasing awareness of the convenience, speed, and efficiency of cashless transactions. At the same time, the dominance of established platforms, such as DuitNow and Touch 'n Go, highlights respondents' confidence in the security and reliability of digital wallet services to support their everyday financial activities.

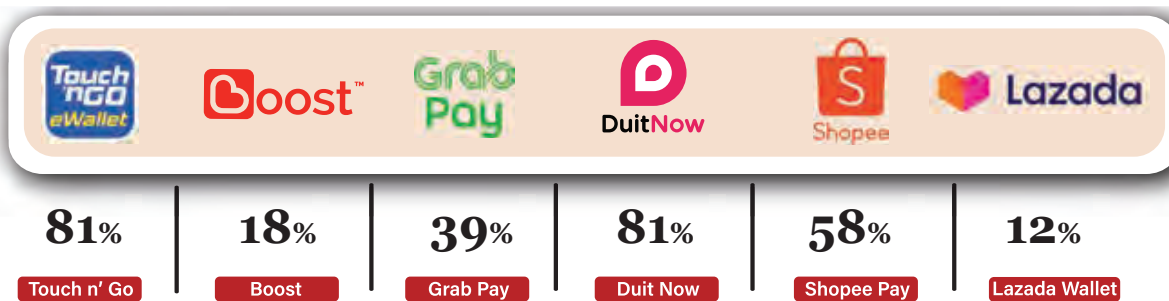


FIGURE 4.20 E-wallet Services

The findings show very limited adoption of robo-advisory services among respondents. In 2025, only 11% reported using robo-advisors, while a significant majority (89%) indicated they do not use them, reflecting a pattern similar to 2023, when usage was only 8% and non-usage 92% (see Figure 4.21). This consistently low uptake suggests that respondents remain cautious about relying on automated financial advice. Possible reasons include concerns over the lack of personalised human interaction, limited trust in algorithm-based recommendations, and perceptions that robo-advisors may not sufficiently address complex or individual financial needs. The findings imply that, despite increased digitalisation in financial services, respondents continue to favour human-led advisory models over automated solutions.

Respondents' knowledge of financial technology is mostly at a moderate level, which helps explain the cautious adoption of more advanced digital financial services. In 2025, nearly half of the respondents reported moderate knowledge (49%), while a further 39% reported good knowledge, and only a small proportion reported low knowledge (12%) (Figure 4.22). Compared with 2023, the share of respondents with good knowledge increased slightly from 34% to 39%, alongside a modest decline in those reporting poor knowledge from 15% to 12%. This gradual improvement suggests that exposure to and familiarity with financial technology are increasing over time. Nonetheless, the predominance of moderate knowledge (49%) indicates that many respondents may still lack confidence in fully understanding or using more complex FinTech solutions, which, in turn, contributes to hesitation towards services such as robo-advisors and other automated financial tools.

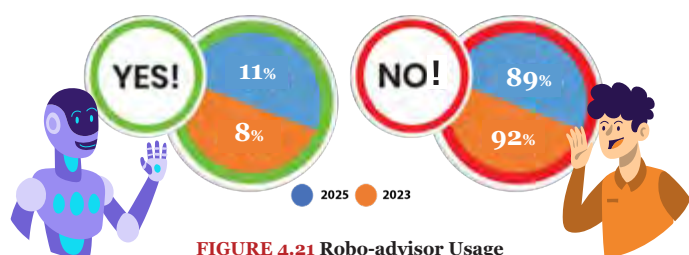


FIGURE 4.21 Robo-advisor Usage

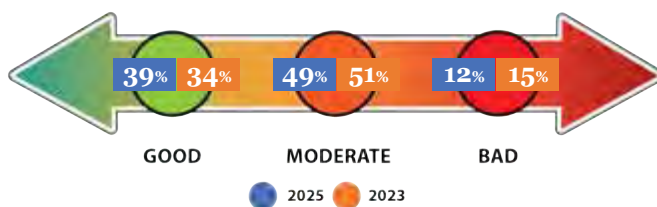


FIGURE 4.22 Knowledge on Financial Technology

The application of financial technology among respondents shows a clear upward trend (Figure 4.23), suggesting deeper integration of digital financial tools into daily life. In 2025, a substantial proportion of respondents reported using more than three financial technology applications (61%), a marked increase from 2023 (42%), reflecting growing familiarity and reliance on multiple platforms. At the same time, the share of respondents using two applications declined from 36% in 2023 to 29% in 2025, suggesting a shift from moderate to more intensive usage. Usage at the lower end remains limited, with only a negligible proportion reporting no application use (2% in 2025 compared to 4% in 2023) or reliance on just one application (8% in 2025 versus 18% in 2023). These patterns indicate that respondents are becoming more digitally engaged, with financial technology applications increasingly forming an essential part of their financial management practices.



FIGURE 4.23 Financial Technology Application

The use of financial technology has increased over time, with daily engagement becoming more common among respondents, as shown in Figure 4.24. In 2025, a clear majority (60%) reported using financial technology at least once a day, a substantial rise from 2023 (44%). Weekly usage remains considerable, though it decreased slightly to 29% in 2025 from 39% in 2023, indicating a shift from periodic to more frequent use. Monthly usage stays relatively low at 6%, while the percentage of respondents who never use financial technology remains minimal and unchanged at 6%. These patterns collectively demonstrate that financial technology has become an essential part of respondents' daily financial activities, underscoring the growing reliance on digital financial services.

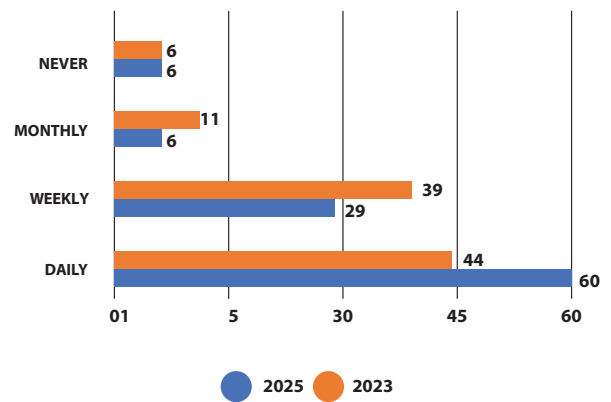


FIGURE 4.24 Frequency of Financial Technology Usage

The use of financial technology (FinTech) services in 2025 mainly centres on basic and routine financial activities, with more limited adoption for advanced financial planning functions. Usage is highest for money transfer and payment services, reported by 89% of respondents, reflecting the widespread integration of digital payments and e-wallets into everyday transactions. Similarly, savings-related services record a high uptake at 87%, indicating strong reliance on digital platforms for managing short-term financial reserves, as summarised in Table 4.7.

TABLE 4.7 Usage of Financial Technology Service

NO.	FINTECH SERVICE CATEGORY	%; Yes
1	Money transfer and payment	89
2	Financial planning	37
3	Loan	56
4	Insurance/Takaful	51
5	Savings	87
6	Investment	43
7	Zakat	61
8	Taxation	49
9	Estate planning	15
10	Others	11

Moderate levels of FinTech adoption are seen in several areas, including zakat payments (61%), loan-related services (56%), insurance or takaful (51%), and taxation services (49%). These patterns suggest that while FinTech is increasingly used for obligatory and transactional purposes, adoption varies across different financial sectors, with some users still relying on traditional channels. Conversely, the use of FinTech for longer-term and more complex financial activities remains limited. Less than half of respondents reported using FinTech platforms for investment (43%), while adoption for financial planning (37%) and estate planning (15%) is particularly low. This highlights a clear gap in the use of digital tools for strategic financial decision-making and wealth management.

The distribution of FinTech usage highlights a strong focus on short-term transactional services, with relatively low adoption for long-term planning and intergenerational wealth management. These findings suggest the need for better digital financial planning tools, increased consumer awareness, and more integration of advisory features within FinTech platforms to support broader financial capability and long-term financial resilience.

Repeat respondents demonstrate a gradual shift towards more structured performance-based financial decision-making. Over time, there has been increased focus on minimum standards, comparative assessments, and performance indicators when evaluating financial products, plans, and service providers. However, behavioural tendencies remain, especially continued reliance on familiar providers and trusted recommendations.

The adoption of digital investment platforms has steadily increased, indicating a rising comfort with FinTech-enabled services. However, the use of FinTech solutions for more complex financial planning tasks, such as estate planning and long-term wealth management, remains limited. This suggests that digital adoption has outpaced the development of more advanced planning capabilities.

This situation mirrors national FinTech trends, indicating that digital finance adoption in Malaysia has reached maturity in terms of usage but remains uneven in depth, resilience, and risk management capabilities (Fintech News Malaysia, 2025). At the same time, the coexistence of increased analytical evaluation alongside sustained social influence is consistent with national findings from the RinggitPlus Malaysian Financial Literacy Survey (RMFLS) 2025, which documents growing reliance on structured decision criteria while highlighting the continued role of peer networks and social validation in shaping financial choices (RinggitPlus, 2025).

4.9 Participation in the Capital Market

Respondents' participation in the capital market, as reflected in the proportion of annual income invested, shows a generally modest level of investment activity (Figure 4.25). In 2025, slightly more than half of respondents (57%) invested less than 20% of their annual income, while 20% did not invest at all. A smaller proportion allocated between 20% and 40% of their income (22%), and only a very limited share invested more than 40% (1%). Compared with earlier survey years,

these patterns indicate a general decline in investment participation, with an increasing number of respondents not investing at all. This trend is concerning, as it suggests a reduced capacity to build long-term financial buffers such as emergency savings and retirement funds, potentially reflecting ongoing financial pressures and diminished saving ability following recent economic difficulties.

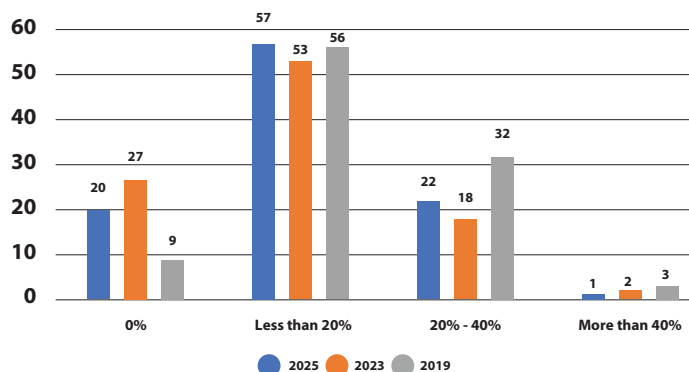


FIGURE 4.25 Annual Income Invested

The purposes of investment among repeat respondents emphasise a strong focus on long-term financial resilience and income stability. As shown in Figure 4.26, preparing for retirement remains the most significant motivation, with more than half of respondents investing for this purpose (53%) in 2025, a pattern that aligns closely with earlier survey waves. Creating passive income is also a key goal (48%), indicating a rising preference for sustainable income streams to support future financial needs. Closely related to this, financial security remains an important consideration (45%), underscoring respondents' awareness of the need to buffer against economic uncertainty.

Half of the respondents (50%) report investing in medical emergencies, highlighting concerns over unforeseen health-related costs. Children's education also emerges as a significant motive (42%), indicating a focus on intergenerational well-being. Conversely, only a small proportion of respondents invest to start or expand a business (6%), suggesting a more cautious investment approach centred on protection and stability rather than entrepreneurial risk. Summarily, these trends suggest that investment decisions are primarily driven by precautionary and life-cycle considerations, aligning with respondents' long-term financial planning goals.



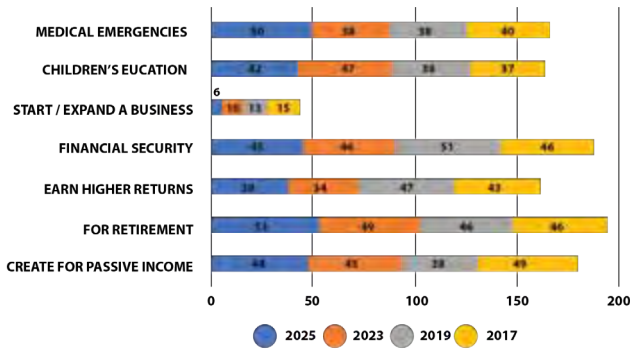


FIGURE 4.26 Purpose of Investment

Figure 4.27 depicts that savings remain the primary financial resource for retirement among respondents, with 76% (2025) indicating savings as part of their retirement planning, up from 63% (2019) and 67% (2017). This is followed by the Employee Provident Fund (EPF), reported by 55% (2025), showing ongoing dependence on mandatory retirement schemes, although the proportion is slightly lower than in earlier survey years.

Other formal retirement resources are less common. Pension or gratuity schemes account for 47% (2025), while life insurance, takaful, or investment-linked products account for 32% (2025). Property ownership as a retirement resource remains moderate at 30% (2025). Gold continues to be a notable alternative store of value, with 44% reporting it (2025).

The findings suggest that respondents' retirement planning remains largely focused on traditional, lower-risk instruments, especially savings and EPF, with limited diversification into capital-market-based products. This pattern indicates a cautious approach to retirement planning and emphasises the ongoing need to improve long-term retirement adequacy and diversification strategies.

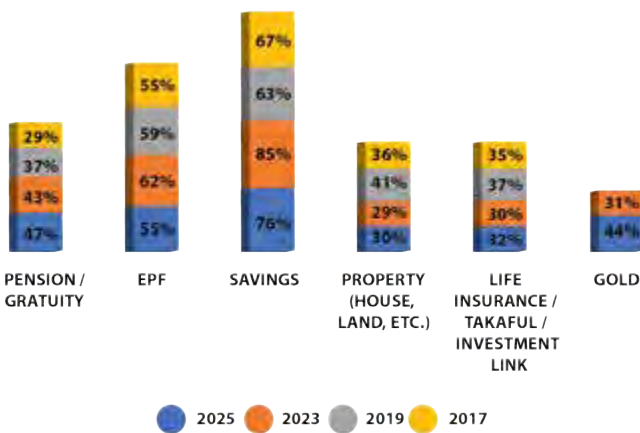


FIGURE 4.27 Financial Resources for Retirement

In Figure 4.28, savings and EPF remain the dominant types of savings and investment among respondents across survey years. In 2025, savings recorded the highest participation at (76%), followed by EPF at (55%), indicating a strong preference for more liquid and compulsory retirement-related instruments. Pension or gratuity schemes also remain relevant, with participation increasing to (47%) in 2025, while

life insurance, takaful, or investment-linked products accounted for (32%), reflecting moderate uptake.

Property-related savings or investments were reported by 30%, indicating ongoing interest in tangible assets, though at a lower level compared to financial savings. In contrast, equity or shares remain the least preferred option, with only 11% of respondents investing in this category in 2025. The pattern emphasises respondents' cautious investment behaviour, with a clear focus on savings-oriented and retirement-focused instruments rather than higher-risk market-based assets.

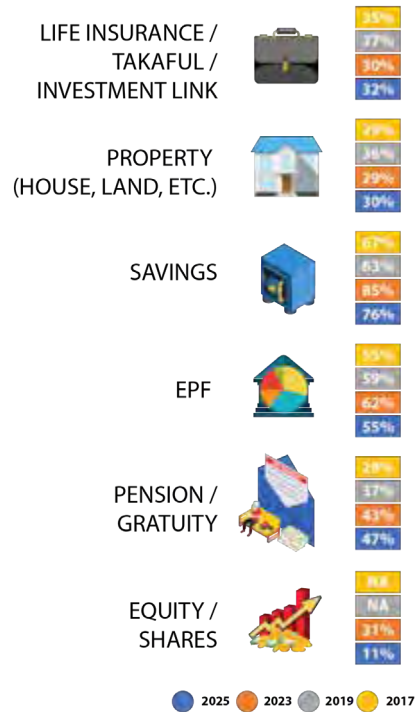


FIGURE 4.28 Types of Savings or Investment



Participation in alternative investments among repeated respondents remains relatively limited, as shown in Figure 4.29. In 2025, over a quarter of respondents reported engaging in alternative investments (27%), while a significant majority did not (73%). This marks a notable decline compared to earlier survey rounds, indicating a reduced appetite or capacity for higher-risk investment activities among repeat respondents. The lower participation rate

suggests that many respondents prioritise financial stability and liquidity over speculative or non-traditional investment options, likely influenced by ongoing economic uncertainty, cost-of-living pressures, and limited disposable income. The findings thus suggest a cautious investment approach, with alternative investments remaining a marginal part of respondents' overall financial portfolios.



FIGURE 4.29 Participation in Alternative Investments

Figure 4.30 illustrates the types of alternative investments respondents participated in, highlighting generally low engagement across all categories. In 2025, commodity investment and crowdfunding emerged as the most common forms, each recorded at 12%, followed closely by cryptocurrency at 11%. Participation in high-return business compensation schemes increased to 8%, suggesting a modest rise in interest in higher-risk return structures compared with 2023.

Online forex trading remains relatively limited at 4%, indicating ongoing caution towards speculative financial instruments. Overall, the distribution in Figure 4.30 shows that, while there is some diversification into alternative investments, participation levels remain modest, reinforcing the idea that most respondents favour conventional, lower-risk financial avenues over alternative investments.

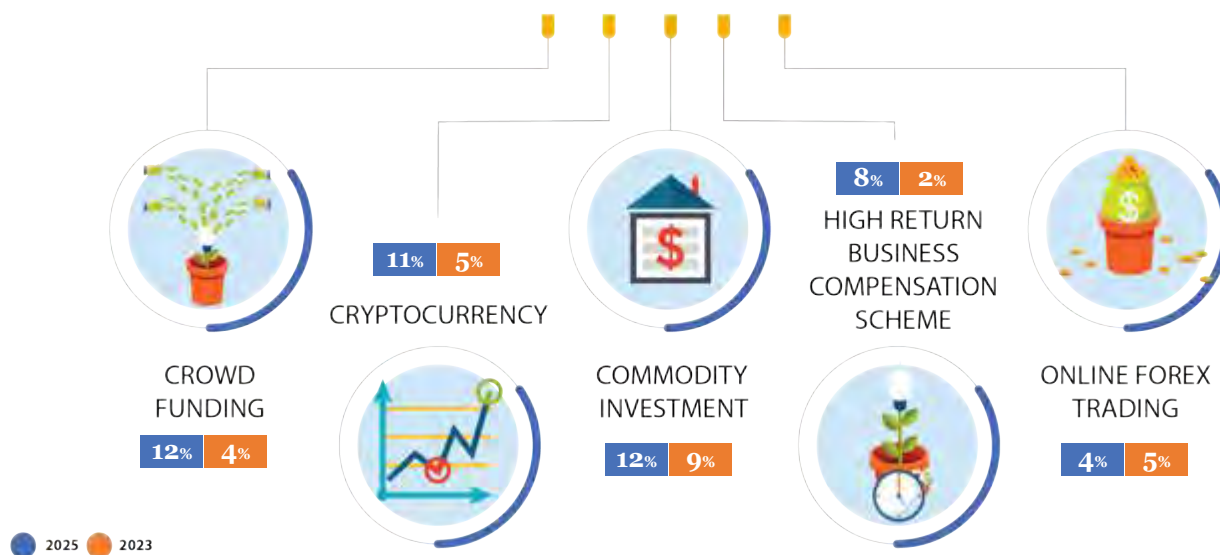


FIGURE 4.30 Types of Alternative Investments

Participation in the capital market among repeat respondents remains cautious and modest, with little change observed across survey waves. Investment activity continues to be characterised by low-to-moderate intensity, with motivations focused on retirement security and risk protection rather than growth or wealth accumulation. Participation in alternative investments has increased slightly but remains below one-third of respondents.

Annual Report 2024, which emphasise that limited disposable income, persistent risk aversion, and inadequate long-term planning continue to restrict meaningful participation in wealth-building assets, especially in the context of an ageing population (Ministry of Economy, 2025; Securities Commission Malaysia, 2024).

4.10 Improvement of Financial Capability

Respondents' additional savings or investment choices over time clearly demonstrate a preference for relatively low-risk and familiar

instruments in 2025 see Figure 4.31. The most prominent option is Tabung Haji, which increased to 46%, reflecting its ongoing importance for religious and long-term savings, up from 38% in 2023 and 36% in 2019. Insurance/Takaful and gold or commodities also remain significant, each recorded at 35% in 2025, indicating a preference for protection-based and tangible assets amid economic uncertainty.

Contributions to the EPF increased to 34%, indicating greater awareness of retirement adequacy compared to earlier years. Amanah Saham accounted for 24%, while participation in unit trusts or mutual funds was at 21%, reflecting moderate engagement with market-based instruments. Real estate remains the least preferred additional avenue at 11%, consistent with its higher capital requirements. Overall, the pattern in Figure 4.31 suggests that respondents are increasingly prioritising secure, structured, and purpose-driven savings and investment options rather than riskier or capital-intensive assets.

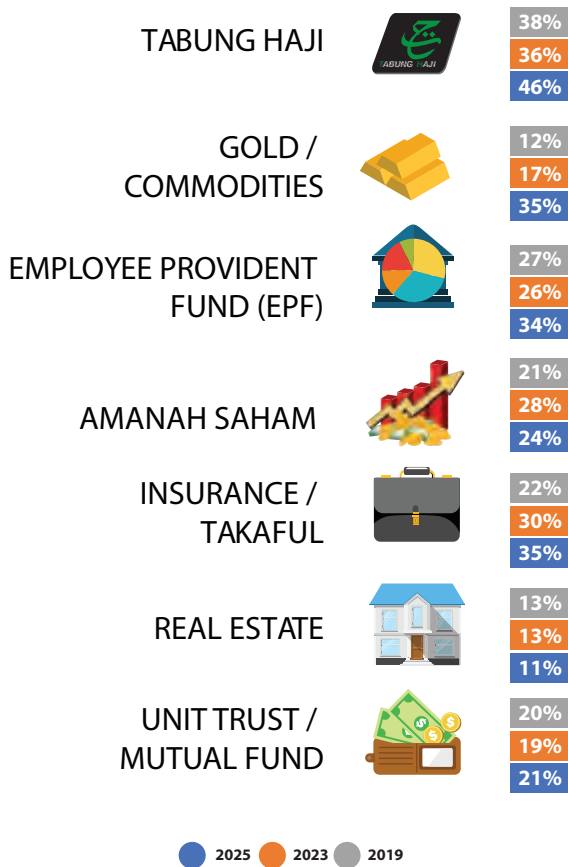


FIGURE 4.31 Additional Savings or Investment

Figure 4.32 highlights a clear strengthening of financial activities among repeat respondents in 2025, reflecting greater engagement in active financial management compared with earlier survey rounds. Monitoring income and expenses remains the most common activity, reported by a substantial proportion of respondents (43%), alongside attendance of at least one financial seminar or course (43%), indicating increased awareness of budgeting and financial education. Religious financial obligations also remain significant, with nearly half of respondents reporting paying zakat (46%), an increase compared with previous years.

Engagement with professional financial services has also increased, as more respondents reported purchasing insurance or takaful products (35%) and either approaching or being approached by a financial planner (10%). Longer-term planning behaviours are evident, with respondents increasingly establishing children’s education funds (28%) and reviewing insurance or takaful plans (17%). In contrast, higher-risk or adverse experiences remain relatively limited, with a small proportion reporting Buy Now Pay Later usage (10%) and having been scammed (4%). The trend suggests a gradual shift towards more proactive, planned, and diversified financial activities among respondents, indicating improved financial capability and awareness.

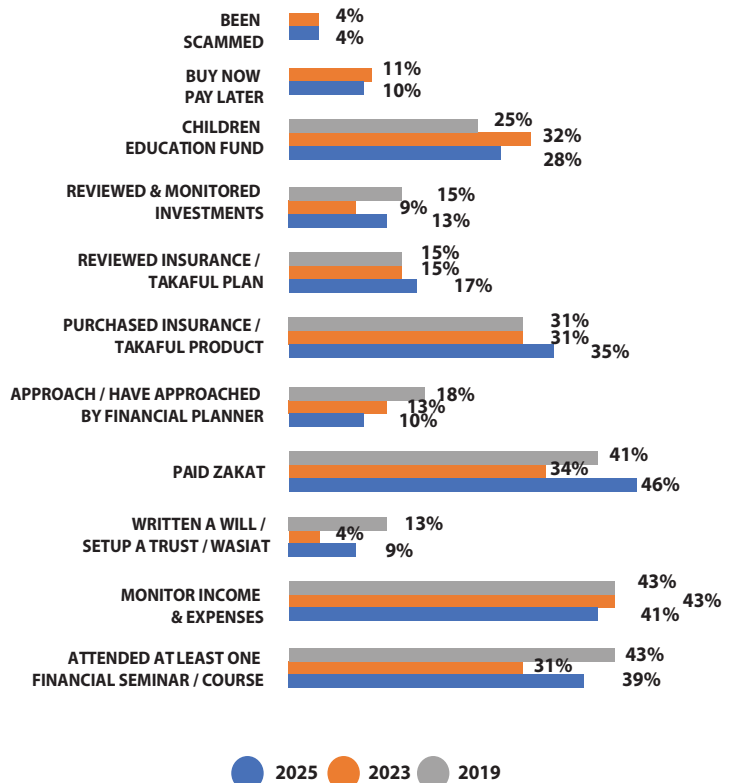


FIGURE 4.32 Financial Activities

In Figure 4.33, most repeat respondents in 2025 did not take on any additional loans, with more than one-third (36%) reporting no new borrowing, indicating a cautious borrowing approach compared to earlier survey years. Among those who took out extra loans, car loans remained the most common (34%), followed by housing loans (27%) and personal loans (22%), suggesting that borrowing was mainly for essential and asset-building purposes rather than for discretionary spending.

Education loans made up a smaller share (14%), while credit card debt was comparatively limited (7%), indicating restrained use of short-term consumer credit. Borrowing for business purposes was modest (4%), and reliance on informal borrowing channels remained minimal, with borrowing from friends or family (3%) and loan sharks (1%) reported at very low levels. Overall, the pattern of additional loan acquisition suggests improved financial prudence among respondents, with borrowing mainly directed towards essential commitments and a continued decline in high-risk or informal debt sources.

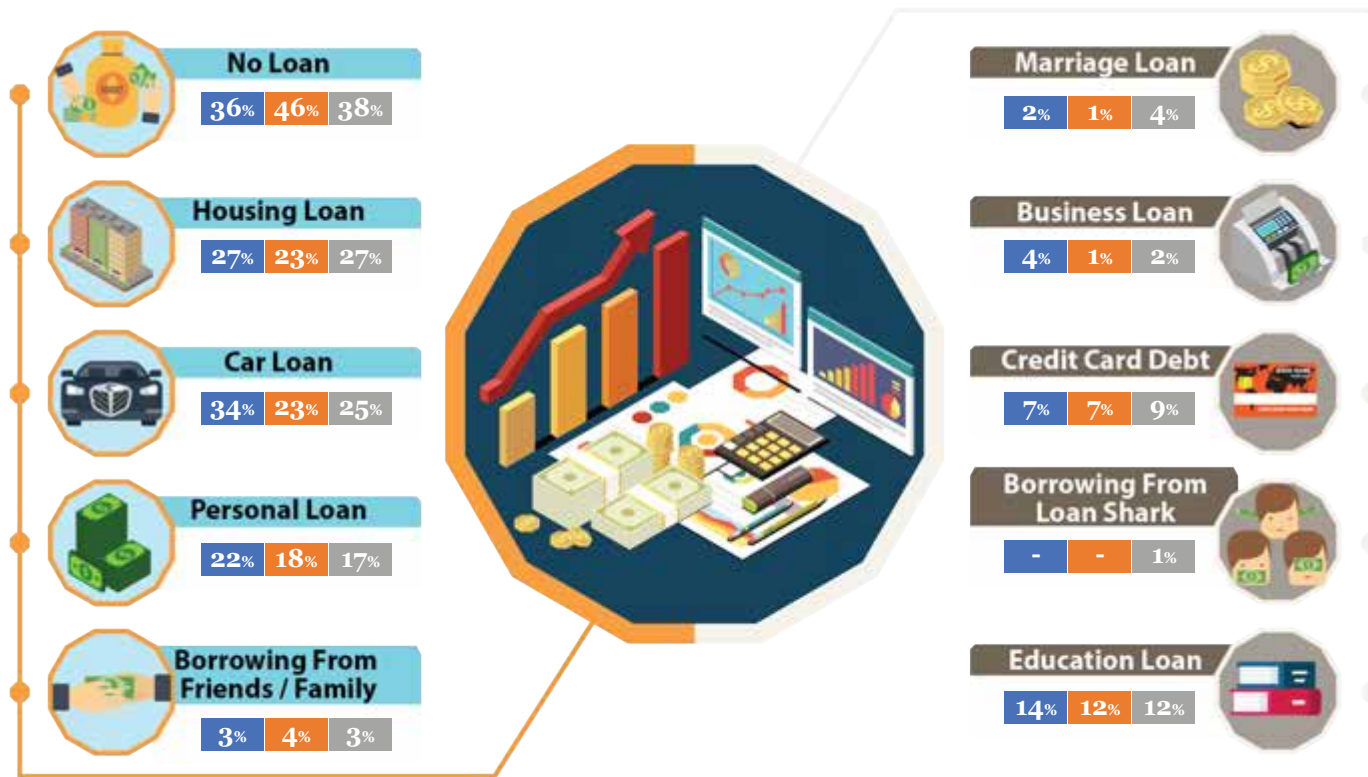


FIGURE 4.33 Additional Loan Acquisition

Table 4.8 summarises respondents’ self-perceived knowledge and control over their finances across survey years. In 2025, a clear majority reported positive outcomes: 315 respondents agreed they are more knowledgeable about managing their finances (63%), and 325 indicated they feel more in control of their finances (65%). These figures represent an improvement over 2023, when agreement stood at 295 respondents (59%) for financial knowledge and 300 respondents (60%) for financial control.

The improvement is more pronounced than in 2019, which recorded lower levels of agreement at 154 respondents (54%) and 134 respondents (47%), respectively. Overall, the findings indicate that respondents’ financial literacy and self-management capabilities have strengthened, suggesting that repeated exposure to financial information, experience, and planning activities has contributed to greater financial awareness and control.

TABLE 4.8 Knowledge and Control Over Finances

NO.	STATEMENT	2025	2023	2019
		n (%); Agreed		
1	More knowledgeable in managing my finances	315 (63)	295 (59)	154 (54)
2	More in control of my finances	325 (65)	300 (60)	134 (47)

The patterns in Figures 4.31 to 4.33 and Table 4.8 show improved financial capability among repeat respondents, characterised by more intentional saving, cautious borrowing, and greater involvement in financial management. Increased participation in monitoring, education, and planning activities, along with stronger self-perceived

knowledge and control, indicates growing confidence in managing finances. However, the continued preference for low-risk instruments and limited engagement with more complex investments emphasise the need to further strengthen long-term wealth-building skills and financial resilience.

The findings for the 500 repeat respondents show that progress since 2017 has been mainly behavioural rather than structural. Although financial discipline, decision-making, and digital engagement have improved over time, core issues related to income sufficiency, asset building, retirement readiness, and risk exposure remain largely unresolved.

This longitudinal evidence supports national policy assessments that sustainable financial resilience requires not only improved financial behaviour but also structural support, targeted interventions, and ongoing retirement-focused education, in line with Malaysia’s ageing population and increasingly complex financial landscape (Financial Education Network, 2025; Ministry of Economy, 2025).





CONCLUSION

5.0

The economic environment in 2025 continues to present significant challenges to Malaysian households. Ongoing cost-of-living pressures, high interest rates, post-pandemic financial adjustments, and global geopolitical uncertainties have constricted household financial resilience. Although macroeconomic indicators suggest moderate stability, these pressures are felt more at the household level, underscoring the importance of financial literacy, financial capability, and sound financial planning in protecting long-term economic well-being.

In response to these challenges, the Malaysian Financial Planning Council (MFPC) conducted a nationwide survey in 2025 to assess Malaysians' financial literacy, capital market understanding, financial capability, and engagement with financial planning advisory services. The study employed purposive sampling and collected data from 2,000 respondents, comprising 1,500 new respondents and 500 repeat respondents from previous survey waves. This dual-sample design enables a comprehensive snapshot of the current financial landscape and meaningful longitudinal comparison over time.

The results revealed a population that is economically active but financially constrained. Despite high educational attainment, most respondents fall into the B40 and M40 income categories, with limited saving capacity and substantial debt exposure. Although most borrowing is undertaken for essential needs such as housing, vehicles, and education, low saving intensity and modest asset accumulation indicate fragile financial positions.

Financial literacy among new respondents displays uneven progress. Awareness of major financial institutions and regulatory bodies remains high, suggesting confidence in the Malaysian financial governance framework. Nevertheless, knowledge gaps persist in important areas, such as retirement planning, insurance and takaful eligibility, estate planning, and Islamic finance risk. Understanding of capital market concepts, specifically the time value of money, inflation, and diversification, remains limited. This condition indicates that many respondents lack the essential knowledge for effective long-term investment decisions.

Financial capability outcomes reveal a mostly positive view of daily financial management. Most respondents report planning their expenses, paying bills on time, and saving for emergencies. Nevertheless, a noticeable behavioural conflict remains, as many prioritise current spending over future financial security. This pattern suggests that financial behaviour is influenced by knowledge, and by income constraints and cost-of-living pressures.

Digital financial literacy among new respondents is comparatively strong. Most are comfortable using e-wallets, mobile banking, and online banking services, and demonstrate awareness of basic online security practices. Nonetheless, exposure to financial fraud remains high, emphasising the need to strengthen consumer protection literacy and digital risk management skills.

The analysis of the 500 repeat respondents provides crucial longitudinal insights into changes in financial knowledge and behaviour. The findings indicate that improvements in financial literacy and capability are not linear or consistently sustained.

Although awareness of regulatory institutions (such as Bank Negara Malaysia and the Securities Commission Malaysia) remains high and stable, understanding of retirement planning instruments has deteriorated.

Reliance on the EPF as the only source of retirement income remains common, while understanding of the Private Retirement Scheme (PRS) has decreased compared to earlier survey waves. Misconceptions about insurance and takaful accessibility, estate planning rules, and the advisory role of agencies such as AKPK persist, highlighting ongoing weaknesses in practical financial knowledge.

Capital market literacy among repeat respondents shows mixed results. Awareness of investment risk and market volatility has increased since 2023, indicating greater familiarity with risk concepts. Nonetheless, understanding of more complex financial principles, including the time value of money and inflation, remains weak, limiting respondents' ability to assess investment outcomes in real terms.

Financial capability indicators among repeat respondents show gradual improvements in budgeting, saving, and retirement planning. More respondents report saving for retirement, preparing for income uncertainty, and feeling confident about their financial situation after retirement. Nonetheless, a significant proportion prefers current consumption over future planning, reflecting ongoing behavioural trade-offs and financial pressures. The continued high incidence of financial fraud experiences among repeat respondents also outlines ongoing vulnerabilities in an increasingly digital financial environment.

The 2025 survey revealed that the Malaysian financial landscape has strengths and areas that need urgent attention. The 1,500 new respondents indicate widespread involvement in daily financial management and the use of digital tools, but ongoing structural issues persist in income sufficiency, savings, and long-term planning. The 500 repeat respondents also emphasise that improvements in financial literacy and capability are uneven and not always sustained over time, particularly in retirement planning, capital market fundamentals, and risk awareness.

These results emphasise the need for ongoing, targeted, and practical financial education initiatives that go beyond raising awareness to promote behavioural change and long-term financial resilience. Improving understanding of retirement planning beyond EPF, enhancing capital market literacy, strengthening digital financial protection, and clarifying the roles of financial advisers and institutions remain vital priorities. Equipping Malaysians with the skills and confidence to balance present needs with future security is crucial for building financially resilient households and supporting sustainable economic growth in the coming years.





RECOMMENDATIONS

6.0

This chapter translates the CMDF report findings into practical policy recommendations to strengthen household financial capability, resilience, and trust in financial services.

Policy Relevance of CMDF Findings

The policy recommendations proposed in this chapter are based on the empirical findings of the CMDF report, indicating that expanded access to financial services and digital platforms has not fully translated into improved household financial well-being. Persistent gaps in financial capability, long-term planning, risk management, and informed use of financial products expose households to financial vulnerability.

The CMDF findings show that financial literacy varies across population groups, with significant deficiencies in retirement planning, insurance coverage, understanding the time value of money, and awareness of Islamic finance risks. These shortcomings underline the need for policy measures that extend beyond occasional financial education programmes and adopt a capability-focused approach that encourages ongoing learning and informed financial decisions throughout an individual's life.

Although the adoption of digital financial services is widespread, evidence suggests that effective outcomes are constrained by limited understanding, weak problem-resolution capacity, and issues related to digital trust. This situation suggests that policy efforts should prioritise strengthening digital financial capability and consumer protection frameworks alongside continued digital innovation.

The growing use of financial advisory services offers a chance to improve household financial decision-making. Nonetheless, the findings indicate confusion among users about the roles, value, and accountability of advisers. This condition highlights the need for clearer standards, greater consumer awareness, and stronger governance of advisory services to ensure they serve as trusted intermediaries rather than merely commercial products.

The limited uptake of advanced financial technologies, such as robo-advisory services, emphasises that trust and user capability remain major constraints. Policies aimed at promoting responsible FinTech adoption should therefore integrate financial capability development with ethical governance and transparency.

These findings support policy directions that emphasise strengthening financial capability, advisory effectiveness, and responsible digital finance as integral components of the Malaysian development agenda. The recommendations advanced in this chapter are intended to support translating financial access and economic progress into sustainable improvements in household resilience and long-term financial well-being.

The following tiered recommendations operationalise these empirical insights into prioritised policy actions.

Tier 1: Critical and Immediate Priorities

1. Deepen retirement planning education beyond EPF:

Retirement preparedness initiatives should advance financial education beyond basic EPF awareness to include supplementary retirement

instruments, longevity risk, inflation protection, sustainable post-retirement income planning, and alignment with the EPF Retirement Income Adequacy (RIA) Framework, which establishes savings benchmarks of RM390,000 for basic adequacy and RM650,000 for sufficient retirement security. This recommendation is based on the 2025 findings, which suggest ongoing overreliance on EPF and a decline in understanding of the PRS among repeat respondents, indicating an increasing exposure to retirement income inadequacy. The urgency is heightened by evidence that misconceptions in this area have worsened rather than improved over time.

2. Intensify financial fraud prevention and digital risk education:

Fraud prevention should be strengthened by increasing public awareness of financial scams, early warning signs, and practical advice on recognising and responding to digital fraud. This recommendation is supported by the 2025 finding that 38% of respondents experienced fraud, scams, or identity theft, underscoring the urgent and widespread digital financial vulnerability.

3. Introduce behaviour-focused financial interventions:

Introduce behaviour-based financial capability interventions, such as default savings options, commitment devices, and goal-based nudges, to convert financial knowledge into sustained behaviour change. This recommendation is supported by the 2025 results, which indicate a persistent gap between financial awareness and actual behaviour. For instance, the tendency to prioritise present consumption over future financial security implies the limitations of knowledge-based approaches alone.

4. Strengthen financial capability support for B40 and M40 households:

Strengthen targeted financial capability support by aligning programmes with the structural realities faced by B40 and M40 households, including limited saving capacity, high debt exposure, and income adequacy constraints. The 2025 findings indicate that vulnerability among these groups is widespread and severe, requiring targeted interventions in emergency preparedness, sustainable debt management, and realistic savings strategies.

5. Professionalise and clarify the role of financial planners:

Enhance financial planning services by strengthening certification standards, enforcement mechanisms, and public communication to clearly differentiate licensed financial planners from unregulated advisers. This recommendation is supported by 2025 findings showing increased engagement with financial planners alongside ongoing confusion about professional roles, which raise the risk of mis-selling and misinformation.

Tier 2: High Priority (Short- to Medium-Term Focus)

6. Strengthen targeted financial education programmes:

Enhance financial education delivery by tailoring programmes based on life stage and demographic features, and by utilising platforms preferred by different population groups. This recommendation directly addresses the 2025 evidence of inconsistent and unsustainable improvements in financial literacy among repeat respondents.

7. Enhance capital market literacy with emphasis on fundamentals:

Enhance capital market education by emphasising important concepts, such as the time value of money, inflation, and diversification. Although awareness of investment risk improved in 2025, persistent weaknesses in these fundamental areas continue to hinder informed long-term investment decisions.

8. Improve public understanding of taxation, zakat, and social protection:

Enhance public communication regarding income tax obligations, zakat responsibilities, understanding of Shariah-compliant financial risks, and their interaction with government assistance programmes. The 2025 findings indicate ongoing (yet moderate) confusion in these areas among self-employed individuals and gig workers, with significant implications for compliance and sound financial planning.

9. Enhance financial literacy for digital investment products:

Improve consumer understanding of digital and alternative investment products by addressing volatility, regulatory issues, and consumer protection. This advice is backed by the 2025 findings, which reveal increasing interest in cryptocurrencies and other alternative investments, but a lack of understanding of the associated risks.

10. Expand specialised workshops on applied financial skills:

Broaden the delivery of scenario-based workshops focused on budgeting amid cost-of-living pressures, debt management, insurance awareness, and risk protection literacy. These workshops aim to address the execution gap in the 2025 study, where respondents portray basic financial awareness but weaker practical financial decision-making skills.

Tier 3: Medium Priority (Structural and Enabling Measures)

11. Increase public engagement between financial planners and consumers:

Enhance structured engagement between financial planners and the public through advisory clinics, community outreach, and open consultations. This recommendation is supported by the 2025 findings, which indicate mixed perceptions and ongoing misconceptions about financial planning services.

12. Leverage digital platforms to support financial capability:

Utilise digital platforms by broadening their functions beyond transactions to include budgeting tools, savings tracking, retirement planning, and financial risk alerts. This advice responds to the 2025 evidence that FinTech usage remains concentrated on payments and savings, with limited adoption for long-term planning.

13. Integrate financial capability into workplace programmes:

Integrate financial capability initiatives into workplace environments by providing financial education, retirement planning assistance, and employer-supported savings schemes. Workplace Financial Wellness (WFW) programmes should be enhanced and formalised, with compulsory financial wellness initiatives introduced as a key intervention, especially for employees experiencing high financial stress. The 2025 findings outline the workplace as a vital platform for supporting working adults facing retirement-readiness and debt-management issues.

14. Promote early and lifelong financial planning education:

Promote continuous financial planning education across primary, secondary, and tertiary levels to develop long-term financial resilience. This recommendation is supported by the 2025 longitudinal evidence indicating that financial knowledge gains are not consistently retained over time.

15. Encourage asset diversification beyond consumption-based assets:

Encourage gradual diversification of assets into income-generating assets through targeted education that acknowledges income and affordability constraints. The 2025 findings reveal a strong focus on consumption and limited long-term asset growth, underscoring the need for structural intervention.

Tier 4: Strategic and Long-Term Priorities

16. Strengthen collaboration with financial institutions and regulators:

Strengthen inter-agency collaboration to improve the consistency, credibility, and reach of financial education and consumer protection messaging. This advice builds on the solid institutional awareness identified in the 2025 findings and addresses collaboration gaps.

17. Establish life-stage-specific financial capability pathways:

Develop ongoing financial capability pathways aligned with crucial life transitions to enhance the relevance and retention of financial knowledge. This recommendation is supported by the diverse financial knowledge and behaviour patterns across age groups in 2025.

18. Institutionalise continuous monitoring and longitudinal assessment:

Institutionalise regular monitoring and longitudinal surveys to evaluate the effectiveness of financial education initiatives and monitor changes over time. The 2025 repeat-respondent analysis emphasises the importance of ongoing assessment due to fluctuating literacy outcomes.

19. Formalise partnerships with financial institutions for education delivery:

Establish formal partnerships with financial institutions to expand the provision of financial education through trusted channels, after refining content and targeting priorities at higher tiers.

20. Establish a national financial capability index:

Develop a national financial capability index to systematically monitor, benchmark, and assess financial behaviour, resilience, and preparedness over time. This advice is supported by the 2025 findings, which reveal multidimensional capability gaps that extend beyond just financial literacy.

Organising recommendations by tier ensures that the most pressing financial vulnerabilities in 2025 are addressed immediately, while simultaneously laying the foundation for sustainable, long-term improvements in financial capability.



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RESEARCH COMMITTEE MEMBERS



Prof. Dr. Mohamad Fazli Sabri

Vice President (Research & Publication)
Malaysian Financial Planning Council
Dean, Faculty of Human Ecology
Universiti Putra Malaysia



Ms. Chung Kar Yin

Executive Director
Malaysian Financial Planning Council



Prof. Dr. Law Siong Hook

School of Business and Economics
Universiti Putra Malaysia



Mr. Anthony Ang Sang Nang

Secretary
Malaysian Financial Planning Council



Dr. Chong Kok Fei

Faculty of Human Ecology
Universiti Putra Malaysia



Dr. Mervin Anthony

Assistant General Manager
Malaysian Financial Planning Council



Dr. Amirah Shazana Magli

Faculty of Business and Economics
Universiti Malaya



**Mr. Syed Mohd Khalil
Syed Mahmood**

Senior Executive
Malaysian Financial Planning Council



Dr. Husniyah Abd. Rahim

Faculty of Human Ecology
Universiti Putra Malaysia



Mr. Mohd. Farhan Azizan

Executive
Malaysian Financial Planning Council

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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 | Web: www.mfpc.org.my

Find us on facebook: MFPCSecretariat

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