

RinggitPlus

Malaysian Financial Literacy Survey 2021



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FOREWORD

Since 2018, the RinggitPlus Malaysian Financial Literacy Survey (RMFLS) has been successful in shining a light on the state of financial literacy in Malaysia.

The fourth edition of the RMFLS coincides with an extremely challenging period for Malaysians, where most of us are still reeling from the effects of the Covid-19 pandemic. Our survey results revealed that Malaysians from all walks of life struggled to save money as the pandemic hit the economy hard. However, Covid-19 also proved to be a strong catalyst to wake Malaysians up and be more proactive in managing their money - we found that more Malaysians are building emergency funds and are actively planning for their retirement.

As always, we're extremely proud that our humble efforts have been recognised by partners who share a similar vision. We are honoured to continue to collaborate with the Financial Education Network (FEN) as well as Bank Negara Malaysia (BNM) not only for the RMFLS, but in other initiatives to raise financial literacy standards in the country.

The RMFLS continues to be the barometer for our vision, an initiative that will inspire new projects designed to help Malaysians take charge of their financial health. Earlier this year, we launched RinggitPlus Financial Planner, a licensed financial planning service that combines traditional one-to-one financial planning with technological insights designed to finally make financial planning affordable to every

Malaysian. We also introduced the RinggitPlus Academy, a HRDF-claimable extensive 7-hour workshop that covers every aspect of personal finance, hosted by a certified financial planner and aimed at young working adults.

Finally, we are also taking the wraps off our latest product: the RinggitPlus Financial Health Check tool, which we co-developed with mangro, a solution offered by KipleX. This free tool provides a customised assessment of the user's financial health and offers suggestions and recommendations across seven key financial areas: Cash Flow, Debt Management, Investment, Risk Management, Tax Planning, Estate Planning, and of course, your personal Goals.

It took a global pandemic for Malaysians to finally address our poor financial habits. Now, as restrictions begin to lift, let's take the lessons learned in the past two years and continue to improve our financial wellbeing. I hope that RMFLS 2022 will show even more encouraging results.

Hann Liew
Co-Founder & Director,
RinggitPlus

EXECUTIVE SUMMARY

This survey was developed to learn about Malaysians' financial behaviours across a range of income levels and age groups. The survey focused on three major aspects: how Malaysians handle their money, how they perceive and understand financial products, and how prepared they are to meet financial uncertainties. Age, location, and income level were used to create profiles of respondents. In addition, this survey also aimed to explore how Covid-19 had affected Malaysians' financial habits more than a year after it struck the country.

This year, participants were asked about their financial habits revolving around spending and saving, retirement planning as well as debt management. Questions surrounding more popularly discussed topics such as digital wallets, cryptocurrency, and the loan moratorium were asked, on top of more traditional ones like property purchasing and insurance.

This survey was conducted using a self-administered questionnaire online to a total of 3,000 Malaysians nationwide. The data is first stratified to represent a statistically accurate population of Malaysia, before further analysis was conducted. The key findings of this survey are described on page 7 and 8.

The 2021 RinggitPlus Financial Literacy Survey concluded that in comparison to last year (2020), Malaysians' personal financial habits remain worrying. Many Malaysians are still susceptible to financial shocks, and a considerable amount continue to spend more than what they earn. Meanwhile, Covid-19's economic impact meant that most Malaysians are not able to save as much as they used to, and more than

one in five Malaysians are considering taking up the loan moratorium.

That said, there are some positives. The top reasons for saving money were to build emergency funds and for retirement - suggesting that many Malaysians have learned the importance of both aspects from the pandemic. In addition, the heightened awareness on Malaysians' EPF savings resulted in many more who now realise that EPF savings alone is not enough for retirement, and hopefully this will catalyse a change for the better.

Interestingly, there is a noticeable drop in credit card ownership, while e-wallet growth remained steady. There are more Malaysians using multiple e-wallets, suggesting that we are getting comfortable with this new contactless payment option.

As for the youths of Malaysia, it is a mixed bag. They are more digitally savvy, which can be seen in higher e-wallet usage and greater willingness to invest in digital assets compared to the national average. However, they tend to have worse personal finance habits compared to the rest of the population.

RMFLS 2021 continues to highlight how the pandemic has exacerbated the financial difficulties of Malaysians, and underlines the importance of financial literacy as a starting point to get back on their feet. With Malaysia gradually reopening, it is imperative that Malaysians build on the lessons learned over the last two years.

METHODOLOGY

The survey was conducted in 3 languages which are English, Bahasa Malaysia, and Chinese, covering all Central, Southern, Northern and East Malaysian regions. The data reported was based on a stratified sampling of 1,518 respondents from the total 3,033 respondents. The data from 3,033 respondents were funnelled according to demographics (age, income, and location) which were then sampled to capture financial sentiments related to financial behaviour and financial well-being illustrative of Malaysians across demographics and strata.

The key findings are outlined on page 7 and 8.

ABOUT THE RESPONDENTS



Age

Below 24 - 28%
25-34 - 33%
35-44 - 21%
45-54 - 13%
55 and above - 5%

Location

Central - **29%**
Northern - **19%**
East Coast - **15%**
Southern - **13%**
East Malaysia - **24%**

Income

< RM2,000 - **19%**
RM2,000-RM4,999 - **39%**
RM5,000-RM10,000 - **28%**
> RM10,000 - **14%**

SURVEY FINDINGS

Covid-19 impact:

- a. The economic impact of Covid-19 affected Malaysians from various walks of life in their ability to save money. From those who cannot save at all (21% vs 19% in 2020) to those who save RM1,500 or more each month (15% vs 20% in 2020), it was clear that saving money was a steeper uphill task than before.
- b. 21% of respondents have either taken or are planning to apply for a loan moratorium - which may be higher than industry estimates.
- c. 21% of respondents do not save money each month, effectively living paycheck to paycheck.
- d. Despite these difficult times, most respondents (76%) claim that they are in control of their money.
- e. Interestingly, there was a considerable decline in credit card ownership in 2021, with 45% of Malaysians not owning a credit card (a 10% drop compared to last year). A similar pattern emerged among existing credit card holders, with fewer holding multiple credit cards.

Heightened awareness on retirement planning, but lackadaisical attitude remains

- a. Many more Malaysians are realising that their EPF savings is not enough for retirement. From 30% in 2020, only 15% believe that their EPF savings is sufficient for retirement purposes. This is likely due to the heightened awareness on this subject from the various EPF withdrawal schemes in 2020 and 2021.
- b. Among those who think that their EPF savings is not sufficient, almost half of them (45%) have not yet started any retirement planning - which is unchanged from last year. Despite the heightened awareness over the last two years, it appears many Malaysians remain complacent in this matter.

Malaysians' personal finance habits have barely changed in the new normal

- a. 50% of respondents cannot survive more than 3 months with their savings, if they lose their job (vs 53% in 2020), while 44% of respondents spend exactly or more than what they earn (vs 46% in 2020). These are more likely a result of reduced expenses (due to lockdowns, lack of travel & leisure activities, etc) or belt-tightening exercises from the economic uncertainty, rather than a change in financial habits.
- b. e-wallet adoption remains relatively healthy in Malaysia, with more Malaysians using multiple e-wallets compared to last year (36% vs 27% for those who use 3 or more e-wallets). Correspondingly, there was a significant drop in the number of Malaysians who only use one e-wallet.

Financial literacy among youths/millennials (respondents below age 35)

- a. Digitally savvy: 38% use 3 or more e-wallets (survey average 89%)
- b. Digitally savvy: almost 92% own at least one e-wallet (survey average: 89%).
- c. Digitally savvy: 63% willing or open to investing in cryptocurrencies (survey average 51%)
- d. Worse than national average:
 - i. 24% cannot survive beyond 1 month on savings alone (survey average 20%).
 - ii. 57% cannot survive beyond 3 months on savings alone (survey average 51%).
 - iii. 45% spend exactly or more than what they earn (survey average 43%).
 - iv. 55% have not started retirement planning (survey average 44%).

Silver Linings

a. Malaysians are now actively building their emergency funds. This was the top reason (63%) Malaysians are saving money this year, after our 2020 survey noted that 27% realised the importance of having one.

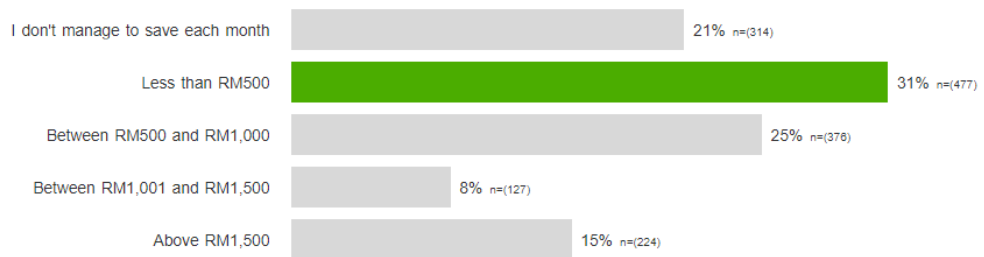
b. Malaysians are also optimistic about a gradual recovery moving forward, with saving for retirement (49%) and travel (40%) making up the top three reasons for saving money.

c. Almost half of respondents (49%) who aren't already invested in cryptocurrencies are willing or open to investing in it, an encouraging sign of Malaysians' views on alternative assets.

FINANCIAL LITERACY SURVEY FULL REPORT

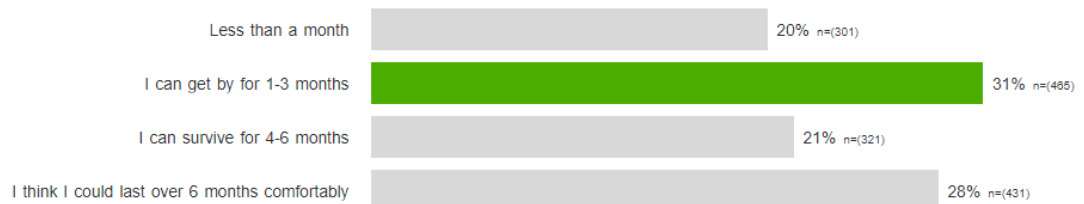
About half of Malaysians save less than RM500 per month.

Q7 How much do you currently manage to save each month?



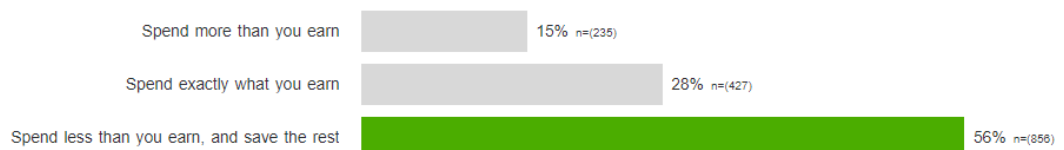
About 51% indicate that they can only survive for less than 3 months if they lose their job. However, 28% are able to last over 6 months comfortably.

Q8 If you lose your job, and all you have are your savings, how long do you think you can survive with your current lifestyle?



About half (56%) indicate that they spend whatever they earn and save the rest each month. However, 43% of them spend more or exactly of what they earn every month.

Q9 If you are honest with yourself, each month you...



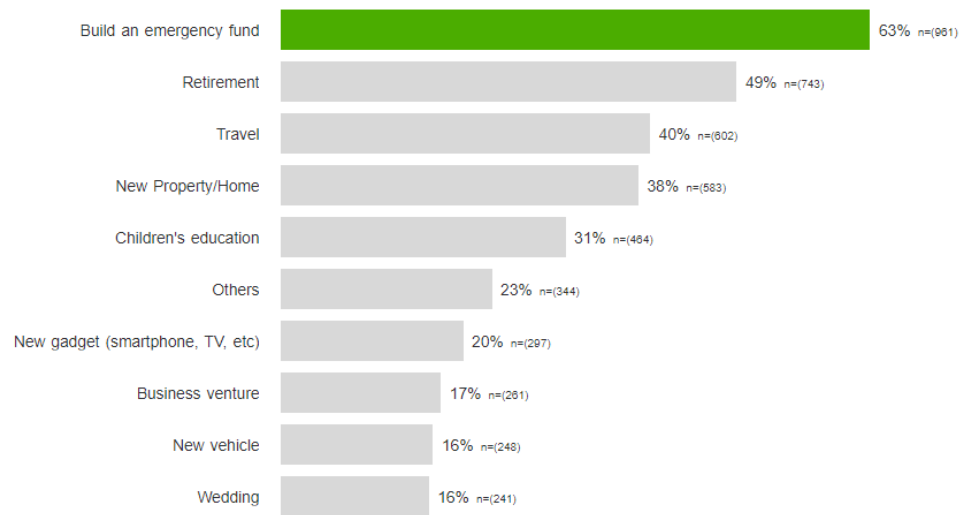
About 3 in 4 consumers believe they are currently in control of their money.

Q10 Do you think you are in control of your money?



The top 3 reasons consumers are saving these days; to build an emergency fund (63%), retirement (43%), and travel (40%)

Q11 What are you currently saving money for? Please select your TOP THREE options.



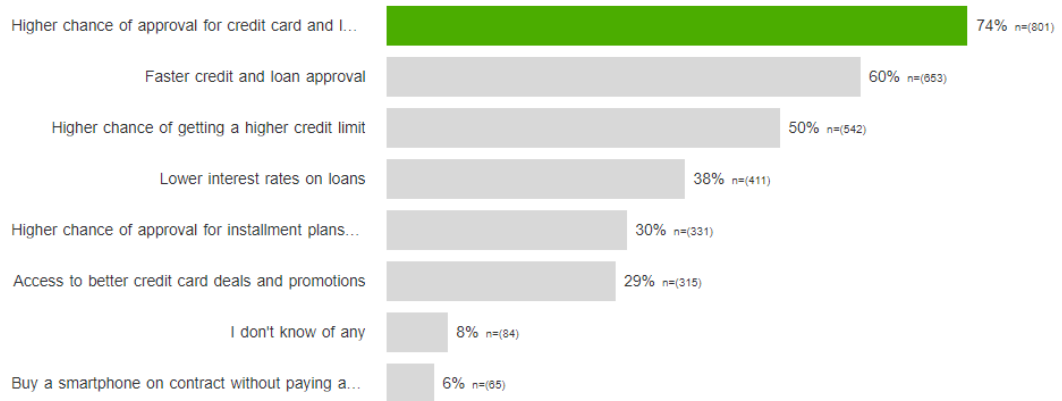
24% of consumers indicate that they know what a credit score is and their respective score. However, 32% know the concept of a credit score but do not know their own score, while 28% do not know what a credit score is.

Q12 Do you know what a credit score is?



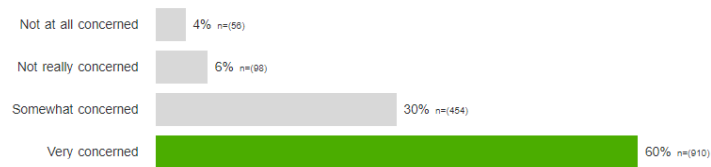
A majority (74%) knows that the benefits of a high / good credit score includes higher chances of approval for credit cards and loans. 60% indicate that it includes faster credit and loan approvals, whereas 50% knows that they have a higher chance of acquiring a higher credit limit.

Q13 As far as you know, what are the benefits of having a high / good credit score?



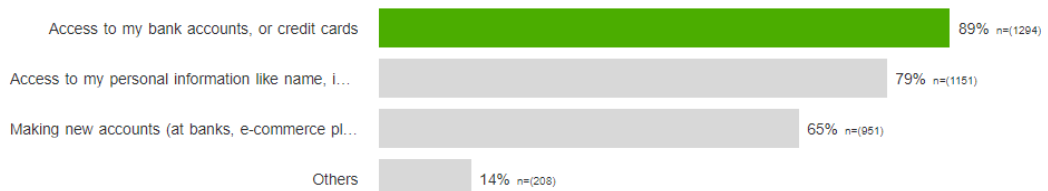
A majority (60%) is concerned about falling victim to identity theft online, but 1 in 10 consumers are not concerned at all.

Q14 Are you concerned about falling victim to identity theft online? Identity theft is an act of crime in which a fraudster steals your sensitive personal information such as your NRIC details, passport details, credit card or banking details.



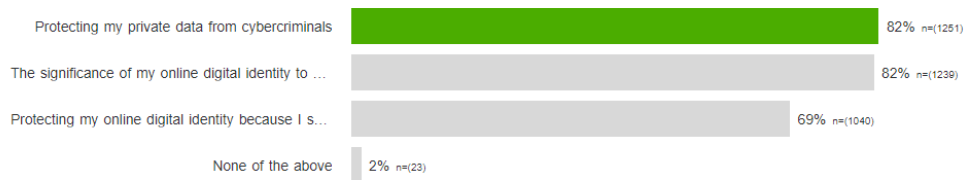
The type of identity theft that consumers are most concerned about is the access to their bank accounts, and/or credit cards (89%).

Q15 Which type of identity theft are you concerned about?



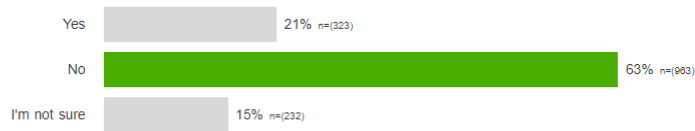
The most important aspect of digital identity by consumers is to protect their private data from cybercriminals (82%)

Q16 Which aspects of digital identity is important to you?



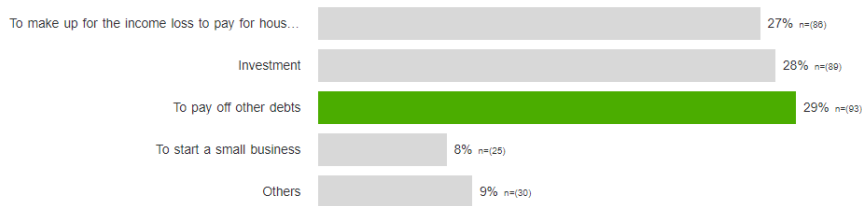
1 in 5 consumers indicate that they had applied or are planning to apply for a loan moratorium this year

Q17 Did you or do you plan to apply for the loan moratorium this year?



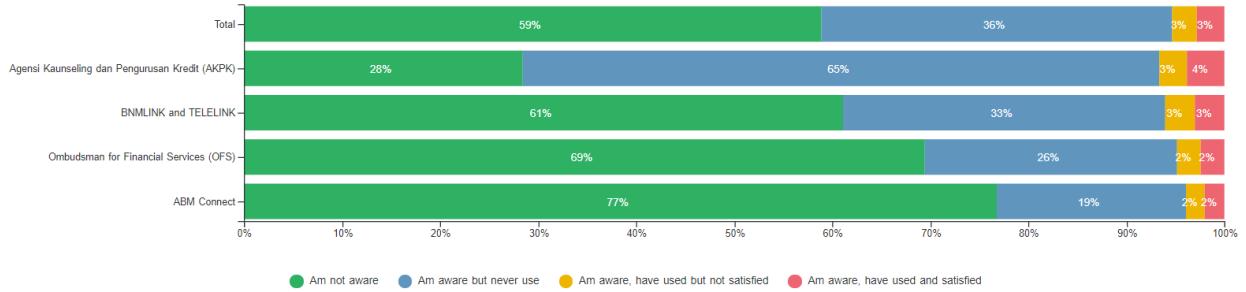
Among those who have applied or were planning to apply for a loan moratorium; 29% indicate they will use the cash available to pay off other debts, 28% say they will use it to invest, and 27% will use it to make up for the lost income to pay for household spending.

Q18 What did/do you intend to do with the cash available from taking the loan moratorium?

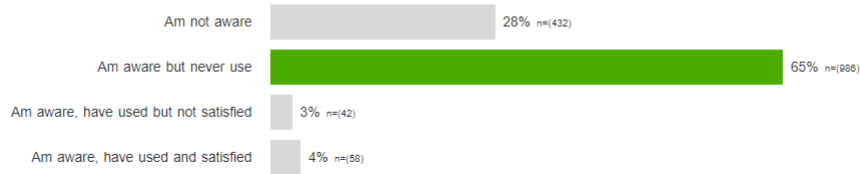


Out of 4 services, most consumers (65%) are aware of AKPK but they have never used it. More than half of the consumers are not aware of BNM Link and Telelink, OFS, and ABM Connect.

Q19 Have you sought services from the following channels/agencies?



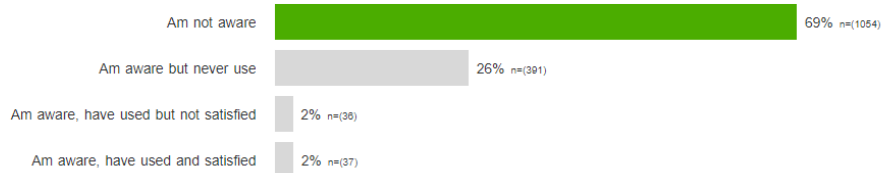
Q20 Have you sought services from the following channels/agencies? - Agensi Kaunseling dan Pengurusan Kredit (AKPK)



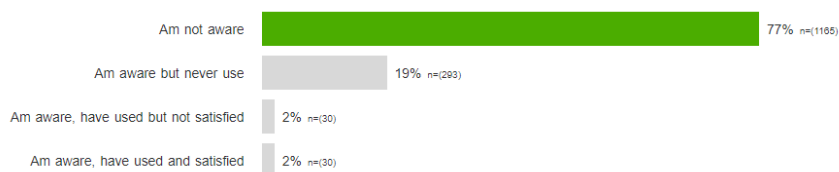
Q21 Have you sought services from the following channels/agencies? - BNMLINK and TELELINK



Q22 Have you sought services from the following channels/agencies? - Ombudsman for Financial Services (OFS)

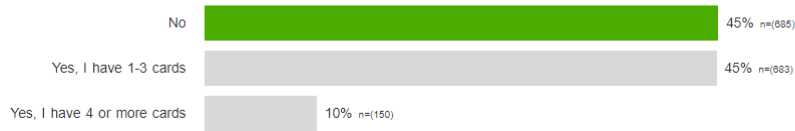


Q23 Have you sought services from the following channels/agencies? - ABM Connect



More than half of consumers (55%) own one or more credit cards

Q24 Do you have a credit card?



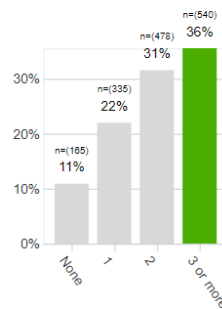
70% of consumers pay their credit card bill in full every month

Q25 How do you usually pay your credit card bill every month?



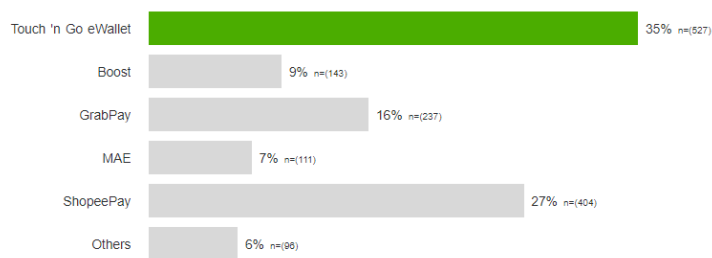
89% of consumers use one or more e-wallets.

Q26 How many e-wallet apps do you use?



35% say their Touch 'n Go e-wallet is the one they use most often.

Q27 Which is your most used e-wallet app?



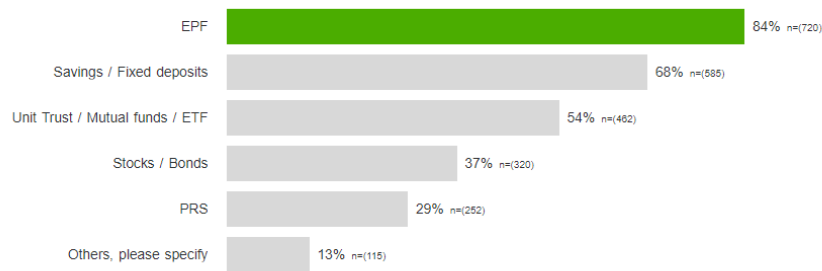
About 44% of consumers have not started planning for retirement.

Q28 Have you started planning for your retirement?



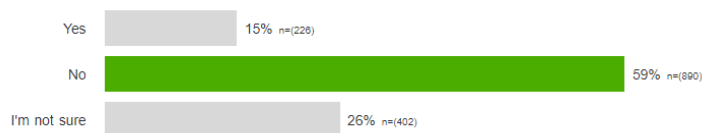
When it comes to consumers’ retirement savings, the most common form is EPF (84%), followed by savings/fixed deposits (68%), then unit trusts / mutual funds (54%).

Q29 What forms of retirement savings do you have?



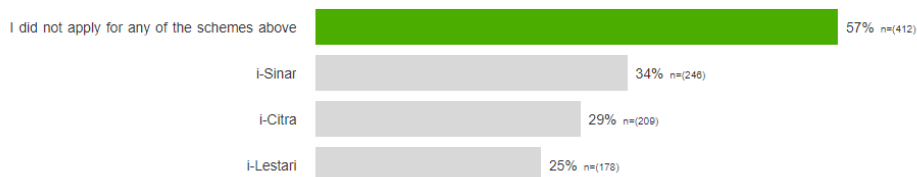
Despite the majority of consumers maintaining their EPF savings, 59% indicate that it will not be enough for retirement, whereas 26% of them are not sure if it is enough.

Q30 Do you think EPF savings is enough for retirement?



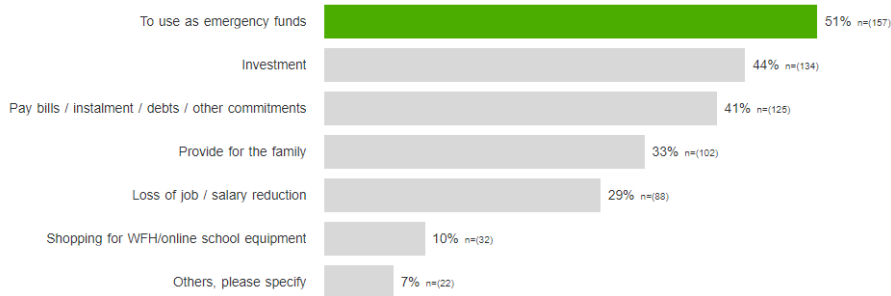
Most consumers (57%) indicated that they did not apply for any schemes in the past year.

Q31 Select the schemes which you applied for in the past year.



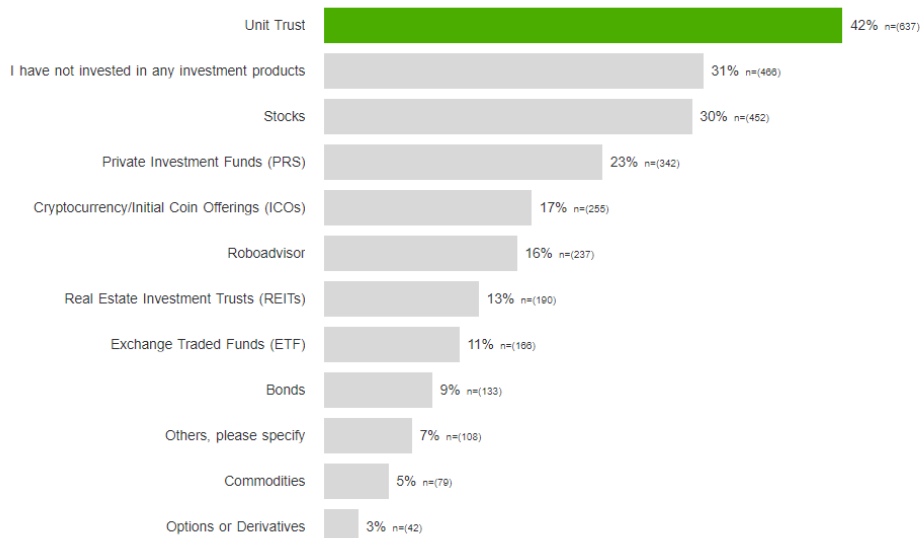
51% indicate that they withdrew their EPF savings during the pandemic for emergency funds, while 44% used it for investments, and 41% used it to pay bills / instalments / debts / other commitments.

Q32 What were the reasons behind your decision to withdraw your EPF savings during the pandemic?



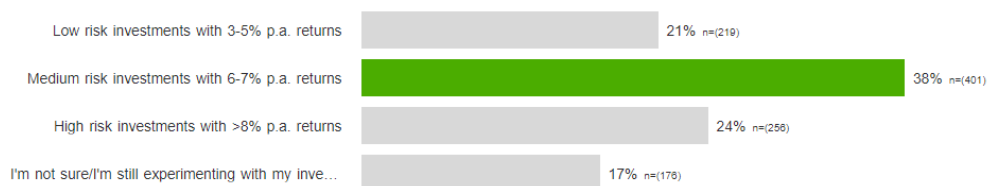
The type of investment that most consumers currently have are unit trust (42%), followed by Stocks (30%) and Private investment funds (23%)

Q33 What type of investment products do you invest in?



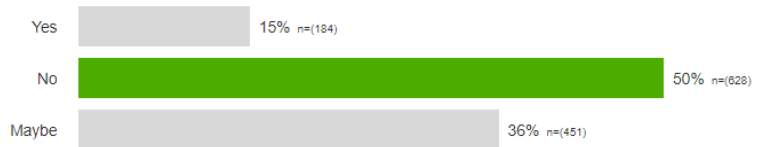
Among those who are currently investing, 38% of consumers would prefer medium risk investments with 6-7% p.a returns.

Q34 I would prefer...



Among those who are currently not investing in cryptocurrency, 50% of consumers are not planning to invest in cryptocurrency at all.

Q35 Are you planning to invest in cryptocurrencies?



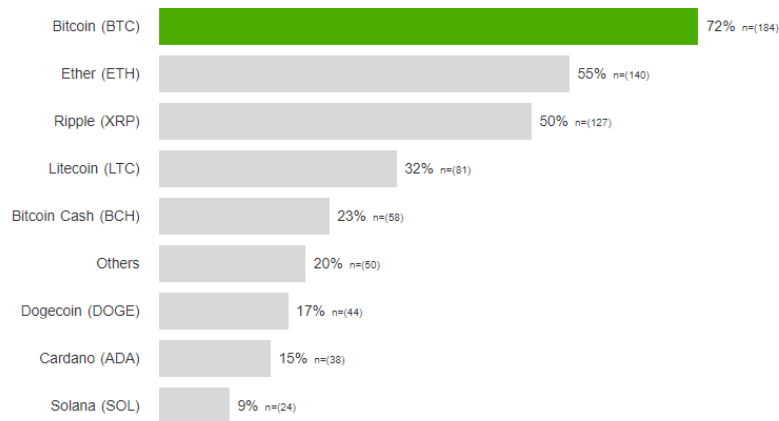
Among those who are currently not investing with roboadvisors, more than half of consumers (62%) are considering investing with roboadvisors.

Q36 Would you invest using a robo-advisor? Roboadvisors are digital platforms that provide automated, algorithm-based investment services. It helps users build their investment portfolio based on their risk profile and goals.



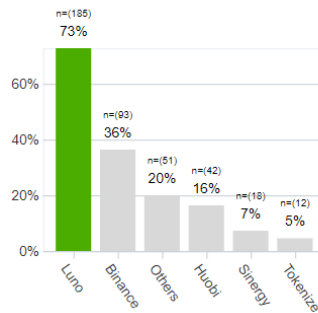
Among those who are currently investing in cryptocurrency, 72% of them are investing in Bitcoin (BTC), Ether (55%), Ripple (50%), followed by Litecoin (32%).

Q37 What cryptocurrencies do you own?



A majority (73%) are using Luno to invest in cryptocurrencies

Q38 Which one of these exchanges are you using to invest in cryptocurrencies?



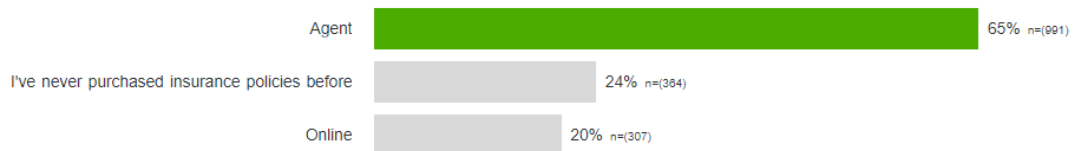
48% of consumers do their research on an insurance policy via an agent, whereas 45% do their own research online.

Q39 How do you usually research an insurance policy?



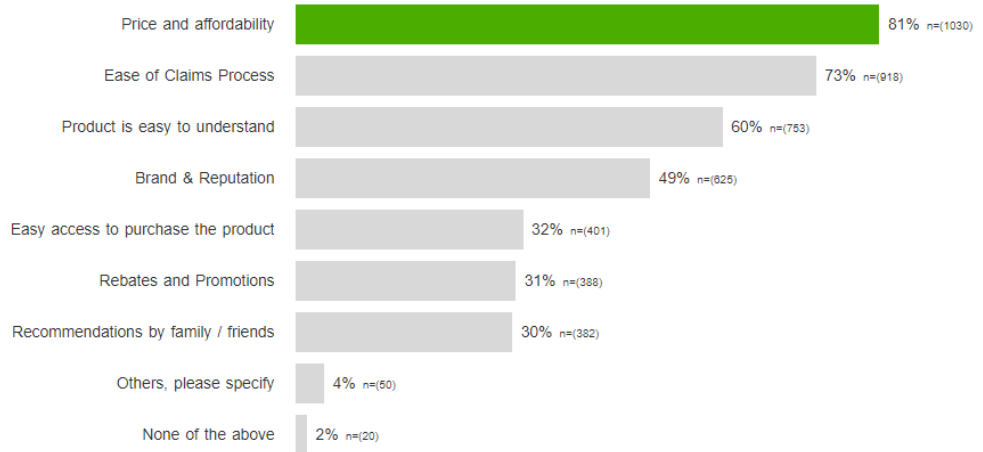
A majority (65%) of consumers usually purchase and insurance policy via an agent

Q40 How do you usually purchase an insurance policy?



The most important factors when buying an insurance policy according to Malaysians include, price and affordability (81%), ease of claims process (73%), an easy to understand product (60%), and brand & reputation (49%).

Q41 In your opinion, what are the most important factors when buying an insurance policy?



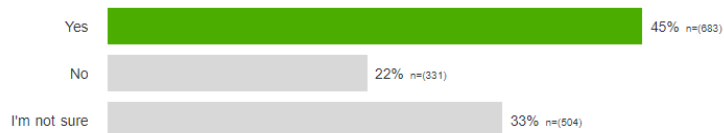
65% of consumers read the Product Disclosure Sheet before purchasing an insurance or takaful product but only 31% fully understand its contents.

Q42 Do you read the Product Disclosure Sheet (PDS) of an insurance/takaful product before purchasing?



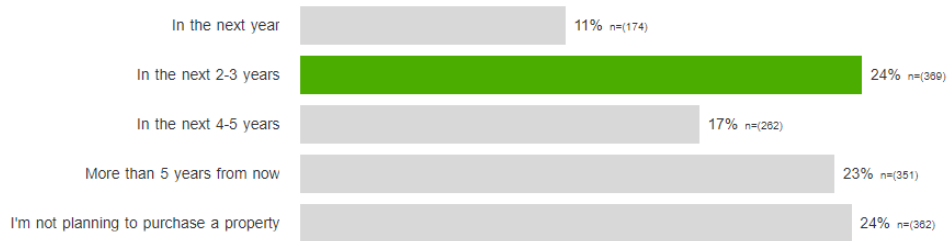
45% of consumers would still consider buying a property in a post-Covid situation

Q43 Would you still consider buying a property in a post-COVID situation?



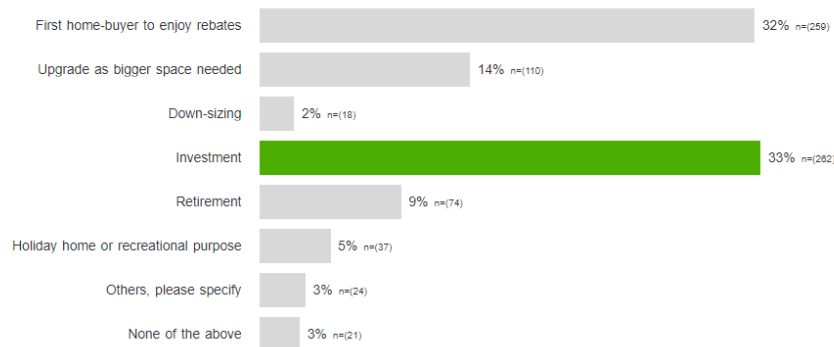
Meanwhile, 35% indicate that they are planning to purchase a property in the next 1 – 3 years

Q44 When are you planning to purchase a property?



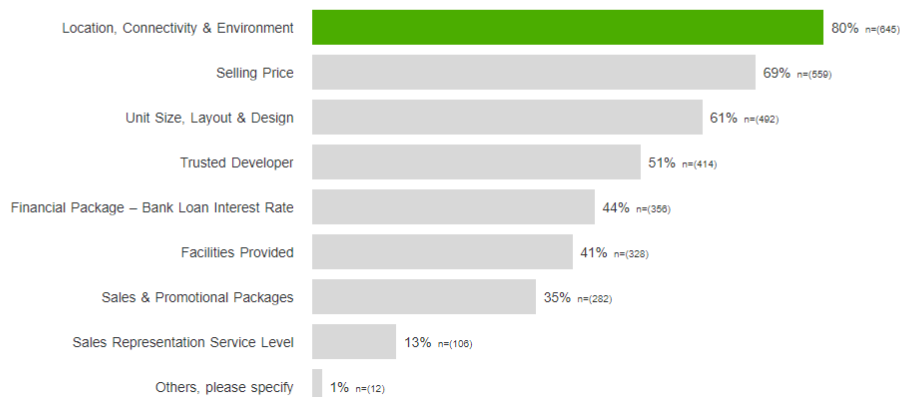
Among those who are planning to purchase a property in the next 5 years, 33% state that their key motivation would be for investment purposes, followed by being able to enjoy rebates as a first-home buyer (32%).

Q45 Since you are planning to purchase a property within the next 5 years, what would be your key motivation?



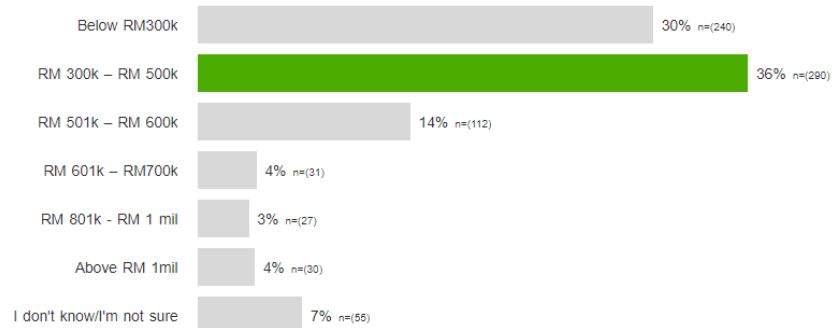
The top 3 key factors that influence the consumer when purchasing property are Location, Connectivity & Environment (80%), Selling Price (69%) and Unit Size, Layout & Design (61%)

Q46 What are the 3 key factors influencing your property purchase decision? Please select 3 options at most.



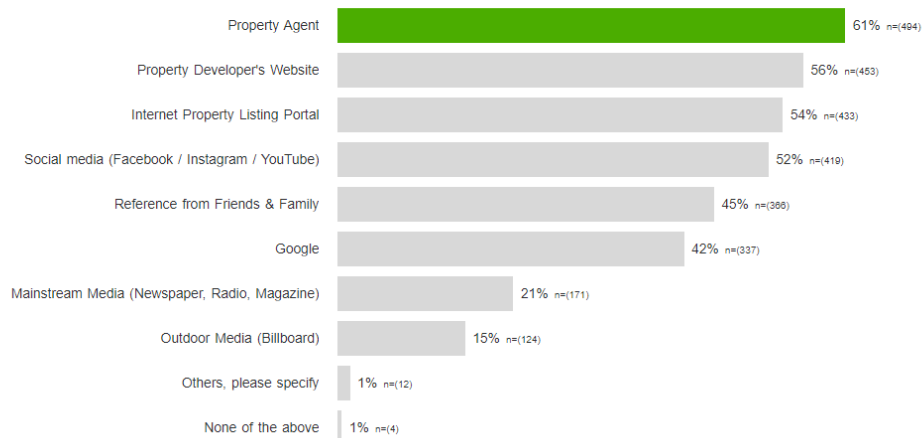
Among those who are considering purchasing their next property, a majority (36%) indicate that their budget is currently RM300k – RM600k

Q47 If you are considering to buy your next property, what's the budget you have in mind?



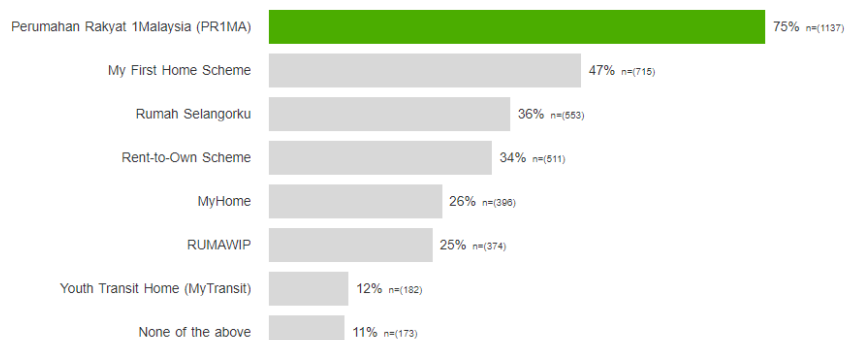
The most preferred source of information for the next property purchase is through a property agent (61%), property developer's website (56%) and internet property listing portal (54%).

Q48 Where will you get the source of information for your next property purchase? Please select 3 options at most.



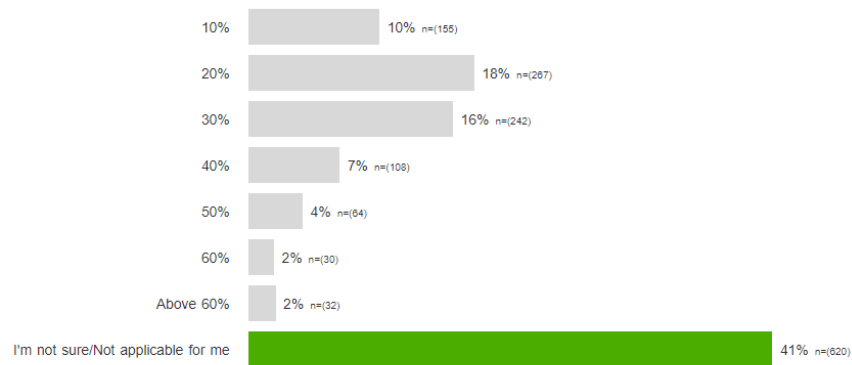
Most common housing schemes that most consumers have heard of before are Perumahan Rakyat 1Malaysia (PR1MA) (75%), followed by My First Home Scheme (47%).

Q49 Which of the following affordable housing schemes have you heard of before?



18% of consumers indicate that 20% of their net income is spent on housing

Q50 How much of your monthly household net income is spent on housing (rent or paying for mortgage)?



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