

RinggitPlus + MALAYSIAN FINANCIAL LITERACY SURVEY 2022 + Survey Report



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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.

Now in its fifth iteration, RMFLS has grown to be a barometer of financial literacy standards in Malaysia, and a timely reminder at a time when everyone faces their own financial challenges.

This year's survey results mark a sombre tone and a reality check to the initial excitement of the post-pandemic era. With many still just finding their feet, the pandemic's financial impact is still keenly felt among the *rakyat*. The most eye-opening is the fact that 70% of Malaysians do not save more than RM500 a month, significantly higher than last year and a stark reminder that we're quite simply not out of the woods yet.

I would also like to share that our humble initiative continues to be recognised. We are honoured by the continued support from the Financial Education Network (FEN) as well as Bank Negara Malaysia (BNM) across RMFLS and other financial literacy initiatives. Meanwhile, this half-decade milestone is also marked by key partnerships with Amanah Saham Nasional Berhad (ASNB), Visa International, OCBC Bank, Experian, and Atome - these partnerships have made RMFLS 2022 our biggest yet.

As we continue to highlight the financial literacy levels in Malaysia, we at RinggitPlus are mindful that we, too, hold a responsibility to play an active role to help Malaysians every step of the way. We believe that knowledge and awareness is the key to kickstarting every Malaysian's financial literacy journey, and as such we have taken the first steps to enabling better access to our library of content to all Malaysians. In 2023, RinggitPlus will offer unique content in Bahasa Malaysia on our blog, and we will continue our efforts to provide other services in Bahasa Malaysia. Moving forward, we aim to continue providing our services in other languages as well.

In our five years of RMFLS, we've not come across a set of results as dire as 2022. It is our hope that we continue practising the lessons learnt over the past two years and start taking the first step of improving our financial habits today.

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. In addition, this survey also aimed to explore how prepared Malaysians are in the face of financial uncertainty.

This year, participants were asked about their financial habits revolving around spending and saving, retirement planning, investments, as well as income protection. Questions surrounding popularly discussed topics such as savings rate, cashless payments, cryptocurrency, and EPF savings were asked, on top of more traditional ones like investments and insurance.

The survey was conducted using a self-administered questionnaire online to a total of 3,144 Malaysians nationwide through a third-party analytics platform. This sample size represents a statistically-accurate population of Malaysia for better accuracy in our analysis. The key findings of this survey are on page 7 and 8.

The 2022 RinggitPlus Malaysian Financial Literacy Survey concluded that Malaysians

are at risk of financial shocks at a much higher rate than ever since we began conducting this survey in 2018. The full impact of the Covid-19 pandemic and global economic events have resulted in the largest-ever spike in the number of Malaysians who save RM500 or less. In fact, the amount of respondents who saved less compared to past surveys is noticeably higher across all income ranges - indicating that the rising costs of living affects even those in higher income levels.

The survey also found that a majority of Malaysian adults (age 21 and above) have not started investing. Not only that, those who are investing do not have a long-term mindset, with a preference for a medium-term investment timeframe as well as a low risk appetite. All of these points to a lack of understanding among Malaysians about the importance of investing and setting appropriate parameters based on their age and needs.

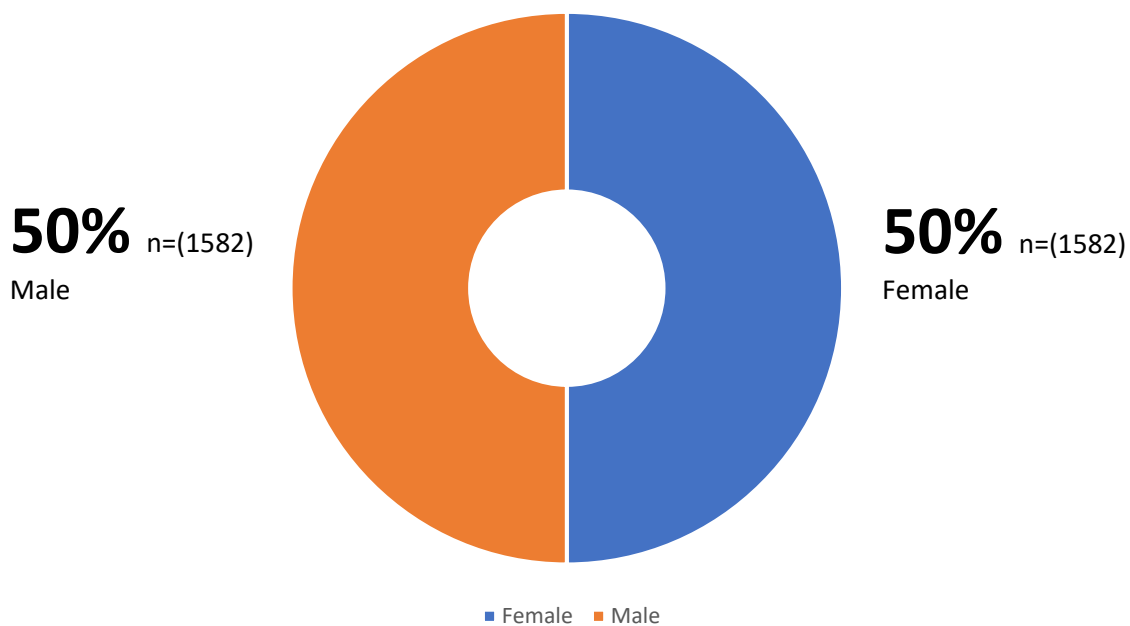
The RMFLS, now in its fifth year, continues to highlight the importance of financial literacy among Malaysians. Despite the challenges we faced, and the lessons learned before, during, and after the pandemic, we can still move forward towards a financially healthier future one step at a time.

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 statistically accurate sampling of 3,144 respondents aged 18 and above. The data were then funnelled according to various profiles (age, income level, and location) which were then analysed 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

- 18 - 24 = 28%
- 25 - 34 = 37%
- 35 - 44 = 25%
- 45 and above = 10%

LOCATION

- Central = 28%
- Northern = 21%
- East Coast = 15%
- Southern = 16%
- East Malaysia = 20%

INCOME

- < RM2,000 = 47%
- RM2,000-RM4,999 = 38%
- RM5,000-RM10,000 = 12%
- >RM10,000 = 3%

SURVEY FINDINGS

The full financial impact of the pandemic is now very visible.

- a. Malaysians from *all* walks of life are struggling financially - it's painfully obvious now that financial aids in 2020 and 2021 have ended.
- b. 70% of respondents save less than RM500 a month (vs 52% in 2021). This is the largest year-on-year increase since RMFLS began in 2018.
- c. Those who save more than RM1,500 per month have dropped considerably too. From 20% in 2020, 15% in 2021, and now just 5% in 2022.
- d. 63% of respondents can survive 3 months or less with only their savings. Again, this is a significant spike from 2021 (50%). This is likely due to the reduced savings in hand from the pandemic coupled with the rising cost of living due to global events this year.
- e. 55% of Malaysians spend exactly or more than what they earn each month - essentially living paycheck to paycheck. This is a noticeable increase from previous years (44% in 2021, 46% in 2020).

Can Malaysians even retire in comfort?

- a. Only 18% of respondents believe that their EPF savings is enough for retirement. This is marginally higher than in 2021 (15%) but maintains the heightened awareness of this subject from the various EPF withdrawal schemes in 2020 and 2021.
- b. Among those who think that their EPF savings are not enough for retirement, 41% of them have not yet started financially planning for their retirement. This is slightly lower than 2021 and 2020 (both 45%) but this remains a concerning point.
- c. Worryingly, 28% of respondents aged 35 and above have *not* started financially planning for retirement. This is highly worrying as age becomes a major factor to grow retirement savings in a financially responsible manner - the later you start, the harder it is to reach your savings goals.
- d. Even more shocking, 66% of respondents above 21 would still consider applying for more EPF withdrawals if the government allows it.

Malaysians are not investing enough.

a. 52% of Malaysians above 18 have not yet started investing. Given the importance of investing to achieve long-term financial goals, this is an area that needs deeper understanding.

b. Of those who are investing, 52% of them have low risk appetites who prefer capital preservation. On a related note, 50% of those who are investing prefer medium-term investments of 5-10 years - signifying a mismatch between risk appetite and investment horizons.

c. The mismatch above may also be a consequence of investors influenced by the current poor economic climate.

d. Unfortunately, a similar amount of youth investors (age 18-35) have the same low risk appetite (54%), despite having longer investment horizons and capability to take on more risk (based on standard financial planning practices).

e. The top 3 investment products by Malaysian investors are: unit trusts, stocks, and cryptocurrencies.

More financial red flags.

a. 71% of respondents believe they are in control of their money, a 5% drop from 2021. Of this group, a staggering 43% of them spend exactly *or more* than what they earn each month.

b. Only 55% of credit card holders pay their bills in full every month. 18% of cardholders only pay the minimum, while the remaining 27% pay whatever that they can afford that month. This may be another ramification of depleting savings and rising costs of living.

c. Credit score awareness remains alarmingly low in Malaysia - 59% of respondents either do not know or are completely unaware of what a credit score is. One reason may be because a majority of Malaysians (32%) do not know the benefits of a good credit score.

d. Only 52% of respondents claim to have never shared information about their personal finances online.

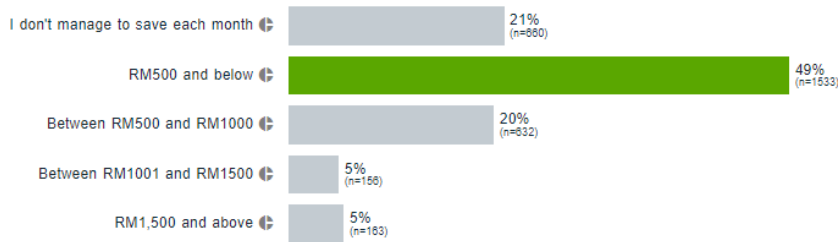
e. 4 out of 10 respondents do not have a medical card, exposing them to the risk of high medical bills if something unfortunate were to happen.

f. Similarly, 43% of respondents with dependents (married, married with children, divorced/widowed with children) do not own a life insurance policy.

RINGGITPLUS MALAYSIAN FINANCIAL LITERACY SURVEY 2022 FULL REPORT

70% of Malaysians save less than RM500 per month.

Q: How much do you currently manage to save each month?



63% indicate that they can only survive for 3 months or less if they lose their jobs. Meanwhile, 15% are able to last over 6 months comfortably.

Q: If you lose your job, and all you have are your savings.. How long do you think you can survive with your current lifestyle?



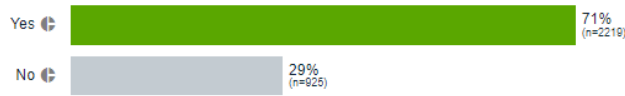
More than half (55%) of respondents indicate that they spend exactly or more of what they earn every month.

Q: If you are honest with yourself, each month you...



About 7 in 10 Malaysians believe they are currently in control of their money.

Q: Do you think you are in control of your money?

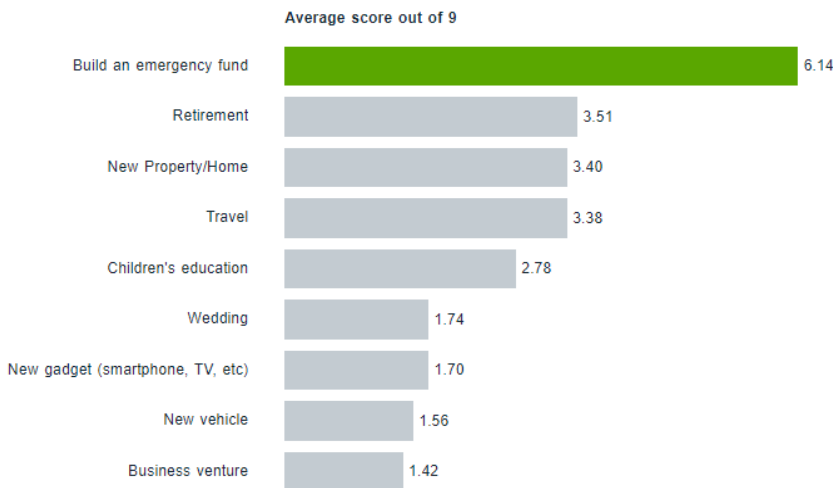


Building an emergency fund is by far the biggest priority among those who are able to save money.

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

Please rank the following from your top priority (at the top) to your lowest priority (at the bottom).

Ranking | Sample size = 2226



Others have specified that they are also currently saving for Education and Investments.

Sample size: 144



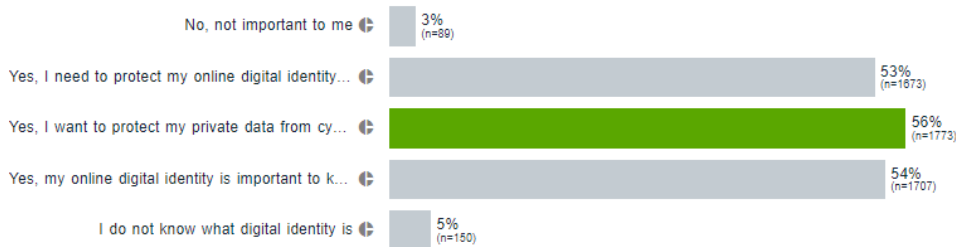
The majority (46%) of those planning to buy a house will choose a bank that offers the lowest interest rates over their main bank (17%).

Q: Are you planning to own a house? If yes, what are the things will you consider when choosing the bank for your mortgage?



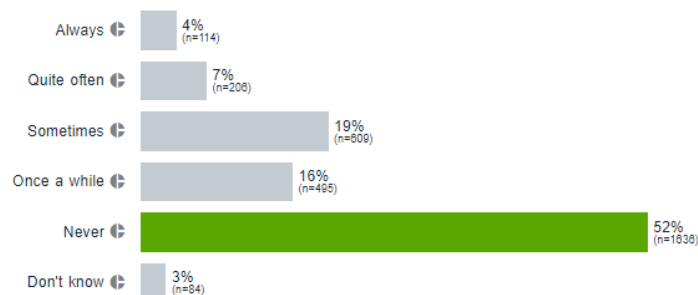
An overwhelming majority of Malaysians believe that digital identity protection is important today.

Q: Do you think digital identity protection is important today?



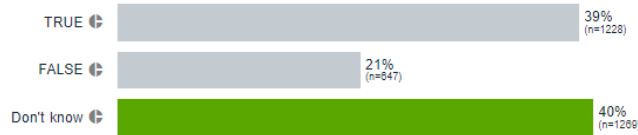
45% of Malaysians have admitted to having shared information about their personal finances online.

Q: How often do you share information about your personal finances online? (e.g. on social media)



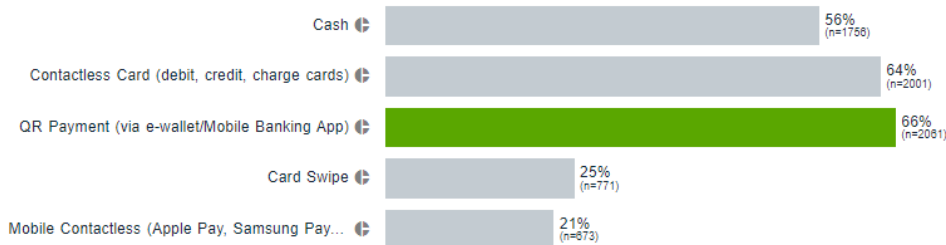
Almost 40% of respondents have the false impression that all financial services providers that they can find on the Internet are regulated by the financial authority of their jurisdiction. Another 40% do not know.

Q: How accurate is the following statement? 'All financial services providers that I can find on the internet are regulated by the financial authority of my jurisdiction.'



Cashless payment methods (both card and QR-based) continue to grow in preference.

Q: What is your preferred payment method?



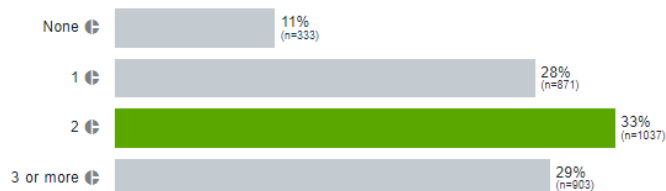
A majority of Malaysian adults (63%) do not own a credit card.

Q: Do you have a credit card?



E-wallet penetration is as high as ever, with almost 9 out of 10 Malaysians using at least 1 e-wallet app.

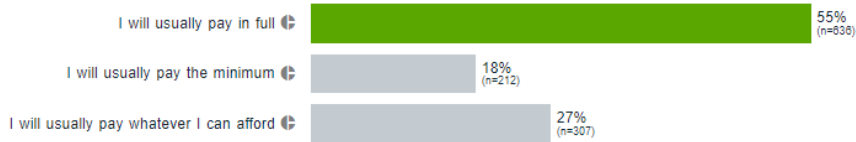
Q: How many e-wallet apps do you use?



Only about half of the respondents pay their credit card bills in full every month.

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

(Sample size=1155)



41% of Malaysians have used a BNPL service.

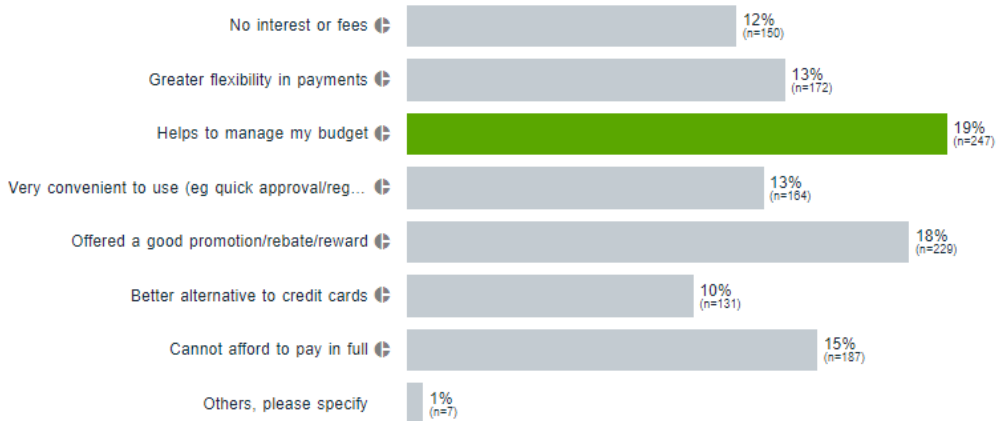
Q: Have you used a buy-now-pay-later (BNPL) service by one of the following (Atome, Pace, FavePay Later, hoolah, Paylater by Grab, Split, myIOU, PAYLATER, Shopback Paylater)?



The main reasons for users who have used a BNPL service are to help manage budget (19%) followed by promotions or rewards (18%).

Q: What is your main reason for using BNPL?

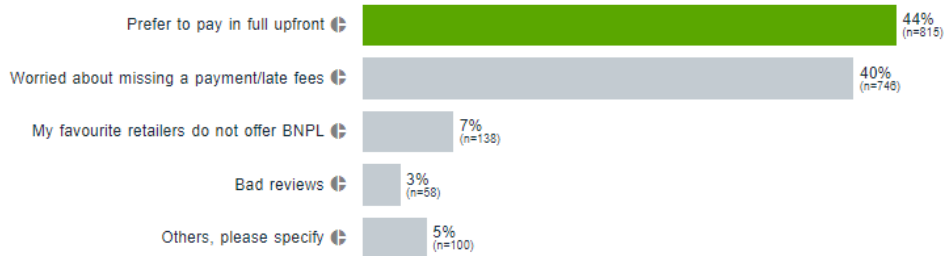
Sample size=1287



The two main factors of those who have not used BNPL are preference to pay in full upfront (44%) and concern about missing payment or late fees (40%).

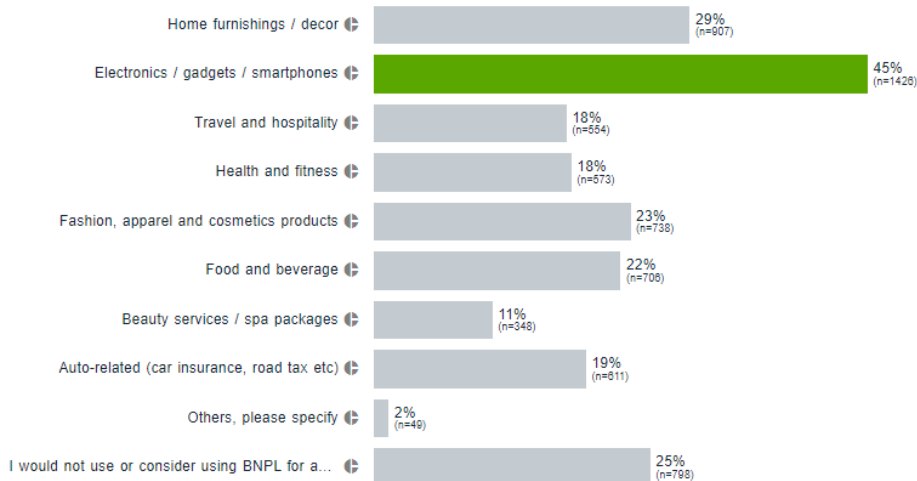
Q: Why do you NOT use BNPL?

Sample size=1585



Most Malaysians would consider using or have used BNPL to purchase goods Electronics / Gadgets / Smartphones as well as home furnishing or décor.

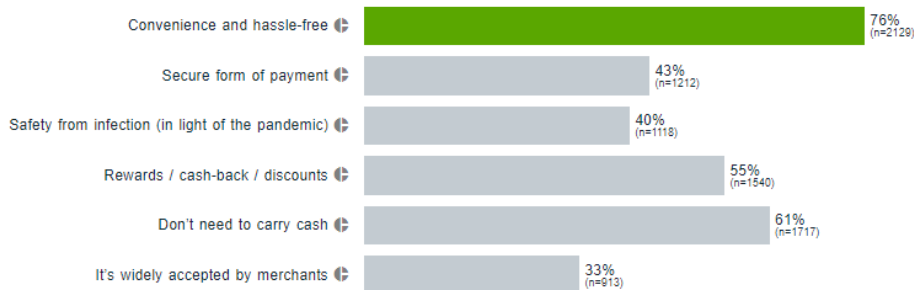
Q: What type of purchases would you consider using/have you used BNPL for? (Select all that apply)



The three main factors that consumers prefer cashless payment methods are convenience and hassle-free, not having to carry cash, and rewards / cashback / discounts.

Q: What are the main factors for using cashless payment methods?

Sample size=2805

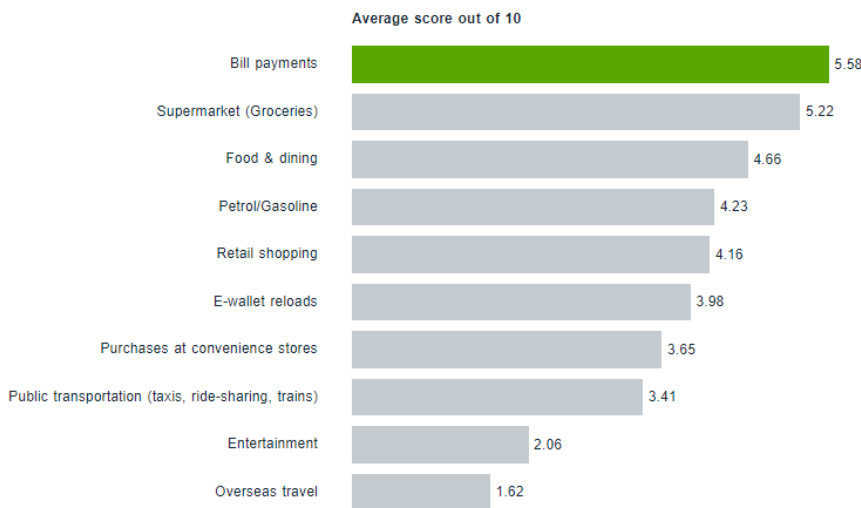


And the most popular categories they would consider going completely cashless in the future are bill payments, supermarket (groceries), and F&B outlets (food & dining).

Q: Which of the following categories would you consider going completely cashless in the future?

Please rank the following from your the category you would consider cashless the most (at the top) to the category you would consider cashless the least (at the bottom).

Ranking | Sample size = 2839



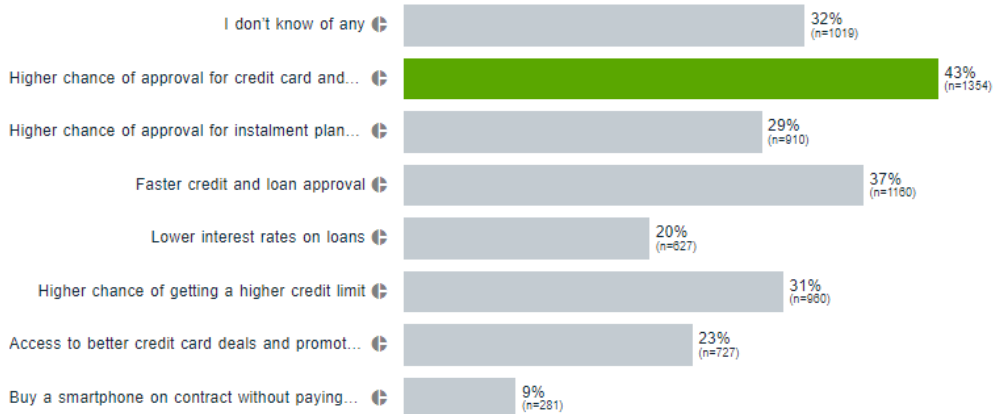
Almost 60% of Malaysians either do not know the meaning of a credit score or are not aware of what it is at all.

Q: Are you aware of what a Credit Score is?



And almost 1 in 3 Malaysians do not know the benefits of a high/good credit score.

Q: What are the benefits of having a high / good credit score?



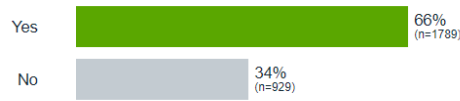
38% of respondents are deterred by the KYC process from signing up for banking products via mobile banking apps.

Q: Which of the following deters you the most from signing up for banking products via mobile banking app?



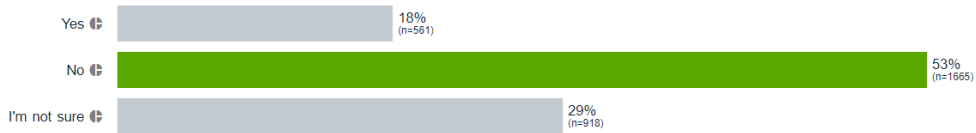
34% of Malaysian adults have not started financially planning for their retirement

Q: Have you started financially planning for your retirement?



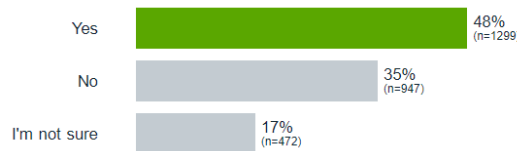
This is despite only 18% of Malaysians who believe that their EPF savings is enough for retirement.

Q: Do you think EPF savings is enough for retirement?



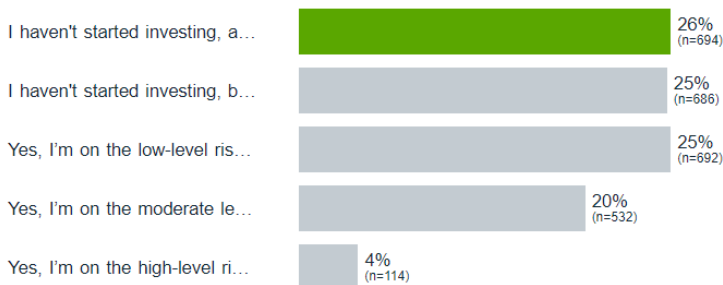
Even worse, 65% of respondents aged 21 and above would consider applying for more EPF withdrawals if the government allows it.

Q: If the government allows for more EPF withdrawals, would you apply for it?



More than half of Malaysian adults have not started investing (51%).

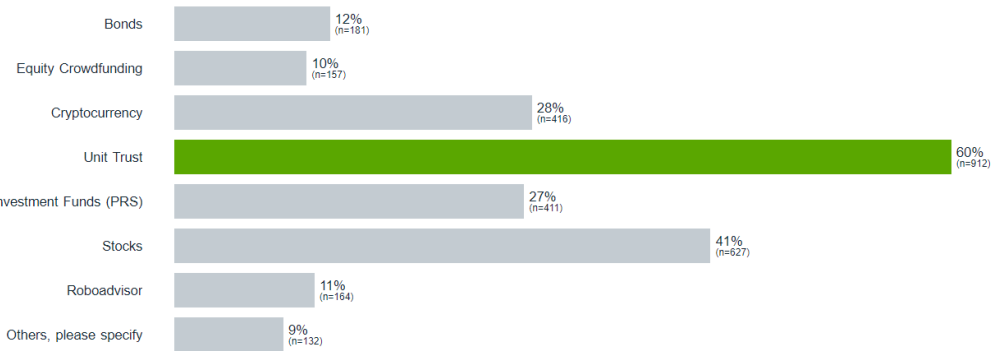
Q: Have you started investing and what is your risk appetite?



Among those who are investing, the most popular products are Unit Trust, Stocks, and Cryptocurrency.

Q: What type of investment products do you invest in?

Sample size=1513



Other popular investments are Gold and ASB.

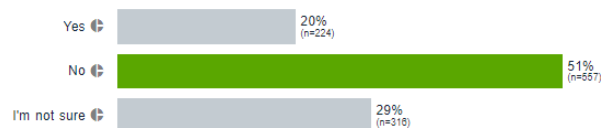
Sample size = 132



Among Malaysian investors who have not invested in crypto, half of them do not intend on investing in this asset class.

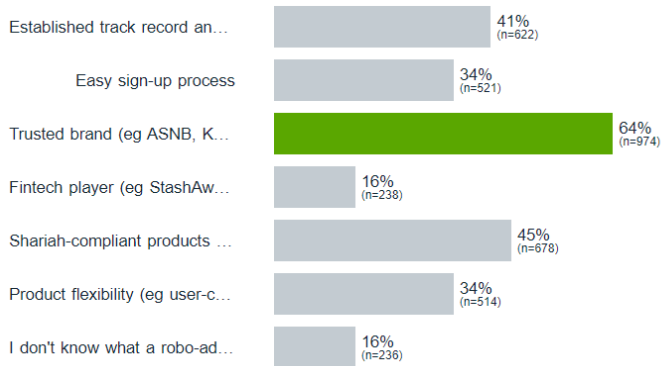
Q: Are you planning to invest in cryptocurrencies?

Sample size=1097



The three most important factors when choosing to invest with a robo-advisor are trusted brand, Shariah-compliant, and an established track record & historical performance.

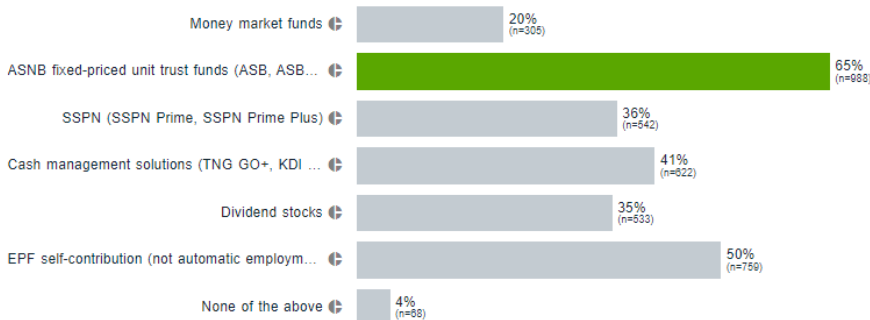
Q: What are the most important factors in choosing a robo-advisor to invest with? (Please select top 3)



Malaysian investors opt for products such as ASNB fixed priced unit trust funds, EPF, and cash management solutions to optimise their portfolio's risk exposure.

Q: What lower-risk investments do you have to optimise your overall portfolio's risk exposure? (Select all that apply)

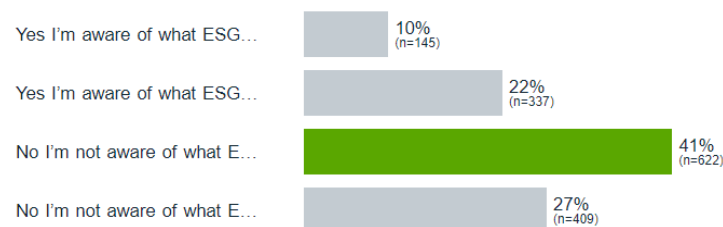
Sample size=1513



More than two thirds of Malaysian investors (68%) are not aware of what ESG (environmental, social, and governance) is.

Q: Have you heard of ESG and would you be influenced by these ESG principles when choosing a preferred financial product?

Sample size = 1513



Half of Malaysian investors prefer medium-term investments (within 5 – 10 years).

Q: What is more important to you, long term investment or short-term returns?

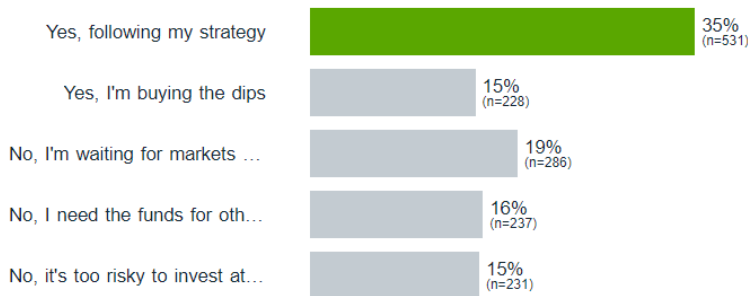
Sample size = 1513



In 2022's challenging investment environment, Malaysian investors are evenly split in terms of making any investments this year.

Q: Have you made any investments in 2022? (eg stocks, roboadvisors, crypto, etc)

Sample size = 1513



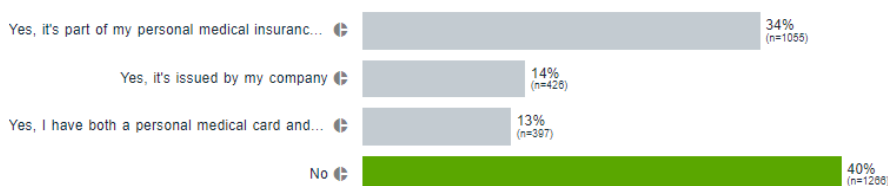
A majority of respondents (64%) still prefer to purchase an insurance policy via an agent.

Q: How would you prefer to purchase an insurance policy?



40% of Malaysians are not covered by medical insurance, while 14% rely only on company-issued medical cards.

Q: Do you have a medical card?



44% of Malaysians do not have a life insurance policy.

Q: Do you have a life insurance policy?



- End of Report -

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