



Financial Literacy Core  
Competencies For  
Malaysian Adults

**Empowering  
Financial  
Freedom**



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# INTRODUCTION



The Financial Literacy Core Competencies for Malaysian Adults (FLCC) document was formulated by the Financial Education Network (FEN) and comprises a wide range of financial literacy outcomes for improved financial management in the everyday life of Malaysian adults. The FLCC document aims to:

- (i) Provide high level guidance on breadth of financial literacy competencies in designing financial education initiatives,
- (ii) Emphasise on financial literacy outcomes according to knowledge, behaviour and attitudes, and
- (iii) Provide options on competencies relevant in different ways across various target groups.

The FLCC document contains beneficial insights on the desirable traits of Malaysian adults aged 18 and above, including longer-term habits and

practices for consistent and effective money management. It is useful as a reference to develop well-designed and targeted financial education programmes for Malaysian adults in all life stages. Relevant financial literacy competencies can assist in efforts to refine the design of existing programmes and to identify gaps in financial education initiatives. In addition, the relevant competencies facilitate the development of monitoring tools to measure progress and success of the initiatives implemented. The FLCC is a living document to ensure that it reflects current opportunities and circumstances, and maybe reviewed accordingly from time to time, when necessary. It is envisaged that the FLCC would guide the implementation of initiatives to elevate financial literacy, as well as to promote responsible behaviour and rational attitudes of Malaysian adults.



## Considerations within the FLCC document

Competencies outlined in the FLCC document take into account personal needs and economic context tailored to Malaysian adults, and span a variety of topics. Due to the nature and wide array of topics, Malaysian adults are not expected to exhibit all the competencies listed in the document to be considered as financially literate.

The fundamentals of developing certain competencies are likely to be influenced by one's exposure to appropriate financial products and services. Subsequently, the breadth of knowledge across different competencies would be a catalyst for sustained maintenance and improvement of financial management behaviour.

Some competencies also vary in significance from one adult to another. This polarity is prevalent in the context of household characteristics, where there is no uniform approach to how an individual, a couple, a family, a group or a community makes financial decisions. For example, adults formulating a family budget would require different financial products and shoulder different responsibilities compared to adults living alone.

## Characteristics of the FLCC document

The FLCC document is formulated in line with international best practices and is cognisant of relevant financial literacy learning outcomes in Malaysia<sup>1</sup>. It also complements the existing financial literacy standards<sup>2</sup> (Celik Kewangan) that are being used as reference for the integration of financial education into the school curriculum and appropriate programmes for school children. Its robust characteristics and ability to highlight a range of competencies that encompass all target groups enable the FLCC document to serve as a guide for all stakeholders who are keen on enhancing the financial literacy of adults.

Education, information and advice are vital in assisting Malaysian adults to improve the competencies listed. However, policy makers and financial service providers have an equally important role in recognising competencies that could be fortified through a combination of better product design, financial consumer protection and/or regulation. Stakeholders may choose to extract specific content and tailor the order of the competencies that will best establish programmes and strategies, and to create target-specific outcome measures catered to their particular objectives.

Financial Education Network  
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<sup>1</sup> Financial literacy modules of Agensi Kaunseling dan Pengurusan Kredit and JPA-BNM's ePembelajaran Sektor Awam (EPSA)

<sup>2</sup> The six financial literacy standard are (i) Money, Source of Income and Career Choice; (ii) Financial Responsibility and Decision Making; (iii) Money Management and Planning; (iv) Savings and Investments; (v) Credit and Debt Management; and (vi) Risk Management, Wealth Protection and Insurance.

# STRUCTURE OF THE FLCC DOCUMENT



There are six themes in the FLCC document covering the content areas of:

1. Money and Transactions
2. Cashflow Management
3. Credit and Debt Management
4. Building Wealth
5. Safeguarding Wealth
6. Financial Landscape

The six themes have been organised into 23 relevant topics. Each topic is streamed into sub-topics and the competencies are defined at the sub-topic level for ease of reference. Competencies are grouped according to whether they describe awareness, knowledge and understanding; skills and behaviour; or confidence, motivation and attitudes:

- “awareness, knowledge and understanding” relates to the information already acquired by individuals.
- “skills and behaviour” describes competencies related to actions – both the skills required to act in a manner consistent with achieving positive outcomes, and the behaviours that would be most likely to lead to financial wellbeing.
- “confidence, motivation and attitudes” captures the internal, psychological mechanisms that may support or hinder decisions, behaviours and wellbeing. In particular, it describes the mental position, feelings or emotions that drives attitudes.

# OVERALL STRUCTURE OF FINANCIAL LITERACY CORE COMPETENCIES FOR MALAYSIAN ADULTS

1 Money and Transactions	2 Cashflow Management	3 Credit and Debt Management	4 Building Wealth	5 Safeguarding Wealth	6 Financial Landscape
1.1 Money and currencies 1.2 Income 1.3 Payments, prices and purchases 1.4 Financial records and contracts	2.1 Budgeting 2.2 Money management and planning	3.1 Credit 3.2 Borrowing basic 3.3 Debt and debt management	4.1 Savings 4.2 Investing 4.3 Long term planning and asset building 4.4 Retirement planning	5.1 Identifying risks 5.2 Basic risk management 5.3 Balancing risk and return	6.1 Regulation and consumer protection 6.2 Rights and responsibilities 6.3 Education, information and advice 6.4 Financial products and services 6.5 Scams and fraud 6.6 Taxes and public spending 6.7 External influences

In some cases, a particular competency expands across more than one topic (for example, competencies on 'scam and fraud' can be covered in a topic on its own, in addition to being cross referred in topics such as investment and payment). These competencies are not signposted to all possible positions within the document, although there are some instances where a competency is mentioned under more than one topic. Stakeholders have the liberty to apply the FLCC document flexibly, assigning priorities bespoke to the intended programme:

- Stakeholders focused on a specific topic are encouraged to review the whole FLCC document before applying it in their work, as it is probable that some relevant competencies overlap with other topics and are included elsewhere in the document.
- Stakeholders wishing to facilitate a common understanding of the anticipated outcomes could develop distinct examples in specific programmes for their target groups.





## 1. MONEY AND TRANSACTIONS

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# 1. MONEY AND TRANSACTIONS

## 1.1 MONEY AND CURRENCIES

### 1.1.1 Money as Legal Tender

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Aware</b> that money can take different forms (including digital ones) and knows what these are</p> <p><b>Understand</b> the meaning of legal tender</p> <ul style="list-style-type: none"> <li>some medium of exchange or pseudo-currency may not be legal tender</li> </ul> <p><b>Know</b> how to identify genuine notes and coins and know what to do if counterfeit money is found</p> <p><b>Aware</b> that currencies or specific notes and coins may become obsolete over time and know how to exchange them if relevant</p> <p><b>Aware</b> that money means different things to different people</p> <ul style="list-style-type: none"> <li>functions of money - medium of exchange, store of values, a unit of account and a standard of deferred payment</li> </ul> <p><b>Know</b> how to safely transfer money to other individuals or entities</p>	<p><b>Take care</b> of money in all its forms</p> <p><b>Take into account</b> the relative advantages and disadvantages of different forms of money when choosing which to use</p> <p><b>Take</b> appropriate action if notes or coins are thought to be counterfeit</p> <p><b>Exchange</b> obsolete notes and coins for new ones within the specified time</p>	<p><b>Motivated</b> to make personal choices about the use of money that can enhance financial well-being</p>

### 1.1.2 Purchasing Power of Money

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> that the purchasing power of money can vary over time</p> <p><b>Understand</b> economic concept of money including inflation and time value of money</p> <ul style="list-style-type: none"> <li>define how inflation affects the value of money as purchasing power</li> </ul>	<p><b>Seek</b> ways to manage the impact of inflation on money held</p>	<p><b>Recognise</b> that personal well-being is made up of a variety of factors including those that are not related to money</p>

### 1.1.3 Exchange Rate and Money Services Business

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b></p> <ul style="list-style-type: none"><li>• how to apply exchange rates to convert amounts into different currencies</li><li>• that transaction fees, commission and exchange rates vary across time and providers</li></ul> <p><b>Understand</b> the impact of changing exchange rates on remittances, foreign travel or purchases</p> <p><b>Aware</b> of the types of money services business</p> <ul style="list-style-type: none"><li>• how to identify licensed operators of money services business (including electronic services) and understand your rights and responsibilities</li></ul>	<p><b>Use</b> an appropriate method to convert prices in foreign currencies to a familiar currency</p> <p><b>Take</b> into account fees and the exchange rate when deciding how to remit or exchange money</p>	<p><b>Confident</b> to handle transactions in different currencies when necessary</p>

## 1.2 INCOME

### 1.2.1 Sources of Income

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> about the sources of income</p> <ul style="list-style-type: none"> <li>To differentiate between active income, passive income and some forms of unearned income (e.g. government benefits that are available and the requirements for receiving them)</li> <li>To differentiate between individual and household income, and income derived from business</li> </ul> <p><b>Aware</b> of reasons why an individual's net income may fluctuate</p> <ul style="list-style-type: none"> <li>Fixed income</li> <li>Variable income</li> </ul> <p><b>Can identify</b> legal ways to increase income if necessary</p> <p><b>Understand</b> how income can be earned from assets or investments</p> <p><b>Aware</b> that few people have an income in old age and recognises the importance of ensuring an alternative income source</p>	<p><b>Assess</b> current income needs</p> <p><b>Seek</b> ways to gain sufficient income to at least pay current living expenses</p> <p><b>Maximise</b> use of personal income</p> <p><b>Analyse</b> how cost of living can affect real income, spending decisions and lifestyle</p> <p><b>Seek</b> ways to manage fluctuations in income</p> <p><b>Make</b> a realistic assessment of likely future income</p> <p><b>Set aside</b> some income for retirement</p>	<p><b>Comfortable</b> discussing income with others when necessary</p> <p><b>Motivated</b> to find ways to receive sufficient income to achieve required standard of living today and in the future</p>



### 1.2.2 Factors Affecting Disposable Income

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b></p> <ul style="list-style-type: none"><li>the entries on a payslip and statement of income (including for self-employed)</li><li>the importance of keeping a record of income</li><li>the difference between gross and net income</li><li>how to work out net income over different periods</li></ul> <p><b>Understand</b> that some automatic deductions from pay may be building assets and others may be paying taxation and expenses</p>	<p><b>Check</b></p> <ul style="list-style-type: none"><li>payslips and income statements and files them for future reference</li><li>actual income against expected income and seeks to identify the cause of any discrepancies</li></ul> <p><b>Use</b> gross or net income as appropriate when making decisions</p> <p><b>Take into account</b> the full pay package, including contributions to savings or insurance where relevant, when comparing current income to alternatives</p>	

### 1.2.3 Income, Career Choice and Lifestyle

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Aware</b> of potential work and career paths, including entrepreneurship, and how these may impact on income levels</p> <p><b>Explain</b> how income affects lifestyle, choices and spending decisions</p>	<p><b>Take</b> practical steps to pursue a career choice or business idea, if relevant</p>	<p><b>Confident to</b></p> <ul style="list-style-type: none"><li>pursue a career choice or business idea</li><li>adapt to a lifestyle relevant to income level and spending pattern</li><li>consider a job change, if relevant</li></ul>

## 1.3 PRICES, PURCHASES AND PAYMENTS

### 1.3.1 Making Purchases

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> how to calculate and interpret meaningful unit prices of purchases, where relevant</p> <p><b>Know</b> that the same goods or services may be priced differently by different vendors, at different times or in different locations</p> <ul style="list-style-type: none"><li>• purchasing goods vs services vs lifestyle</li><li>• online purchases</li></ul> <p><b>Know</b> that there are often substitutes for products [in some case including second-hand ones] and services that may cost less than the one originally identified</p> <p><b>Understand</b> some purchases may lose value over time while others may gain value</p>	<p><b>Compare</b> the price of similar goods from different providers when practical</p> <p><b>Seek</b> to buy goods and services at a fair price</p> <p><b>Consider</b> affordability when making a decision on purchases</p>	<p><b>Confident</b> to</p> <ul style="list-style-type: none"><li>• negotiate a fair price</li><li>• say no to a sales offer that is unsatisfactory or unwanted</li></ul>

### 1.3.2 Paying for Purchases

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> how to assess the potential risks and benefits of different payment methods</p> <p><b>Aware</b> that different types of transaction have different implications for cashflow</p> <p><b>Aware</b> that some methods of payment are a form of borrowing and understand how this will affect the overall price paid</p> <p><b>Know</b> the different ways to pay for purchases including cash, cheque, credit, debit and pre-paid cards</p> <p><b>Understand</b> the relationship between various payment methods and money</p> <ul style="list-style-type: none"> <li>• explain how non-cash methods of payment still require adequate funds</li> </ul> <p><b>Recognise</b> opportunities for making transactions using relevant technology</p> <ul style="list-style-type: none"> <li>• describe e-payment instruments i.e. e-money, internet banking, credit card and debit card</li> </ul> <p><b>Aware</b> that</p> <ul style="list-style-type: none"> <li>• marketing can increase the temptation to access credit without considering the consequences</li> <li>• some vendors offer credit to incentivise buyers to make a purchase or spend more than originally planned</li> <li>• credit offers that are initially interest free may incur interest in the future</li> </ul>	<p><b>Use</b> an appropriate method for making payments, taking into account the overall costs of the method chosen</p> <p><b>Take into account</b> different options for online financial transactions (buying, making payments, transfers, etc.)</p> <ul style="list-style-type: none"> <li>• compare advantages and disadvantages of different payment methods, such as stored value card, debit cards, credit cards and online payment methods</li> <li>• compare cost of using different payment methods</li> </ul> <p><b>Take into account</b> the cost of credit as well as the cost of the item when making a decision to buy an item on credit</p> <p><b>Carefully consider</b> the likelihood that interest free credit can be repaid in full before the end of the interest free period and the consequences of not doing so</p>	<p><b>Demnstrate</b> confidence in the use of e-payment in banking and purchase transactions</p> <p><b>Confident</b> to decline unwanted credit that is offered with a purchase</p>

### 1.3.3 Consumer Skills in Spending Decisions

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b></p> <ul style="list-style-type: none"><li>• that the actual cost of a good or service may depend on factors such as taxes or exchange rates</li><li>• how inflation and deflation can affect the future price of goods and services</li></ul> <p><b>Understand</b> that purchase decisions should take into account the affordability of the prospective costs rather than past expenditure [applying the concept of sunk cost]</p> <p><b>Know</b> that some purchases may incur ongoing costs such as maintenance or storage</p> <p><b>Understand</b> short-term and long-term consequences of over spending</p>	<p><b>Calculate</b> or estimate the final price of a good or service</p> <p><b>Make</b> an informed decision about whether to make large purchases immediately or in the future</p> <p><b>Take</b> into account long-term implications of subscriptions and other purchases requiring repeated payments</p> <p><b>Make</b> an informed decision about the overall impact of options to spread payments over time</p> <p><b>Make</b> any ongoing payments as agreed</p>	<p><b>Confident</b> to apply knowledge of factors such as inflation and exchange rates when making a decision about whether to delay a purchase</p>

## 1.4 FINANCIAL RECORDS AND CONTRACTS

### 1.4.1 Financial Contracts are Binding Agreement

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the implications of signing a contract with a financial service provider</p> <p><b>Know the</b> factors to consider when entering into a contract, such as interest rates, credit score, reputation, and/or references of involved parties</p> <p><b>Aware</b> of the rights and responsibilities of parties entering into a contract</p> <p><b>Know</b> the related government agencies/bodies that help consumers in resolving issues/ disputes with financial service providers</p>	<p><b>Confirm</b> understanding of the legal and financial terms and implications of a contract before signing</p>	<p><b>Willing to ask</b> for advice before signing a contract</p>

### 1.4.2 Keeping and Using Financial Records

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Aware</b> of the importance of keeping certain documents in a place where they can be referred to if necessary</p> <p><b>Understand</b> importance of legal and written documentation to protect consumers</p>	<p><b>Check</b> financial records and contracts before filing them in an orderly and accessible way</p> <p><b>Query</b> uncertainties relating to financial records and contracts and asks for any errors to be corrected</p> <p><b>Ask</b> for financial records and written contracts when not provided</p>	



## 2. CASHFLOW MANAGEMENT

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## 2. CASHFLOW MANAGEMENT

### 2.1 BUDGETING

#### 2.1.1 Set Financial Goals

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> how to set financial goals based on objectives, needs and wants</p> <ul style="list-style-type: none"> <li>define and identify short, medium and long-term financial goals that are specific, realistic and measurable.</li> </ul> <p><b>Understand</b> the importance of evaluating and adjusting financial goals over a lifetime</p>	<p>Make systematic decision to create short-term (next one-year), medium-term (next 1 - 5 year) and long-term (beyond 5-year) financial goals</p>	<p><b>Motivated</b> to set financial goals for better financial decisions</p>

#### 2.1.2 Develop a Budget

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b></p> <ul style="list-style-type: none"> <li>what a budget is</li> <li>how to create a budget</li> <li>how to calculate how much money is available to save and spend</li> </ul> <p><b>Understand</b> why it is beneficial to create and follow a budget</p> <p><b>Understand</b> the importance to live within one's means</p>	<p><b>Create</b> a regular budget [in discussion with others if relevant], using appropriate tools if available</p> <p><b>Use</b> a budget to plan income, saving and expenditure</p>	<p><b>Motivated</b> to take time to create and follow a budget as a strategy to achieve financial goals and to maintain or increase financial well-being</p>

### 2.1.3 Monitor a Budget

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> how to monitor income and expenses</p> <p><b>Aware</b> that when using a formal financial product, transactions may have occurred since a paper-based or electronic financial statement was prepared</p> <p><b>Know</b> how to</p> <ul style="list-style-type: none"><li>incorporate occasional expenses such as gifts, donations or holidays into a budget and allowance for discretionary spending when feasible</li><li>make adjustments to a budget when necessary</li></ul> <p><b>Understand</b> why it is important to take into account the medium and longer-term perspectives when budgeting</p>	<p><b>Take into account</b> regular, irregular and changing income and commitments when creating a budget</p> <p><b>Take steps</b> to follow a budget</p> <p><b>Track</b> expenses and expenditure as part of the budgeting process</p> <p><b>Compare</b> actual expenses against budgeted amounts and makes adjustments where necessary</p> <p><b>Make</b> budget adjustments in the face of an unexpected expense or unexpected reduction in income</p> <p><b>Identify</b> “needs” and “wants” and prioritises as necessary</p> <p><b>Re-assess</b> a budget when a shortfall is anticipated or forecasted</p>	<p><b>Motivated</b> to consider the overall budget when making spending decisions</p> <p><b>Confident</b> to adjust and adapt own budgeted expenses based on situations to ensure one is able to live within one’s means</p> <p><b>Motivated</b> to look beyond immediate needs and wants when budgeting to prepare for longer-term requirements</p> <p><b>Confident</b> to adjust a budget if necessary</p>

## 2.2 MONEY MANAGEMENT AND PLANNING

### 2.2.1 Concept of Cashflow

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> the basic concepts of cash inflow and outflow</p> <p><b>Understand</b> why it is important to actively manage cashflow and not just monitor income and expenditure</p> <p><b>Understand</b> why a balanced and healthy cashflow is important and critical in life</p>	<p><b>Calculate or take</b> note of net income</p> <p><b>Keep</b> any business income and expenditure separate from that of the household</p> <p><b>Monitor</b> income and expenditure and make adjustments when necessary</p> <p><b>React</b> to shortfalls in cashflow</p>	<p><b>Confident to</b></p> <ul style="list-style-type: none"><li>make independent decisions about income and expenditure</li><li>set personal priorities in terms of essential and discretionary expenditure</li></ul> <p><b>Responsible</b> for personal financial decisions</p>

### 2.2.2 Types of Expenses

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> fixed expenses, variable expenses, and discretionary expenses</p> <p><b>Understand</b> the benefits of sharing our bounty with people who are in need</p>	<p><b>Distinguish</b> between fixed and variable expenditure</p> <p><b>Treat</b> essential spending as a higher priority than discretionary spending</p> <p><b>Take into account</b> own needs and wants</p> <p><b>Consider</b> a habit of giving and donating for charity</p>	<p><b>Willing</b> to adapt to a lifestyle in accordance to income and spending pattern</p>

### 2.2.3 Unexpected Expenses and Windfall

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the importance of planning for irregular and unexpected expenses</p> <p><b>Can</b> identify options for paying unexpected expenses</p> <p><b>Know</b> how much money would be needed to cover expenses in the event of a loss of income</p>	<p><b>Put</b> money aside for irregular expenses that cannot be paid from current income</p> <p><b>Seek</b> ways of adjusting income or expenditure as necessary, including responding to unexpected event</p> <p><b>Make</b> longer-term plans to minimise or reduce very large essential expenses when these impact on standard of living</p> <p><b>Make</b> informed decisions about the use of exceptional income and assets received such as gifts, prizes or inheritance</p>	



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#### 2.2.4 Adjusting Cashflow to Changes in Life Stages or Events

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> that different life stages and particular personal or household events may affect income and expenditure</p> <p><b>Aware</b> that family, community and socio-cultural values and customs can influence the way in which people manage their money</p>		<p><b>Accept</b> the responsibility of managing individual [and possibly household] finances</p> <p><b>Comfortable</b> discussing planning and managing finances with significant others</p> <p><b>Confident</b> to act on behalf of others to manage their financial affairs if given the legal responsibility to do so</p>

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### **3. CREDIT AND DEBT MANAGEMENT**

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# 3. CREDIT AND DEBT MANAGEMENT

## 3.1 CREDIT

### 3.1.1 Concept of Credit

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the</p> <ul style="list-style-type: none"> <li>• meaning of credit</li> <li>• implications of a credit commitment on future disposable income</li> </ul> <p><b>Know</b> how to differentiate between credit and debt</p> <p><b>Know or can easily research</b></p> <ul style="list-style-type: none"> <li>• the different types of credit available (including credit cards and mortgage products, where relevant)</li> <li>• the intended use of different types of credit</li> <li>• the main advantages and disadvantages of each one</li> </ul>		

### 3.1.2 Assessing Own Creditworthiness

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the basic factors to consider before taking credit</p> <ul style="list-style-type: none"> <li>• purpose of borrowings</li> <li>• ability to repay</li> <li>• credit score and payment history of credit facilities</li> </ul> <p><b>Aware</b> that income such as bonuses, windfalls or gifts may not be taken into account when calculating disposable income for credit purposes</p> <p><b>Aware</b> of the potential negative consequences of borrowing [<i>accessing credit</i>] to meet a shortfall in current income</p>	<p><b>Carefully consider</b> the amount and the sources of credit</p> <p><b>Use</b> credit only when necessary and after considering the consequences</p> <p><b>Make</b> timely repayments on all credit commitments [unless personal circumstances deteriorate]</p>	<p><b>Motivated</b> to</p> <ul style="list-style-type: none"> <li>• consider the consequences of accessing credit before making a decision</li> <li>• seek alternatives to borrowing</li> </ul>

### 3.1.3 Credit Score

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Aware</b> that credit providers may seek information about a borrower's ability to repay and that this may include accessing a credit score collected by a third party</p> <p><b>Aware</b> that:</p> <ul style="list-style-type: none"><li>• a positive credit score can increase the likelihood of accessing credit and reduce the cost of credit</li><li>• the methods used to create credit scores may change over time</li><li>• providers may react differently to the information contained in a credit score</li></ul> <p><b>Knows</b></p> <ul style="list-style-type: none"><li>• what factors are taken into account in a credit score</li><li>• how to access information on personal credit score and who to speak to in case of discrepancies</li></ul>	<p><b>Ask</b> which information is being used to assess ability to repay credit</p> <p><b>Take into account</b> the ways in which certain actions and behaviours will impact on a credit score [including actions monitored through big data where relevant]</p> <p><b>Take steps</b> to improve credit score if necessary</p>	

### 3.1.4 Guarantor

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Aware</b> that some credit providers may require a guarantor to cover credit payments in the event of default</p> <p><b>Understands</b> the social and financial implications of asking someone to become a guarantor and the responsibility it brings when credit repayments are not made</p> <p><b>Know</b> what a social guarantor is</p>	<p><b>Takes into account</b> the social and financial implications of asking someone to be a guarantor</p> <p><b>Compare</b> the pros and cons of being a guarantor</p>	



## 3.2 BORROWING BASIC

### 3.2.1 Costs and Features of Loan/Financing

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> different types of interest/ financing rate quotations</p> <ul style="list-style-type: none"> <li>• flat rate</li> <li>• fixed rate</li> <li>• floating rate</li> </ul> <p><b>Understand</b> the approaches to interest/ financing rate calculation</p> <ul style="list-style-type: none"> <li>• reducing balance</li> <li>• compounding</li> </ul> <p><b>Understand</b></p> <ul style="list-style-type: none"> <li>• the impact of compound interest on loan/financing</li> <li>• the importance of knowing how long the repayment period will be and whether it is fixed</li> <li>• the risks and benefits of using different kinds of credit providers</li> <li>• the difference between formal and informal credit providers</li> </ul> <p><b>Know</b> whether or not a loan/ financing is secured against an asset, and can assess the benefits and disadvantages of using such a loan/financing</p>	<p><b>Choose</b> credit products carefully [once the decision has been made to borrow], taking into account factors such as the interest/ financing rate, overall cost and flexibility as well as the amount to be paid on regular repayments</p> <p><b>Assesse</b> the risks, benefits and potential consequences of using a particular credit provider</p>	<p><b>Demonstrate</b> moral commitment to honour credit commitment</p> <p><b>Confident</b> to choose a suitable credit provider and product when necessary</p>

### 3.2.2 Responsible Borrowing

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Can differentiate between</b> the use of credit to generate or increase future income or wealth and the use of credit for consumption</p> <ul style="list-style-type: none"><li>• To recognize and differentiate productive debts and unproductive debts</li></ul> <p><b>Understand</b> the relevance of trying to pay more than the minimum balance on flexible credit commitments</p> <p><b>Aware</b> of the risks of repeat use of rotating credit facilities</p> <p><b>Understand</b> that the total amount of money available to spend in a bank account may include an agreed overdraft facility</p> <p><b>Know</b> that an overdraft is a form of credit that may incur costs and must be repaid</p>	<p><b>Take into account</b> the potential to generate or increase future income or wealth when deciding whether to borrow</p> <p><b>Repay</b> the maximum possible [taking into account budget constraints] on short term credit or rotating commitments</p> <p><b>Consider</b> the overall financial benefit of repaying credit early [where relevant] and make an informed decision about doing so when funds allow</p> <p><b>Make decisions</b> to borrow and manages any credit commitments within a budget</p> <p><b>Assess</b> the total cost of credit and the likelihood of being able to pay it back before making any decision to borrow money</p>	<p><b>Confident</b> to manage credit commitments</p>

### 3.2.3 Consumer Credit in Malaysia

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> types and features of credit cards</p> <ul style="list-style-type: none"> <li>• To describe the terms and conditions of credit card – annual fee, late payment penalty, cash advance fee and interest/financing costs</li> <li>• To explain the mechanisms of credit card – grace period, daily interest, minimum payment</li> <li>• To argue on the benefits and the danger of having credit cards</li> <li>• To evaluate situations that may lead to credit trap</li> </ul> <p><b>Understand</b> types and features of <b>car loan/financing</b> to</p> <ul style="list-style-type: none"> <li>• explain the calculation of a car loan [to ask AKPK &amp; fine tune]</li> <li>• illustrate the effects of early settlement of a car loan/ financing</li> <li>• interpret the effects of “sambung bayar”</li> <li>• recognize the consequence of car repossession</li> </ul> <p><b>Understand</b> types and features of <b>housing loans</b></p> <ul style="list-style-type: none"> <li>• To explain the difference between buying a house for dwelling and buying a house for investment (renting and flipping)</li> <li>• To evaluate the non-financial factors (such as location, type of property, reputation of developers) and financial factors (price, down payment, legal fees, stamp duty, MRTA, interest rate, debt-to-income ratio) to be considered when buying a house</li> </ul> <p><b>Aware</b> that</p> <ul style="list-style-type: none"> <li>• marketing and simplified lending processes can increase the temptation to access credit without considering the consequences</li> <li>• some vendors offer credit to incentivise buyers to make a purchase or spend more than originally planned and/or to increase future customer</li> <li>• credit offers that are initially interest free may incur interest in the future</li> <li>• all options to ‘buy now, pay later’ [including basic utilities in many instances] are a form of credit</li> </ul>	<p><b>Adopt</b> proper use of credit cards</p> <ul style="list-style-type: none"> <li>• <b>Carefully</b> consider the appropriate car loan/ financing (amount, rate/ cost of financing, financier, tenure, monthly instalments) based on own affordability</li> <li>• <b>Prepare</b> a savings plan to buy a house</li> </ul> <p><b>Take into account</b> the cost of credit as well as the cost of the item when making a decision to buy an item on credit</p> <p><b>Carefully consider</b> the likelihood that interest free credit can be repaid in full before the end of the interest free period and the consequences of not doing so</p>	<p><b>Confident</b> to display achieving financial goals (e.g. buying a car, buying a house)</p> <p><b>Confident</b> to decline unwanted credit that is offered with a purchase</p>

## 3.3 DEBT AND DEBT MANAGEMENT

### 3.3.1 Sources of Debt

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> that</p> <ul style="list-style-type: none"><li>debts can accrue from unpaid bills as well as from the use of credit</li><li>there is usually an additional cost incurred for late payment of bills and credit</li></ul> <p><b>Know</b> how to manage debt repayments</p>	<p><b>Prioritise</b> bills and credit repayments over discretionary spending</p> <p><b>Take steps</b> to avoid falling behind with payments even if circumstances change</p>	<p><b>Accept responsibility</b> for debt and debt management</p>

### 3.3.2 Managing Debt Wisely

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b></p> <ul style="list-style-type: none"><li>why it is important to manage the ratio of [household or individual] debt to income</li><li>the implications on credit scores of paying debt on time or failing to pay debts</li></ul> <p><b>Aware</b> that it may be possible to renegotiate a credit agreement</p>	<p><b>Make</b> an informed decision before accessing additional credit to repay current debts</p> <p><b>Take steps</b> to manage debts wisely</p> <p><b>Take steps</b> to stay informed about market changes when repaying credit and considers renegotiating unfavourable or unaffordable arrangements</p>	<p><b>Balance</b> between debt and income, and between debt and wealth</p>

### 3.3.3 Over Indebtedness

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the potential burden of being indebted</p> <p><b>Recognise</b> the relationship between current debt levels and financial well-being now and in the future</p> <p><b>Know</b></p> <ul style="list-style-type: none"><li>• steps in assessing credit standing and taking corrective actions if needed.</li><li>• signs and consequences of excessive debt</li><li>• ways to avoid debt repayment problems and possible actions to get out of debt trap</li><li>• where to go for advice and help to reduce debt burden [when necessary]</li></ul> <p><b>Understand</b></p> <ul style="list-style-type: none"><li>• that certain debts may have to be prioritised over others if they become unmanageable</li><li>• the implications of failing to repay secured credit</li><li>• that consumers have rights and responsibilities when managing debt</li></ul>	<p><b>Take early action</b> to avoid or minimise debt problems</p> <p><b>Inform</b> creditors before the due date of a repayment if it is impossible to pay</p>	<p><b>Motivated</b> to resolve issues related to credit before debt becomes a burden</p> <p><b>Confident</b> to speak to relevant parties to discuss debt management and repayments</p>

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### 3.3.4 Recovery Action and Bankruptcy

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the possible actions taken by creditors with regard to loan recovery</p> <ul style="list-style-type: none"><li>• debt collectors, legal notices, summons and statement of claim, mention, judgement, execution of judgement</li></ul> <p><b>Understand</b> the consequences of recovery actions on one's creditworthiness</p>		

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## 4. BUILDING WEALTH

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## 4. BUILDING WEALTH

### 4.1 SAVINGS

#### 4.1.1 Importance of Savings

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b></p> <ul style="list-style-type: none"> <li>that money can be saved to meet future needs and wants</li> <li>the benefits of having savings objectives, goals and a plan to achieve them</li> <li>the benefits of starting to save as early as possible and saving regularly</li> <li>the concept of treating personal saving as a financial commitment: sometimes described as “pay yourself first”</li> <li>the recommended amount to be allocated for savings</li> <li>the concept of time value of money and the effect of inflation to the value of savings</li> <li>the impact of compound interest on savings and the savings methods that make this possible</li> </ul>	<p><b>Identify</b> a specific savings goal with a time frame and an approach to achieve it</p> <p><b>Strive</b> to save each time income is received</p> <p><b>Prioritise</b> savings ahead of some forms of discretionary spending</p> <p><b>Continue</b> to save even in a low interest rate environment</p> <p><b>Take care</b> to consider the real interest rate on savings held</p>	<p><b>Believe</b> it is possible to achieve one’s savings goals</p> <p><b>Confident</b> to set own savings targets based on realistic aspirations</p> <p><b>See</b> savings as a basic component of a household budget</p> <p><b>Motivated</b> to prioritise savings over some forms of discretionary spending</p>

#### 4.1.2 Emergency Funds for Financial Resilience

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the benefit of having</p> <ul style="list-style-type: none"> <li>emergency savings to cover unexpected expenses</li> <li>some savings in a highly accessible or liquid form</li> </ul> <p><b>Know</b> how to assess the security of different savings methods</p> <p><b>Understand</b> that emergency funds may not be the only strategy to cover unexpected expenses</p>	<p><b>Take steps</b> to have emergency savings to manage unexpected events</p> <p><b>Take precautions</b> to keep saved money safe</p>	<p><b>Value</b> the additional financial resilience created through saving</p> <p><b>Satisfied</b> with current savings buffer or motivated to increase it</p>

### 4.1.3 Options Available for Savings

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b></p> <ul style="list-style-type: none"><li>• about the different savings options available [or can find out easily]</li><li>• that different savings products may offer different combinations of fees, interest/profit rates and tax relief</li><li>• where to access suitable savings products</li></ul> <p><b>Aware</b> of deposit insurance protection for savings products</p> <p><b>Understand</b> that the choice of a particular savings or investing option may partly depend on the anticipated time horizon for reaching a savings goal</p>	<p><b>Research</b> potential saving options</p> <p><b>Monitor</b> the growth of savings and make adjustments if necessary</p>	<p><b>Motivated</b> to research and find the best personal saving alternatives</p>

## 4.2 INVESTING

### 4.2.1 Invest to Build Wealth

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> the difference between saving and investing</p> <ul style="list-style-type: none"><li>• objectives of investment</li><li>• risks in investment</li><li>• time frame required</li><li>• lump sum vs. regular investment</li></ul> <p><b>Aware</b> that some forms of investment are more liquid than others</p> <p><b>Know</b> that the value of an investment may increase or decrease</p> <p><b>Know</b> that inflation can decrease the real return of any investment</p> <p><b>Understand</b> that one earns returns through investing</p>	<p><b>Create</b> a liquid savings reserve before contemplating investing</p>	<p><b>Confident</b> to consider whether specific goals can be met by investing</p>

### 4.2.2 Classes and Features of Investment Products

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> classes of investment assets – real assets (gold, property, antiques) and financial assets (e.g. shares, unit trusts, REIT, bonds, forex)</p> <p><b>Has some knowledge</b> about how to create an investment portfolio or how to ask for personalised advice</p> <p><b>Know</b></p> <ul style="list-style-type: none"> <li>• that sales charge or fees, commission and other charges may be incurred for investment products and services</li> <li>• how changes in inflation, interest rates and/or exchange rates may impact on longer-term plans</li> <li>• how to calculate the proportionate increase or decrease of the value of an investment</li> </ul> <p><b>Understand</b> the difference between potential (unrealised) and realised losses or gains</p> <p><b>Know</b> that investment-linked products such as pensions, life assurance policies, endowments or unit trusts may be designed to combine various investments</p> <p><b>Understand</b> that listed investments products (e.g. shares, unit trusts) can have a different purchase price on different days</p> <p><b>Aware</b> that an individual share price can increase or decrease regardless of reported changes in the stock market as a whole</p> <p><b>Aware</b> that the value of investments in material goods/real assets such as gold or property may increase or decrease as a result of a range of factors</p> <p><b>Aware</b> that human characteristics such as emotions can impact on investing decisions in unanticipated ways</p>	<p><b>Choose</b> appropriate investments based on affordability and risk appetite of the individual</p> <p><b>Undertake</b> relevant calculations when monitoring and managing investments</p> <p><b>Take into account</b> the costs of investing, including exit costs, before making a decision</p> <p><b>Keep an eye</b> on changes in the price of material goods/real assets held as investment</p> <p><b>Take steps</b> to make informed decisions and control emotional responses when making investment decisions</p>	<p><b>Confident</b> to decide on appropriate investment instruments for short term and long term</p> <p><b>Motivated</b> to research the range of investments incorporated in investment-linked products held such as pensions, life assurance policies, endowments or unit trusts in order to take both a financial and ethical decision on their suitability</p>



#### 4.2.3 Risk and Return

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> how a risk profile is associated to its expected return. Every investment comes with a risk</p> <p><b>Know</b> the characteristics of various investment options including levels of risk and potential return [or can find out easily]</p> <p><b>Understand</b> the benefits of holding a diversified portfolio of investments</p> <p><b>Understand</b> that the higher the return, the higher the risk associated to the investment product.</p> <p><b>Know</b> why it is important to consider overall asset allocation when investing</p> <p><b>Aware</b> of the additional risks of making uninformed investment decisions</p> <p><b>Understand</b> basic investing concepts such as risk tolerance, investment horizon, investment objectives</p>	<p><b>Research</b> potential investments</p> <p><b>Make</b> a decision that is consistent with risk tolerance, objectives and time horizon</p> <p><b>Create</b> a diversified portfolio</p> <p><b>Monitor</b> investments periodically and make adjustments as necessary</p>	<p><b>Confident</b> to</p> <ul style="list-style-type: none"><li>• undertake research on potential investments before committing</li><li>• make investment decisions alone or with help</li><li>• decide on appropriate investment options considering the risks and returns</li><li>• question investment offers that appear too good to be true</li></ul>

#### 4.2.4 Investors' Protection

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the responsibility of proper diligence before investing and responsibility to monitor and manage investment</p> <p><b>Understand</b> that investment products and services require authorisation from regulatory authorities</p> <p><b>Understand</b> the roles of different market participants and regulatory authorities</p>	<p><b>Take appropriate action</b> to make informed investment decisions and avoid scams.</p>	<p><b>Confident</b> to decide on legitimate investment products and services</p>



## 4.3 LONG-TERM PLANNING AND ASSET BUILDING

### 4.3.1 Protecting Assets and Investments

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the importance of having an eye on the longer-term even when short-term needs are pressing</p> <p><b>Understand</b> that long-term planning may require different types of financial product from those used for emergency savings</p> <p><b>Recognise</b> that the actions needed to achieve longer-term plans may need adjusting over time</p>	<p><b>Make</b> financial plans for future positive and negative life events that are likely to have financial consequences</p> <p><b>Make</b> timely decisions when planning for the longer-term</p> <p><b>Identify</b> strategies to</p> <ul style="list-style-type: none"> <li>• take action [overcome procrastination] when making longer-term plans</li> <li>• balance immediate needs and wants with longer-term plans</li> <li>• achieve longer-term financial goals</li> </ul> <p><b>Monitor</b> the changing value of investments, assets and liabilities</p> <p><b>Take into account</b></p> <ul style="list-style-type: none"> <li>• predictable fluctuations in income and expenditure when making longer-term plans</li> <li>• all [personal and household] assets and liabilities when considering longer-term needs</li> <li>• the possibility that family or community members may need financial support in the longer-term</li> </ul>	<p><b>Value</b> long-term financial planning as a way of maintaining or increasing financial well-being</p> <p><b>Confident</b> to make changes to longer-term financial plans if necessary</p> <p><b>Confident</b> to put plans into action</p> <p><b>Appreciate</b> when plans materialise</p>

### 4.3.2 Making End-Of-Life Plans

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the importance of making plans for the end-of-life including considering the financial requirements of dependents and making decisions about how outstanding costs, debts and assets should be distributed [writing a will, making nomination, <i>wasiat</i> and <i>hibah</i>, where relevant]</p>	<p><b>Put</b> plans in place to cover current living expenses for dependents and arrange for the distribution of outstanding costs, debts and assets at the end-of-life, and check these from time to time</p>	<p><b>Motivated</b> to consider the longer-term financial needs of dependents</p>

## 4.4 RETIREMENT PLANNING

### 4.4.1 Basics of Retirement Schemes

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand why</b></p> <ul style="list-style-type: none"> <li>it is important to consider ways of ensuring financial security beyond working age</li> <li>people are encouraged to save for retirement from a young age</li> </ul>	<p><b>Make plans</b> to achieve financial security beyond working age</p> <p><b>Take into account</b> all likely relevant resources and commitments when planning for retirement</p>	<p><b>Take a positive attitude</b> towards life in retirement</p>

### 4.4.2 Accumulation of Retirement Savings

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the basic concepts in retirement planning (example: defined-benefits plan, defined-contributions plan)</p> <p><b>Have a good understanding</b> of the main types of retirement planning schemes available nationally</p> <p><b>Know</b></p> <ul style="list-style-type: none"> <li>the difference between optional and compulsory retirement savings</li> <li>that people may be automatically enrolled into a retirement planning schemes</li> </ul>	<p><b>Begin</b> savings for retirement (e.g. by contributing to EPF and/or PRS) as soon as starting a career.</p> <p><b>Seek to benefit</b> from incentive schemes to encourage retirement saving such as employer matching and tax advantages when possible</p> <p><b>Consider</b> the impact of nudges such as opt-out pensions or compulsory minimum contributions on retirement saving</p>	

### 4.4.3 De-Cumulation of Retirement Funds

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understands</b> that it is important to plan the de-cumulation phase of retirement as well as the accumulation phase</p> <p><b>Aware</b> of the</p> <ul style="list-style-type: none"> <li>main options for drawing an income from a retirement planning scheme at retirement</li> <li>risks of drawing money from retirement savings or borrowing against them before retirement</li> </ul> <p><b>Aware</b> of the financial dos and don'ts when approaching retirement</p>	<p><b>Follow</b> retirement plan and make adjustments as necessary in order to achieve required income in old age</p> <p><b>Make</b> active decisions to manage savings de-cumulation during retirement [where relevant]</p> <p><b>Able</b> to gauge amount of money needed to accommodate the expected expenses after retirement</p> <p><b>Able</b> to estimate duration of de-cumulation of retirement funds given the expected monthly expenses</p> <p><b>Consider</b> whether expenditure is likely to increase or decrease through retirement and plan accordingly, especially for older adults</p>	<p><b>Confident</b> to plan for retirement</p> <p><b>Appreciate</b> the importance of balancing current standard of living and spending choices with goal of achieving improved financial choices later in life</p>



## 5. SAFEGUARDING WEALTH

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# 5. SAFEGUARDING WEALTH

## 5.1 IDENTIFYING RISKS

### 5.1.1 Identify Common Types of Financial Risks

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Aware</b> of risks in a financial context including those inherent in products and those that can be insured against</p> <p><b>Aware</b> that certain risks can be reduced or diversified through positive actions</p>	<p><b>Consider</b> the risks of significant external issues that may impact on personal financial well-being [including for example environmental, health-related, science, security or economic factors]</p>	<p><b>Motivated</b> to identify own risk tolerance</p> <p><b>Confident</b> to make own assessment of risks without being unduly influenced by marketing or news items [avoiding availability bias]</p>

### 5.1.2 Assessing Risks

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Aware</b> of the</p> <ul style="list-style-type: none"> <li>financial implication of longevity</li> <li>risk of being reliant on the income received by other people</li> <li>potential for political, economic and financial uncertainty to affect investment portfolios and its returns</li> <li>ways in which external shocks [such as extreme weather, catastrophes or terrorism] may have a financial impact</li> </ul> <p><b>Know</b></p> <ul style="list-style-type: none"> <li>that there may be a large financial risk to being uninsured for large cost events</li> <li>why it is important to insure against low probability, high cost events</li> </ul> <p><b>Aware</b> of the (possible) risks related to financial products, including</p> <ul style="list-style-type: none"> <li>making inappropriate product choices</li> <li>using variable interest rate products</li> <li>committing to fixed interest rates in a variable interest rate environment.</li> <li>taking out products in foreign currencies</li> <li>decrease in value of investment should the market price fall below the cost price</li> </ul> <p><b>Aware</b> of the availability of data and other information that may help in the assessment of risks</p>	<p><b>Assess</b> the financial risks associated with personal decisions and life choices</p> <p><b>Consider</b> the risks of significant projects or purchases</p> <p><b>Take into account</b></p> <ul style="list-style-type: none"> <li>the risk of changes in circumstance including job loss or increased outgoings</li> <li>the risk of losing some or all household income through ill-health, disability or death of a family member</li> <li>the risks associated with different financial products</li> </ul> <p><b>Apply</b> knowledge and available information to assess risks</p>	<p><b>Motivated</b> to mitigate risks when necessary</p> <p><b>Confident</b> to make considered decisions when risks become apparent</p> <p><b>Motivated</b> to understand available information, including statistics when considering risks</p>



## 5.2 BASIC RISK MANAGEMENT

### 5.2.1 Emergency Savings as a Financial Safety Net

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> how to</p> <ul style="list-style-type: none"> <li>• create an emergency fund</li> <li>• calculate how long it will take to build emergency fund that could cover a minimum of three months expenses</li> </ul> <p><b>Know</b> the circumstances under which the government will support individuals or households in financial difficulty</p>	<p><b>Have</b> an emergency fund, or a plan to create one</p> <p><b>Build and maintain</b> an adequate financial safety net through savings and other financial products as necessary</p>	<p><b>Motivated</b> to create an emergency fund</p>

### 5.2.2 Roles of Insurance/Takaful in Managing Financial Risks

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b></p> <ul style="list-style-type: none"> <li>• that some financial risks can be managed without insurance/takaful</li> <li>• the role of insurance/takaful in managing risk</li> <li>• the implications of being uninsured or over-insured</li> </ul> <p><b>Know</b></p> <ul style="list-style-type: none"> <li>• when insurance/takaful is a legal obligation</li> <li>• which insurance/takaful products are designed for which situations</li> </ul> <p><b>Aware</b> of the factors to consider in buying and maintaining policy</p> <ul style="list-style-type: none"> <li>• tips on buying insurance/takaful policy</li> <li>• guides on maintaining insurance/takaful policy</li> <li>• evaluate affordability to pay the insurance premium/takaful contribution</li> </ul> <p><b>Understand</b> the different types of protection and products offered by insurance/takaful policy</p> <ul style="list-style-type: none"> <li>• life insurance/family takaful</li> <li>• general insurance/takaful</li> </ul> <p><b>Aware</b> of the needs for protection for specific purpose</p> <ul style="list-style-type: none"> <li>• protecting life (e.g. medical, MRTA/MRTT, lifestyle protector etc.)</li> <li>• protecting assets/wealth or against potential liabilities (e.g. motor vehicle, home, travel, fire etc.)</li> </ul> <p><b>Aware</b> of basic insurance/takaful protection</p>	<p><b>Consider</b> the benefits of insurance/takaful when risks have been identified</p> <p><b>Use</b> appropriate insurance/takaful products</p> <p><b>Periodically check</b> that insurance/takaful held is still providing adequate cover</p> <p><b>Claim</b> on the appropriate insurance/takaful if necessary</p> <p><b>Choose</b> sufficient protection based on own financial circumstances</p>	<p><b>Motivated to</b></p> <ul style="list-style-type: none"> <li>• purchase insurance/takaful cover or protection against adverse events or outcomes with a financial consequence [where relevant]</li> </ul>



## 5.3 BALANCING RISK AND RETURN

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Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> that if there is a high chance of making money on an investment there is also likely to be a high chance of losing money</p> <p><b>Understand</b></p> <ul style="list-style-type: none"><li>• the relationship between risk and potential return</li><li>• the purpose of investment diversification</li></ul>	<p><b>Identify</b> the potential financial risks and returns related to a decision that needs to be made</p> <p><b>Compare</b> the risk and return of different financial products</p> <p><b>Take into account</b> the need for asset growth and financial security when considering the risk of investment</p> <p><b>Consider</b> the risk of using credit for discretionary spending</p>	<p><b>Cautious</b> about being attracted to high rewards without first taking into account the associated risk</p>

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## 6. FINANCIAL LANDSCAPE

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## 6. FINANCIAL LANDSCAPE

### 6.1 REGULATION AND CONSUMER PROTECTION

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> the roles of relevant financial regulators and financial authorities</p> <p><b>Know</b> that financial service providers have a duty to treat consumers fairly</p> <p><b>Know</b> about deposit insurance funds, the amounts that are covered and the limitations of such insurance</p> <p><b>Aware</b> that some financial products and services may be informal and unregulated</p> <p><b>Aware</b> of redress mechanisms for unsatisfactory financial service or products</p> <p><b>Know</b> how to complain about financial products and services to a relevant body</p> <p><b>Understand</b> that some aspects of consumer protection rely on the consumer taking note of information provided</p>	<p><b>Check</b> that a financial service provider is covered by relevant regulation, supervision and [where relevant] insurance before buying a product</p> <p><b>Take note of</b></p> <ul style="list-style-type: none"> <li>information about financial service providers that have contravened regulation or treated consumers unfairly</li> <li>changes to financial regulation and consumer protection and their potential impact</li> </ul> <p><b>Make</b> a complaint to the relevant body when necessary</p> <p><b>Keep</b> statements and contracts, and record conversations and actions relating to potential maltreatment from financial service providers</p>	<p><b>Motivated</b> to choose appropriate, trustworthy financial service providers</p> <p><b>Confident</b> to make a judgment on the level of service and protection provided by a financial service provider</p> <p><b>Prepared</b> to seek redress if things go wrong</p>

### 6.2 RIGHTS AND RESPONSIBILITIES

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b> that financial consumers have rights and responsibilities</p> <p><b>Know and understand</b> the rights and responsibilities of financial consumers</p> <p><b>Know and understand</b> the rights and responsibilities of consumers who fail to pay specific debts, including bills, taxes and utilities</p> <p><b>Understand</b> the responsibilities of a guarantor</p>	<p><b>Take</b> into account individual rights and responsibilities as a financial consumer</p> <p><b>Read</b> the small print when choosing financial products</p> <p><b>Inform</b> financial service providers of changes in circumstance where relevant or contractually obliged to do so</p> <p><b>Ensure</b> that creditors are aware of all relevant factors that may impact repayments</p> <p><b>Apply</b> for assistance on repayment including to defer repayment for specific debts in times of need [where available]</p> <p><b>Make</b> an informed decision about agreeing to accept the responsibility of being a guarantor</p>	<p><b>Value</b> the rights of financial consumers</p>

## 6.3 EDUCATION, INFORMATION AND ADVICE

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Aware</b> that</p> <ul style="list-style-type: none"> <li>there are various sources of information about financial products and services</li> <li>it is [usually] possible to access education or advice about financial matters</li> <li>some sources of education, information and advice may not be impartial</li> </ul> <p><b>Know</b> that it is possible to improve an individual's financial literacy and financial well-being</p> <p><b>Know</b> where to find information on financial matters</p> <p><b>Aware</b></p> <ul style="list-style-type: none"> <li>of the role of independent financial advice and know when it may be useful</li> <li>that advisors may have different opinions</li> </ul> <p><b>Aware</b> of the benefit of talking about financial matters with a wide range of trusted individuals</p>	<p><b>Take</b> steps to be an informed consumer</p> <p><b>Develop</b></p> <ul style="list-style-type: none"> <li>a habit of life-long learning to improve all aspects of financial literacy and financial well-being</li> <li>personal strategies and uses tools to minimise traits that impede financial well-being</li> </ul> <p><b>Make</b> use of tools designed to provide information or advice when making financial decisions</p> <p><b>Use</b> an independent source of financial information and advice when necessary</p> <p><b>Talk</b> with trusted family and friends about money matters in an open and honest way</p> <p><b>Discuss</b> relevant money issues when talking to professionals</p>	<p><b>Confident</b> in own ability to recognise trustworthy sources of education, information and advice</p> <p><b>Motivated</b> to learn and remember important facts and information about financial matters</p> <p><b>Confident</b> to</p> <ul style="list-style-type: none"> <li>research financial matters and critically assess the information provided</li> <li>educate own children or family members about money matters [where relevant]</li> </ul> <p><b>Confident</b></p> <ul style="list-style-type: none"> <li>to apply lessons learned previously when making new financial decisions</li> <li>to seek information or choose an independent financial advisor when necessary</li> </ul> <p><b>Confident</b> to</p> <ul style="list-style-type: none"> <li>talk with others about money matters</li> <li>draw a conclusion from varied suggestions or recommendations</li> </ul>

## 6.4 FINANCIAL PRODUCTS AND SERVICES

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Aware</b> of the different types of financial products and services available (including those delivered via digital means)</p> <p><b>Know</b> which features are the most important to consider when choosing financial products and services</p> <p><b>Know</b> whether there is a universal right to basic formal financial products or services</p> <p><b>Know</b> that the financial product or service that is appropriate for an individual depends on a number of personal [and household] factors which may include economic, cultural, ethical or religious preferences</p> <p><b>Aware</b></p> <ul style="list-style-type: none"> <li>• of financial service providers offering relevant products in the local area or online</li> <li>• that some products are designed to meet cultural, ethical or religious criteria, such as Shariah compliant products</li> </ul> <p><b>Aware</b></p> <ul style="list-style-type: none"> <li>• that financial products [such as savings, credit, or insurance/ takaful may be offered through non-financial organisations such as schools, universities, employers, shops or religious groups</li> <li>• of the potential risks of using informal products [and ways of reducing these if necessary]</li> </ul> <p><b>Conscious</b> of the role of advertising in promoting certain types of financial product or service</p> <p><b>Know</b> that financial services may charge for their services in a variety of ways</p> <p><b>Know</b> that financial services change and evolve over time</p>	<p><b>Actively seek</b> information on the important features of a financial product when making a choice</p> <p><b>Choose and use</b> appropriate financial products and services from among those available (which may include those delivered via digital means)</p> <p><b>Periodically reassess</b> the suitability of financial products held</p> <p><b>Demand</b> high quality financial products and services</p> <p><b>Aim</b> to choose financial products and services that are consistent with personal preferences</p> <p><b>Take note</b> of relevant financial products and services offered through non-financial organisations and make an informed decision about their suitability</p> <p><b>Take steps</b> to make objective decisions about the value of an advertised financial product or service</p> <p><b>Take into account</b> the potential cost of redeeming financial products in the event of a change of circumstance</p> <p><b>Seek</b> advice or information about products and services that appear to be useful but complex</p>	<p><b>Confident</b> to be able to make an informed decision about using a traditional or new type of financial product or service</p> <p><b>Confident to</b></p> <ul style="list-style-type: none"> <li>• ask financial service providers questions about their products and services</li> <li>• assess the level of trust that can be invested in a particular financial service provider</li> <li>• negotiate terms with financial service providers when necessary</li> </ul> <p><b>Motivated to</b></p> <ul style="list-style-type: none"> <li>• request better service or compensation in the event of dissatisfaction</li> <li>• change providers in the event of poor service or uncompetitive prices</li> </ul>



## 6.5 SCAMS AND FRAUD

Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Know</b></p> <ul style="list-style-type: none"> <li>• about the risks of financial scams and fraud</li> <li>• common characteristics of financial scams</li> <li>• how to spot signs that something or someone may not be genuine</li> </ul> <p><b>Understand</b></p> <ul style="list-style-type: none"> <li>• the importance of keeping personal data and identity, financial information, and security information (including passwords and pin numbers) secure</li> <li>• possible actions to prevent identity theft</li> <li>• implication of being a victim of identity theft</li> <li>• the impact of technology on personal security</li> </ul> <p><b>Know</b> who or where to report suspected scams and frauds to</p>	<p><b>Take practical steps</b> to keep all personal data, financial information, passwords and pin numbers secure</p> <p><b>Stay</b> informed about recent developments in terms of financial fraud and scams</p> <p><b>Make an effort</b> to scrutinise communications, offers and recommendations and consider whether they are genuine</p> <p><b>Speak</b> only to verified representatives of financial service providers</p> <p><b>Report</b> suspected scams and frauds to the relevant bodies even if not personally a victim</p>	<p><b>Confident</b> to question whether communications, offers and recommendations may be fraudulent</p> <p><b>Accept</b> that a previous decision was made in error and have been a victim of scam</p> <p><b>Motivated</b> to learn how to avoid scams and fraud</p> <p><b>Confident</b> to say if it becomes apparent that a scam or fraud has taken place</p>

## 6.6 TAXES AND PUBLIC SPENDING

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Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> why taxes are collected and how they are used</p> <p><b>Aware</b> of current levels of basic taxes such as income tax and SST</p> <p><b>Know</b> how to check tax obligations</p> <p><b>Aware</b> of different tax treatments for various financial products and services held such as mortgages, investments, insurance/takaful</p>	<p><b>Pay</b> taxes and/or claims tax refunds as appropriate</p> <p><b>Monitor</b> personal obligations and rights in light of tax and public spending policies</p> <p><b>Keep in mind</b> all tax obligations when budgeting and making longer-term plans</p> <p><b>Take into account</b> tax treatments when choosing financial products and services</p>	<p><b>Accept</b> that it is important to pay taxes owed</p>

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## 6.7 EXTERNAL INFLUENCES

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Awareness, Knowledge and Understanding	Skills and Behaviour	Confidence, Motivation and Attitudes
<p><b>Understand</b> how economic factors such as recession or high inflation can affect aspects of personal financial status and wealth</p> <p><b>Understand</b> that changes to policies on issues such as financial relief measures, change in reference rate for credit facilities or employment laws can have an impact on personal financial decisions and plans</p> <p><b>Know</b> which are the main bodies with an influence on the national economic and financial system</p>	<p><b>Follow</b> news of events that may impact on personal financial security or well-being</p> <p><b>Make</b> changes to financial plans when necessary based on an assessment of the impact of external factors</p>	<p><b>Confident</b> to make changes to financial plans as necessary in light of external factors</p>

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