

## **30pct M'sians feel their debts are burdensome - BNM survey**

**Malaysiakini**

**13 February 2023**

**Bernama**

Bank Negara Malaysia (BNM) has found that 30 percent of Malaysians feel their debts are burdensome, which seems to be a long-term problem among salaried workers in Malaysia.

BNM financial inclusion department director Nor Rafidz Nazri said the debts were acquired during the respondents' early working life, during their youth, and often for unproductive purposes.

"This behaviour is often driven by fear of missing out on lifestyle. Besides, some debts were for unexpected expenses, such as accidents or the death of the sole breadwinner.

"Such risks could actually be managed affordably through insurance protection, such as the Perlindungan Tenang scheme," he said.

BNM's findings were from a survey by the central bank called the Financial

Capability and Inclusion Demand Side (FCI) 2021 survey.

Nor Rafidz was speaking during the launch of the #NoFOMO Social Wellness Challenge (#NoFOMOChallenge) in Kuala Lumpur.

Through basic protection provided under Perlindungan Tenang, Malaysians can protect themselves and their families with a premium/contribution as low as RM30 per year, for coverage of between RM10,000 and RM30,000.

Nor Rafidz said the survey also found that personal financial risk management is not a norm among Malaysians, with 47 percent having difficulty raising RM1,000 in emergency funds.

One in three survey respondents were also not interested in getting insurance or takaful protection.

Additionally, 27 percent were worried about their ability to meet their old-age expenses, where 50 percent of youths have not thought of any retirement strategies.

“Attitudes like living for today and letting tomorrow take care of itself should be avoided.

“We should actively manage our personal financial risks to provide a financial safety net during unexpected events, in order to achieve our financial well-being,” said Nor Rafidz.

### **Youth financial literacy**

As a member of the Financial Education Network that aims to raise the level of financial literacy in Malaysia, Nor Rafidz said BNM conducts FCI surveys periodically to measure the progress of financial literacy among Malaysians.

Two FCI surveys were conducted in 2015 and 2018, while the latest was conducted in 2021 after the economy reopened following the Covid-19 pandemic.

Meanwhile, the #NoFOMOChallenge campaign, organised by the Life Insurance Association of Malaysia (Liam) and 16 Liam member companies, is targeting the young generation.

Liam president Loh Guat Lan said it is crucial for the youth to be well-equipped with financial knowledge and exposed to personal financial planning as early as possible.

She said this is to ensure they can make better-informed decisions and become financially responsible adults.

“We strive to reach out to more of them so that they are exposed to values in life.

“The ongoing consumer education is seen as a strategy to combat the misconceptions on insurance, to educate on key issues, and to guide them to become educated consumers.

“Hence, developing healthy financial habits early can set a strong foundation, leading to better financial decision-making, and reducing the likelihood of falling into debt or financial difficulties later on in life,” she said.

Loh said Liam’s strategy through the #NoFOMOChallenge is to bring the youth closer to the industry, while engaging with key opinion leaders or influencers is another way to attract them.

The campaign runs until May.

Meanwhile, Liam chief executive officer Mark O’Dell said riding on the tagline, “Live Well, No Fear of Missing Out”, the campaign invites youths to create short videos using humour, memes, tragedy, or drama.

The campaign is also offering cash and prizes worth over RM42,000. Visit [www.nofomo.my](http://www.nofomo.my) for more details.

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