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PUBLIC NEED BETTER FINANCIAL KNOWLEDGE

So they can tackle the rising cost of living, says minister

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IT is high time Malaysians are equipped with better knowledge to make sound financial decisions, Second Finance Minister Datuk Johari Abdul Ghani said yesterday.

He said people needed to manage their finances well to tackle the rising cost of living and that there was a comprehensive financial infrastructure to ease access to products and services.

"I find that many consumers do not think long and hard in making financial decisions. If we look at the bankruptcy cases in 2015, a large portion was due to personal financing, making up 28 per cent of the total number of cases.

"The potential for this rate to continue to increase is high as household debts are high, at 88.9 per cent of the gross domestic product as of June last year," he said at the opening of Bank Negara Malaysia's (BNM) Karnival Kewangan at the Putra World Trade Centre here yesterday.

Present was BNM governor Datuk Muhammad Ibrahim.

Johari said many Malaysians did not have enough knowledge on financial management to ensure a comfortable retirement.

Second Finance Minister Datuk Johari Abdul Ghani (centre) and Bank Negara Malaysia Governor Datuk Muhammad Ibrahim at the Karnival Kewangan in Putra World Trade Centre yesterday. PIC BY MOHAMAD SHAHRIL BADRI SAALI

He cited a BNM report that showed more than 80 per cent of Malaysians were worried about their financial standing and were not ready to retire.

He said a study by the Employees Provident Fund found that almost 50 per cent of Malaysians had used up their funds within five years of retirement.

"This proves just how critical it is for Malaysians to equip themselves with the knowledge to make smart financial decisions.

"In this digital age, people should not have any problem in getting basic information on financial management and education.

Johari advised the public to be wary of financial scams which were widespread, adding that even when information about such scams were available, many still fell victims.

He cited statistics by BNM, which revealed an over 50 per cent increase of scams reported last year, with 70 per cent of cases being committed over the telephone.

"The digital era has opened up a wider door for scammers."

He said the cost of living was increasing due to fiscal consolidation measures, like rationalisation of subsidies, and external matters, including the strengthening of the United States dollar, which impacted the value of the ringgit.

"In addition, adjustments to service charges like train fares, toll rates and the reduction in electricity tariff rebates also contribute to the rising cost of living."

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