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40 pct of millennials spend beyond their means - Tengku Zafrul

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KUALA LUMPUR, March 9 – Forty per cent of millennials are spending beyond their means, said Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz.

He said according to Bank Negara Malaysia, 47 per cent of Malaysian youths have high credit card debts.

"So think thoroughly about what is necessary and prioritise your purchases, whether it's a new outfit or new phone, or, like what one of my nephews wants, a PS5, and you will find that every ringgit will go a long way.

"Warren Buffett famously said, 'do not save what is left after spending, but spend what is left after saving'. In other words, pay yourself first and use the power of compounding to your advantage," he said at the Kembara Bijak Wang 2020 (KBW 2020) prize-giving ceremony today.

Tengku Zafrul said, for example, if a twenty-year-old wish to have RM1 million in savings by the time he or she turns 60, assuming an annual return of six per cent, he or she would need to save about 500 ringgit per month.

He said according to the Employees Provident Fund (EPF), 50 per cent of EPF members have less than RM200,000 in their accounts -- lower than the average of RM240,000 that members should have in basic savings when they reach age 55.

Tengku Zafrul also noted that 50 per cent of contributors would exhaust their savings within five years of their retirement.

"However, with the emergence of the gig economy such as Grab, Foodpanda and Shopee, we have many opportunities and options to earn alternative sources of income to enhance our savings.

"In that respect, I am very pleased to see many Malaysians taking up the challenge of starting their own business," he added.

He also advised Malaysian to strengthen their financial literacy skills, be it on growing their wealth via investments or protecting their wealth through insurance or takaful.

"Through events like KBW 2020, the goal of improving the financial wellbeing of Malaysians will become a reality in line with the Malaysian National Strategy for Financial Literacy," Tengku Zafrul said.

He said raising the level of financial literacy is a long-term commitment that requires the sustained efforts and support of many parties.

KBW 2020 is a programme involving 5,600 students from more than 20 institutions of higher learning and 22 UiTM campuses nationwide, co-organised by the Credit Counselling and Debt Management Agency (AKPK), HSBC Malaysia and Universiti Sains Malaysia.

The programme, which began in November last year, aims to boost the participants' financial awareness, encourage healthy financial habits and ensuring that they become more resilient, adaptable and financially prepared to face life's challenges, among others.

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