This discussion paper sets out the Financial Education Network's (FEN) proposed 2nd National Strategy for Financial Literacy (NS2.0).

FEN would like to invite all relevant parties, including ministries, government agencies, financial institutions, industry associations, consumer groups, regulators, non-governmental organisations and any other relevant organisations or individuals, to peruse this document and provide written feedback on the proposals.

Submission of feedback for the discussion paper:

a. Respondents are highly encouraged to provide appropriate rationale and evidence to support the feedback.
b. All respondents are to specify the applicable sections of the paper and provide sufficient examples or illustrations.
c. All feedback for the discussion paper is to be submitted electronically and emailed to the NS2.0 Secretariat at NS2@bnm.gov.my latest by 28 March 2025. The email must be titled "National Strategy for Financial Literacy: Feedback from [name of institution/ individual]".
d. When preparing the feedback, specific queries can also be directed to the NS2.0 Secretariat at the same email address.

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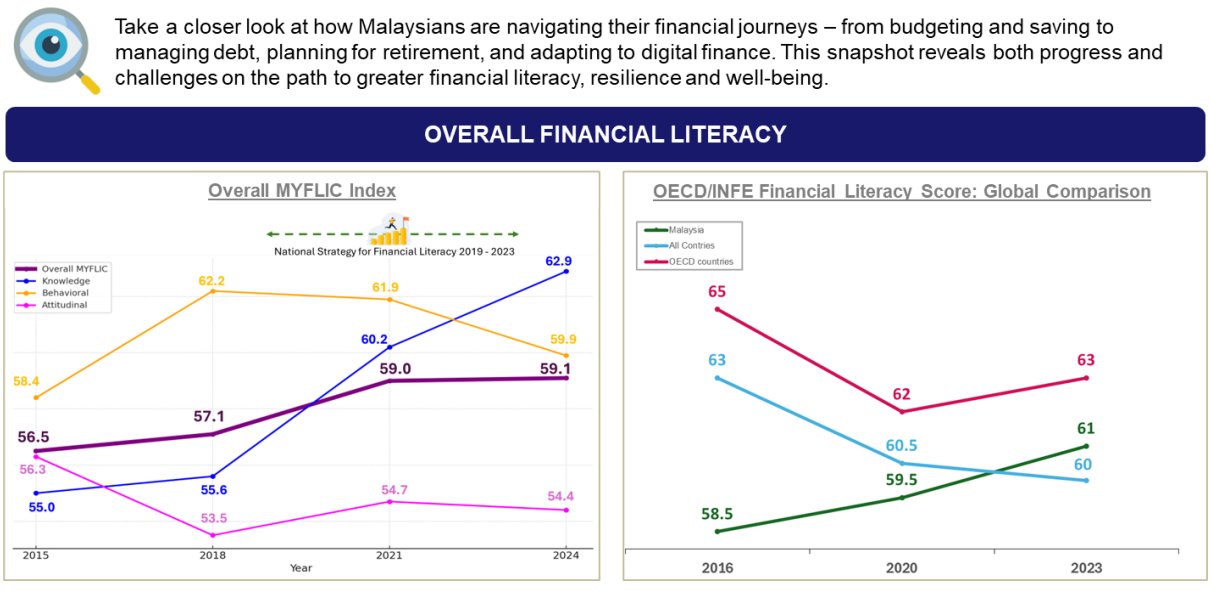
Chapter 1
Setting the Stage: Malaysia's Financial Literacy Landscape

Malaysia's financial literacy journey has evolved since the launch of the first National Strategy for Financial Literacy (NS1.0), laying a strong foundation for progress. However, the rapidly changing economic and financial landscape and emerging challenges require a deeper understanding of where we stand today. Enhancing financial literacy is essential for fostering financial resilience and promoting inclusion, underpinning the nation's long-term economic stability and prosperity. This chapter takes stock of the strides made since the NS1.0, while identifying the gaps and challenges that remain. Reflecting on these, it sets the stage for the second National Strategy for Financial Literacy (NS2.0) to build upon the achievements and address gaps, charting a course to further elevate financial literacy in Malaysia.

Today, Malaysians are faced with a growing array of complex financial choices. From digital payments and sophisticated investment options, to planning for retirement and managing debt, the decisions consumers make today will shape their financial futures. Against this backdrop, financial literacy has become an even more crucial foundational skill for individuals and small businesses to navigate these complex choices and risks effectively.

Financial literacy is the cornerstone for achieving financial resilience and financial well-being. With the right knowledge, skills, behaviours and attitudes, Malaysians are better able to weather economic uncertainties, avoid financial pitfalls, capitalise on opportunities, and plan effectively for their futures. This fosters a cycle of well-being, where sound financial decisions lead to greater security, confidence and a better quality of life.

Diagram 1: Current State of Financial Literacy in Malaysia



SAVINGS AND BUDGETING

31% of Malaysians still do not have enough money for basic needs

26% of Malaysians claimed they have always/sometimes run short of money due to insufficient or fluctuating income and rising cost of living

Among those who run short of money:
51% cut back on spending to make ends meet
42% withdraw from their saving

More than half of Malaysians have savings for emergency/future but gradual decline in savings behaviour observed over the years

READINESS FOR UNEXPECTED LIFE EVENTS

6 out of 10 Malaysians are unable to raise emergency cash worth of RM1,000

Only **37%** can sustain for 3 – 6 months in the event of loss income

35% of Malaysians show interest to learn about life insurance/family takaful and its interest

28% of Malaysians have life insurance/takaful coverage

INDEBTEDNESS

26% of Malaysians feel they have too much debt

Top 3 credit and debt take-up by segment:
Youth: student loan, store credit and debt with family and friends
Gig worker: car loan, house loan and credit card
Government worker: car loan, personal loan and BNPL

4 out of 5 Malaysians seek financial advice on debt management from family members and close friends

PLANNING FOR RETIREMENT

31% of Malaysians express concern on their ability to cover expenses in old age

Less than half of Malaysians are confident with their financial retirement plans

More than half of Malaysians rely on the EPF savings as the source of income for retirement

Among older Malaysians above 50 years old, **40%** rely on support financial help from family members (e.g. children and spouses) for retirement

Every **7 in 10** Malaysians reported to have no retirement strategies

DIGITAL FINANCIAL LITERACY

92% of Malaysians are utilising digital financial products and services

15% of Malaysians share passwords and/or PIN of bank accounts with close friends

18% of Malaysians still share information about personal finances publicly online

Only **38%** of Malaysians pay attention to the security of a website before making online transaction

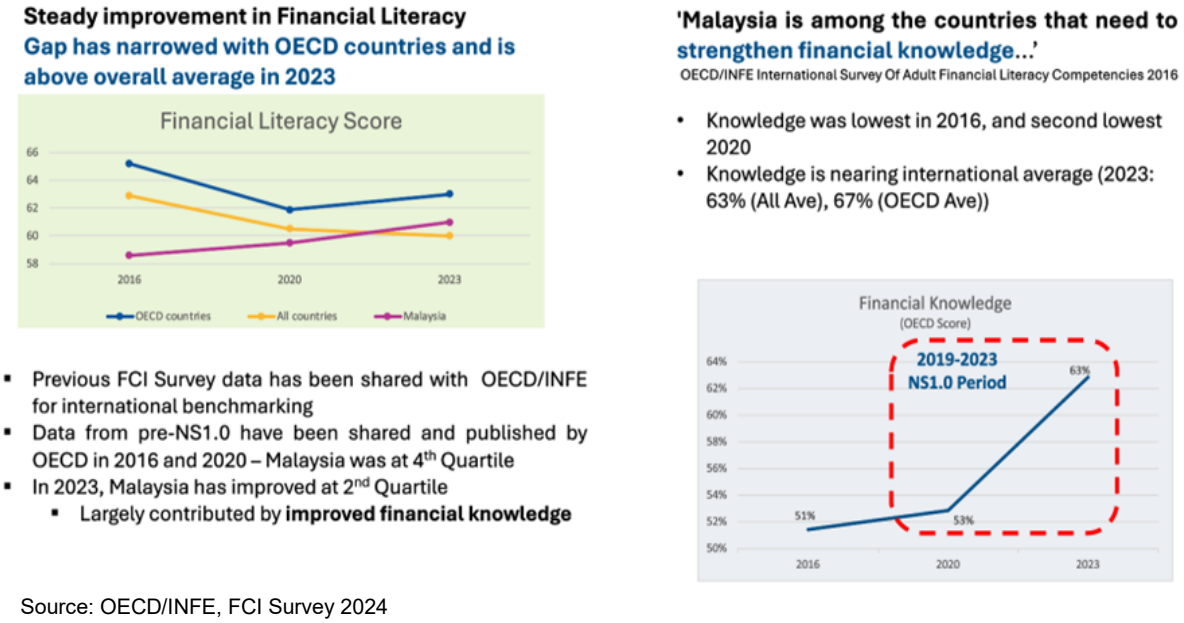
Source: OECD/INFE, FCI Survey 2024

Laying the Groundwork: Progress in Financial Literacy Advancement

In 2016, the Organisation for Economic Cooperation and Development International Network on Financial Education (OECD/INFE)'s findings placed Malaysia at the bottom for financial knowledge, highlighting significant gaps in the population's understanding of basic financial concepts. This challenge persisted in 2019, when Malaysia again was positioned among the lowest, underscoring the need for greater focus on financial literacy. In response, Malaysia took decisive steps by establishing the Financial Education Network (FEN) – an inter-agency platform comprising institutions and agencies committed to promoting financial literacy. The NS1.0 was also launched in 2019 to coordinate and intensify financial education efforts across the nation.

Steady strides have been made since the introduction of the NS1.0. The Malaysia Financial Literacy and Capability (MYFLIC) Index rose from 57.1 in 2018 to 59.1 in 2024, largely driven by increased awareness of financial concepts and products. Malaysia has also narrowed the gap with OECD countries (Diagram 2).

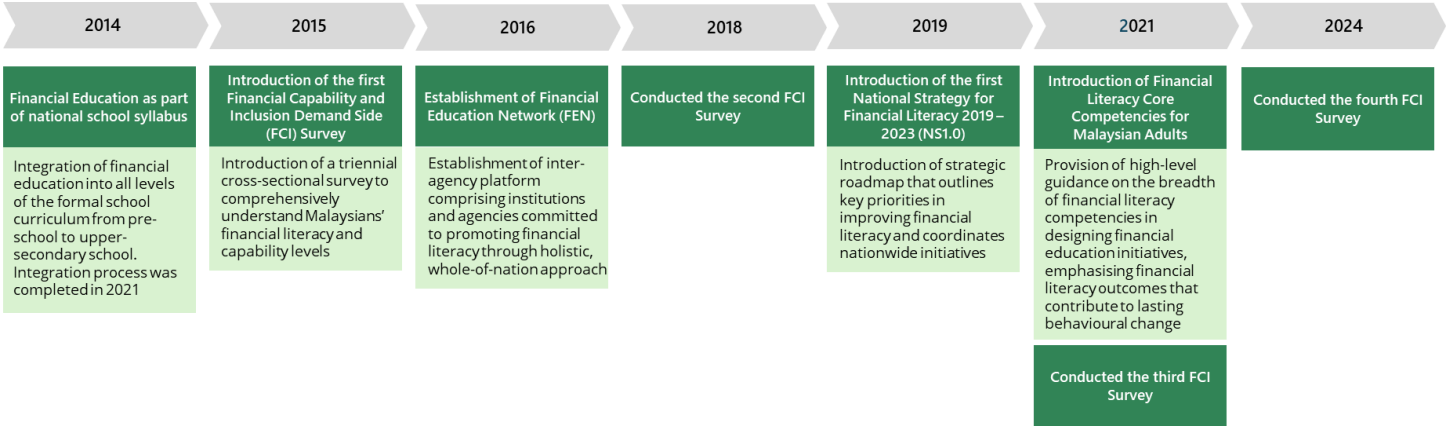
Diagram 2: Improvements in Financial Literacy in Malaysia



Source: OECD/INFE, FCI Survey 2024

This progress reflects the dedicated and collaborative efforts of FEN members and partners in shaping and advancing financial literacy agendas. Partnerships with various stakeholders drive the delivery of educational programmes, resources and outreach initiatives[1]. This collective commitment demonstrates the powerful impact of collaboration toward achieving national financial literacy objectives.

Diagram 3: Evolution of the Financial Education Journey in Malaysia



Gaps Remain: Uncovering Ongoing Challenges

Nonetheless, notable gaps remain. Bank Negara Malaysia (BNM)'s triennial Financial Capability and Inclusion Demand Side (FCI) Survey 2024[2] reveals that despite increased financial product ownership, Malaysians' understanding of these products remain low, especially as financial offerings become more complex. This may hinder the meaningful use of financial products and services and limit their potential to benefit consumers in a sustainable way. Moreover, better financial knowledge has also yet to adequately translate into lasting positive changes in financial attitudes and behaviours. Without shifts in attitudes and behaviour – such as a greater sense of long-term planning and stronger self-control – the benefits of financial education are less likely to endure, potentially rendering individuals vulnerable to financial stress in the future. Alongside this, there is growing anxiety about retirement preparedness, with 31% of Malaysians expressing concern about their ability to cover expenses in old age (2021: 27%).

These challenges are particularly pronounced among key vulnerable segments such as the youth, who reported higher debt burden, due mainly to student loans, store credit and debt with family and friends. Among those struggling with debt, lower income households and gig workers are also

[1] More information on the key collaborative initiatives by FEN members and partners can be found in Chapter 4 From Strategy to Action: The Strategy's Delivery Approach.

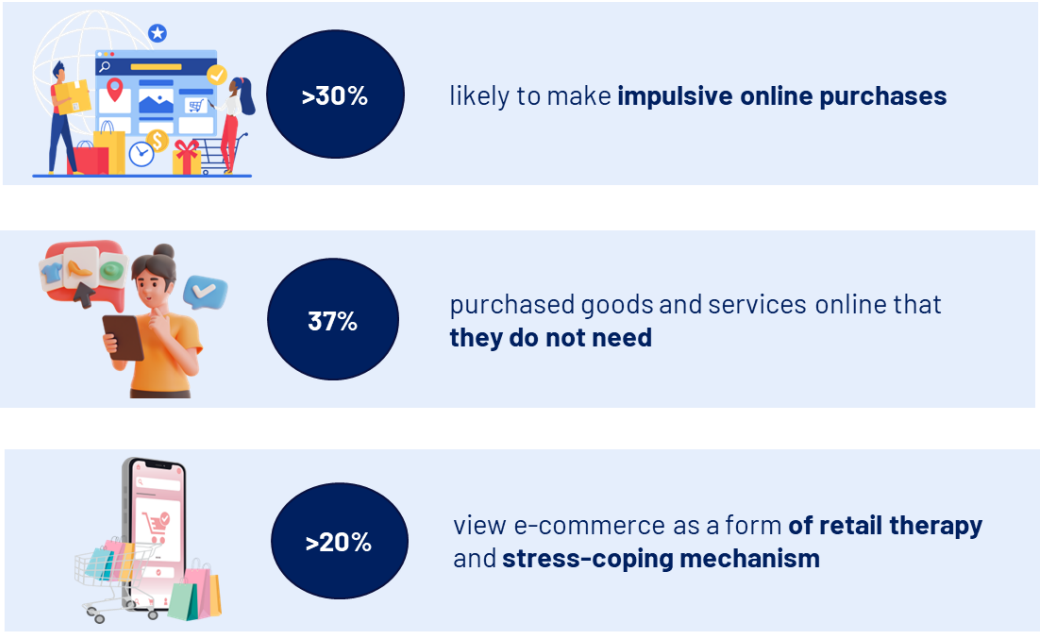
[2] The FCI Survey is a triennial cross-sectional survey commissioned by BNM. It assesses the level of financial capability of Malaysians based on measures of financial knowledge, behaviour, and attitude, which are used to construct a composite MYFLIC Index.

more hesitant to seek formal financial assistance, preferring informal networks. This exposes them to greater financial risks and misinformation, and limits their access to more secure, structured resources and advice.

In this digital era, consumers face new challenges in managing finances, such as online fraud, artificial intelligence (AI) complexities, and deepfake technology. Vulnerable segments in particular may struggle to keep up with digital skills required to navigate these risks. While technology can make financial transactions more seamless, it is crucial that consumers remain vigilant and have sufficient knowledge to secure their transactions.

Additionally, digital financial services (DFS) are reshaping spending behaviours. Traditional cash payments have frictions, where people physically see and feel the transfer or outflow of funds. In contrast, digital payment methods offer a "painless payment" experience, which makes it easier to spend impulsively without immediate financial consequences. While convenient, these payment methods, as well as Buy Now, Pay Later (BNPL) schemes, can lead to overspending and delayed debt repayment, ultimately causing long-term financial strain.

Diagram 4: Impact of the "Painless Payments" Phenomenon



Source: FCI Survey 2024, AKPK

When we consider the broader economic environment, particularly in today's challenging macroeconomic climate, vulnerable segments like youth and those with irregular or limited incomes bear an even greater burden, as the rising cost of living often outpaces income growth. This makes it difficult for even those who are financially literate to apply their knowledge effectively. Hence, income disparities also remain a major structural barrier to the holistic advancement of financial literacy in Malaysia. This is evidenced by the decline of the MYFLIC score for lower-income groups, while middle- and high-income groups have seen their scores rise above the national average.

Diagram 5: MYFLIC Score by Household Income

	MYFLIC		Knowledge		Behavioural		Attitude	
	2021	2024	2021	2024	2021	2024	2021	2024
Overall	59.0	**59.1**	60.2	**62.9**	61.9	**59.9**	54.7	**54.4**
Low income	57.8	56.7	56.5	59.1	60.7	57.4	54.4	53.5
Middle income	59.8	60.4	61.3	65.3	63.9	61.1	54.4	54.8
High income	60.5	63.0	63.9	68.8	63.3	64.1	54.5	56.1

Source: FCI Survey 2024

Emerging Trends Shaping the Future of Financial Literacy

As we look ahead, several emerging trends are reshaping the financial literacy landscape. These forces are transforming how Malaysians manage and spend their money, creating new demands for financial education that keeps pace with evolving priorities and risks. It is important for financial literacy efforts to address these trends proactively, helping Malaysians adapt and make sound financial decisions in a rapidly shifting environment.

Diagram 6: Emerging trends shaping the financial literacy landscape



New growth angles in financial services

Increasing demand for more personalised, equitable, and eco-conscious financial solutions



Alignment to national priorities and broader development goals

Greater focus on contributing to the aims of the Financial Sector Blueprint and Sustainable Development Goals by understanding how financial services enhance lives and livelihoods, as well as how financial decisions impact social and environmental outcomes, to encourage more ethical and responsible financial choices



Impact of heightened uncertainty

Heightened uncertainty (e.g., globalisation, geopolitical tensions and pandemic) leading to financial stress and anxiety, often resulting in reactive decision-making that undermines long-term stability and well-being

New growth angles in financial services

The rise of digital natives, coupled with rapid advancements in data analytics and artificial intelligence (AI), is driving demand for more personalised financial services. More digital-savvy consumers, especially among the younger generations, expect seamless, customised financial offerings that align with their unique needs and preferences.

Demographic shifts, including an ageing population and growing awareness of the need for equal opportunities for women and men, highlight the importance of more inclusive and targeted financial literacy resources that support long-term financial planning and promote financial independence. Furthermore, growing awareness of climate change is encouraging consumers to make financially and environmentally responsible choices. According to the FCI Survey 2024, more than half of the Malaysian population expressed concerns over the implications of climate change. These developments present an opportunity to promote financial literacy that is not only inclusive, but also responsive to emerging societal values.

Alignment with National Priorities and Broader Development Goals

Enhancing financial literacy is essential to advancing Malaysia's development priorities at the national level. This includes contributing to Malaysia's national development plans by ensuring Malaysians have the financial capabilities to meaningfully participate in and equitably benefit from economic growth. It also aligns with the Financial Sector Blueprint 2022 – 2026, which focuses on shaping confident and capable financial consumers that take charge of their financial futures.

Furthermore, financial literacy is a key enabler for Malaysia's progress toward the Sustainable Development Goals (SDGs), supporting ten (10) out of seventeen (17) SDGs, including those related to poverty reduction, equal opportunity and responsible consumption. By empowering individuals to understand the sustainability and ethical impact of their financial decisions, financial literacy can foster responsible choices that support both personal well-being and Malaysia's sustainable growth.

Impact of Heightened Uncertainty

Global events such as globalisation, geopolitical tensions and the recent pandemic have created a more uncertain environment, with job losses, business challenges and work pressures contributing to financial uncertainty for individuals. Such conditions can lead to stress and anxiety, often resulting in short-term, reactive financial behaviours that could undermine long-term financial well-being. Financial literacy helps individuals manage these pressures with greater confidence

and clarity, by equipping them with the skills and knowledge to make informed, rational decisions that prioritise longer term stability.

Moving Forward: A National Strategy for Inclusive Financial Empowerment

The NS2.0 continues the journey begun in 2019, reinforcing financial literacy as a vital tool for building financial resilience and well-being. It aims to create an inclusive, adaptive framework that builds on past successes, addresses remaining gaps, and responds to new challenges. The NS2.0 is a commitment to empowering all Malaysians to confidently manage their finances, navigate uncertainties and build a secure future.

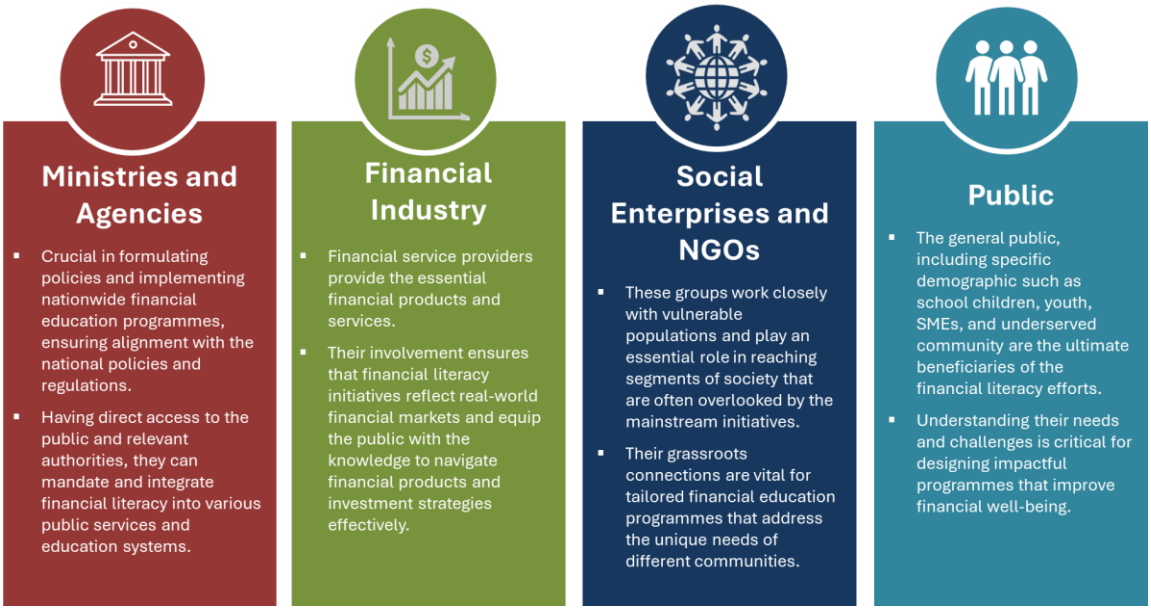
Chapter 2
Voices to Vision: The Significance of Public Engagements

From April to September 2024, FEN embarked on a comprehensive stakeholders' engagements nationwide to gather feedback and ideas from Malaysians. The objective was to capture diverse perspectives to inform the development of NS2.0. Through a series of face-to-face and online surveys with more than 2,600 participants, FEN sought to identify key concerns and explore opportunities for enhancement. This chapter highlights these on-the-ground insights, gathered from all segments of communities. By grounding NS2.0 in the lived experiences of Malaysians, it underscores the importance of public engagement in shaping financial literacy initiatives that resonate with the needs and aspirations of the nation.

Who Were Involved and Why It Matters

The participants of these surveys represent a wide range of key stakeholder groups including Ministries, government agencies, financial industry players[3], capital market intermediaries[4], social enterprises (SEs), non-governmental organisations (NGOs) and the public. Each of these stakeholders plays a pivotal role in shaping the financial literacy landscape, making their contributions essential to the development of the NS2.0.

Diagram 7: Key Stakeholders



[3] Refers to Conventional and Islamic Banks, Development Financial Institutions, Digital Banks, Payment System Operators, Insurance Companies and Takaful Operators.
[4] Includes Investment Banks, Fund Management Companies, and Financial Planning Companies.

What the Stakeholders Expressed

Feedback from diverse stakeholders illuminated critical aspects of Malaysia's financial literacy landscape, revealing both challenges and opportunities for growth. Of significance, it underscores the need for a well-coordinated and collaborative approach in formulating the NS2.0. The stakeholders' valuable inputs provide a roadmap that further guides efforts to target key areas for development and address existing gaps with tailored solutions, fostering a more financially empowered Malaysian society.

Diagram 8: Key Challenges Faced by Stakeholders

Low financial literacy level amid persistent financial vulnerabilities	A predominant issue identified across multiple stakeholders is the low level of financial literacy which often translates to inadequate long-term financial planning and a lack of financial resilience in dealing with unexpected situations. This is exacerbated by significant financial vulnerabilities such as the rising cost of living, low and irregular income, and insufficient savings, further hindering the ability to withstand financial shocks effectively.
Rising occurrence of financial scams	The growing prevalence of financial scams poses a serious risk to individuals, exposing them to deceptive schemes that can lead to substantial financial losses. Today, online scams operate around the clock, creating confusion as individuals struggle to discern between legitimate and fraudulent information. As these scams become more complex and pervasive with the use of digital platforms and technologies, they not only threaten financial loss, but also erode public trust in online transactions, creating a more uncertain environment for individuals navigating financial decisions.
Low awareness of FEN and its initiatives	Over 80% of respondents reported being unaware of FEN and the NS1.0, highlighting the urgent need to elevate public awareness and boost participation in financial education programmes.
Low utilitisation of teaching materials developed	While the Ministry of Education (MOE) and financial institutions have developed various supporting materials to aid teachers in integrating financial education elements in the daily lessons, these materials remain underutilised, unassessed, and in need of review to ensure their continued relevance. The primary barrier to their effective use is the lack of structured capacity building for teachers.
Gaps in mandate and jurisdiction alignment	Aligning financial education programmes with existing mandates is critical for their effective implementation. However, while 78% of FSPs are mandated to offer financial education programmes, many treat them as corporate social responsibility (CSR) activities or brand-building efforts, lacking clear goals for improving financial literacy or aligning with the National Strategy. Meanwhile, 37% of respondents from Ministries and agencies have financial education as part of their mandate, yet these programmes are often not executed due to low participation levels.
High cost hindering accessibility of financial education	33% of respondents from the underserved segment indicated that the cost of accessing financial education and its resources, including programme fees and out-of-pocket expenses, is a barrier for them.

Diagram 9: Stakeholders' Wish List

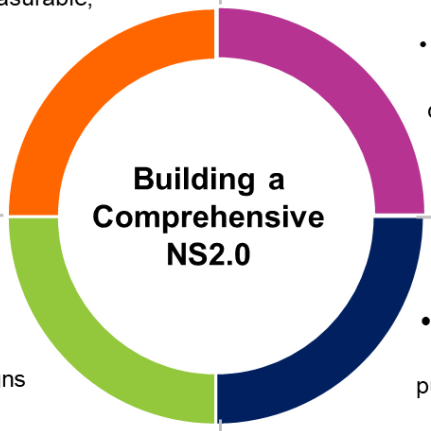


How We Respond

The success of the NS2.0 hinges on dynamic collaboration with a diverse range of stakeholders. By tackling the challenges identified during these engagement sessions and harnessing the unique strengths of each stakeholder, the NS2.0 is poised to further elevate the financial literacy, resilience and well-being of Malaysians.

Drawing from the stakeholders' feedback and recommendations, Diagram 10 outlines clear, actionable steps to build a comprehensive NS2.0, emphasising enhanced teamwork, targeted education programmes, and continuous evaluations to ensure sustained impact. Incremental adjustments to existing policies, aimed at key life transitions could enhance the nation's financial literacy efforts in a way that feels both practical and inclusive. Collaboration between the government, educational institutions, and the private sector is key to making these ideas a reality, and by working together, we can ensure more Malaysians have the financial skills they need to thrive.

Diagram 10: Actionable Steps to Build a Comprehensive NS2.0



Leveraging Stakeholders' Strength

- ***Institute collaboration with strategic partners:*** Enhance partnerships with influential (high influence, high interest) stakeholders who can significantly impact the programme by shaping policy and offering strategic support
- ***Educating the public through Financial Service Providers (FSPs):*** FSPs to expand their financial education programmes beyond corporate social responsibility (CSR) efforts to include measurable, broader and more targeted reach

Improving Financial Education Programme

- ***Provide Just-in-Time education with customised content*** and engaging elements, particularly through FSPs and digital commerce platforms. Incorporate personalised support to enhance effectiveness of the financial education programme
- ***Embed financial education at key life transitions*** (e.g., when entering the workforce, during income increments, and pre-marriage) by providing timely, relevant and context-specific learning for greater impact
- ***Provide incentives and rewards for good financial behaviour***: By thoughtfully integrating incentives and rewards (e.g., prior to disposing scholarship or study loan to final year students), financial education initiatives can increase engagement, reinforce positive behaviours, and ultimately lead to improved financial well-being

Branding and Communication

- ***Promotion and awareness campaigns:*** Increase awareness of FEN and its initiatives. This could involve more localised outreach programmes and digital campaigns to ensure widespread awareness and participation
- ***Support for financial scams awareness:*** Create targeted campaigns that educate the public on recognising and avoiding financial scams, with specific focus on digital and online financial safety

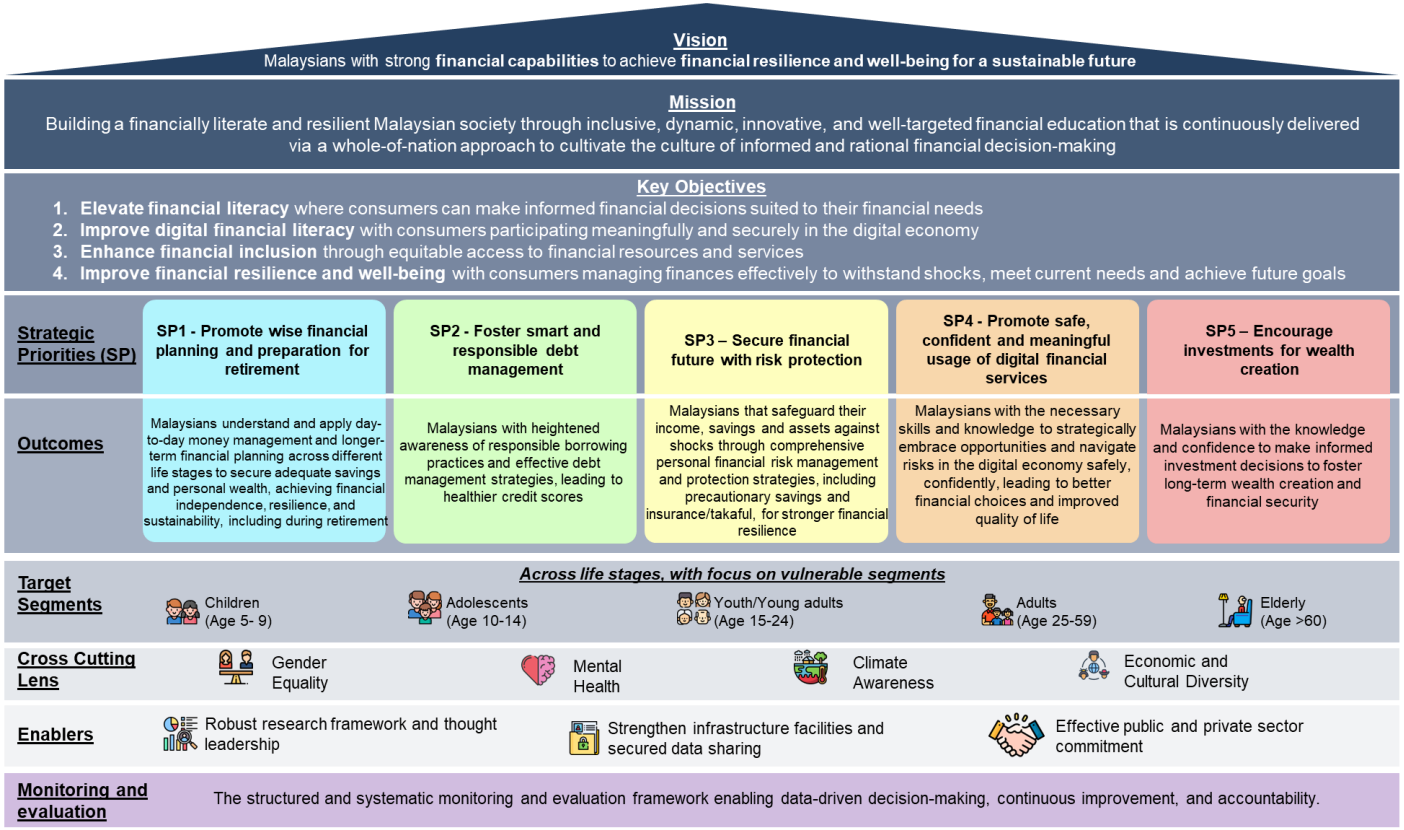
Ongoing Monitoring and Evaluation

- ***Feedback mechanisms:*** Establish regular feedback loops with stakeholders – including ministries, FSPs, SEs, NGOs, and the public – to continuously assess the effectiveness of NS2.0 initiatives and make necessary adjustments. This will help ensure that the strategy remains relevant and impactful

Chapter 3:
Foundations for Change: The National Strategy (2026 – 2030)

At the heart of NS2.0 lies a clear and cohesive framework designed to drive meaningful progress in financial literacy. This chapter outlines the foundational elements of the Strategy that collectively shape its direction. Together, these components form the framework for advancing financial education and fostering financial well-being of Malaysians across all life stages.

Diagram 11: The National Strategy (2026 – 2030) at a Glance



Vision, Mission and Key Objectives

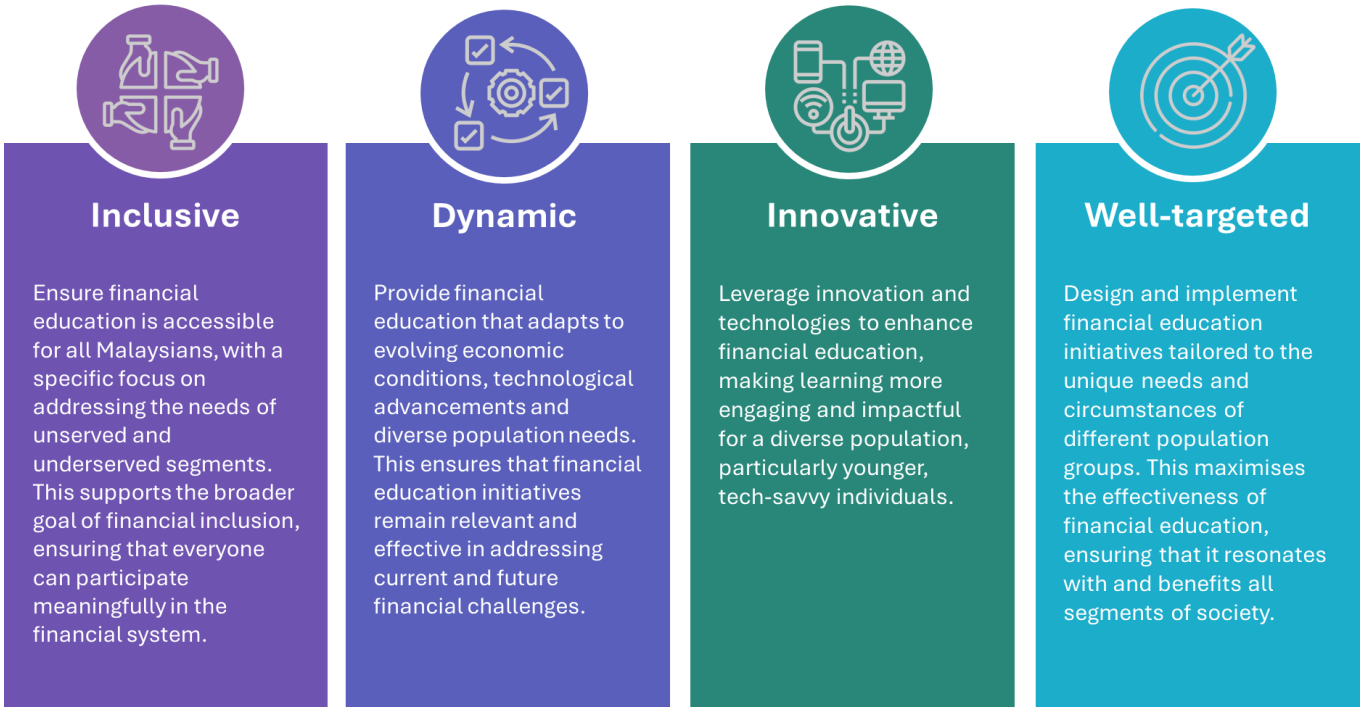
Vision

The NS2.0 aims to equip Malaysians with strong financial capabilities to achieve **financial resilience and financial well-being**. This vision emphasises the transformative impact of sound financial skills, enabling individuals to lead stable, fulfilling lives with greater peace of mind. It reflects the ability to Malaysians to meet daily financial commitments, remain resilient to income shocks, adapt to life's changing circumstances and navigate emergencies, which are foundations essential for a **secure and sustainable future**.

Mission

The NS2.0 sets out to implement a comprehensive framework for delivering **inclusive, innovative, dynamic and well-targeted financial education** tools and resources to all segments of society through a whole-of-nation approach. This cultivates a culture of informed and rational financial decision-making, contributing to a resilient, equitable and sustainable economy.

Diagram 12: Broad Principles for Effective Financial Education



Key Objectives

The Strategy focuses on delivering **four (4) key objectives** that will drive collaborative efforts across sectors to realise the NS2.0 Vision.

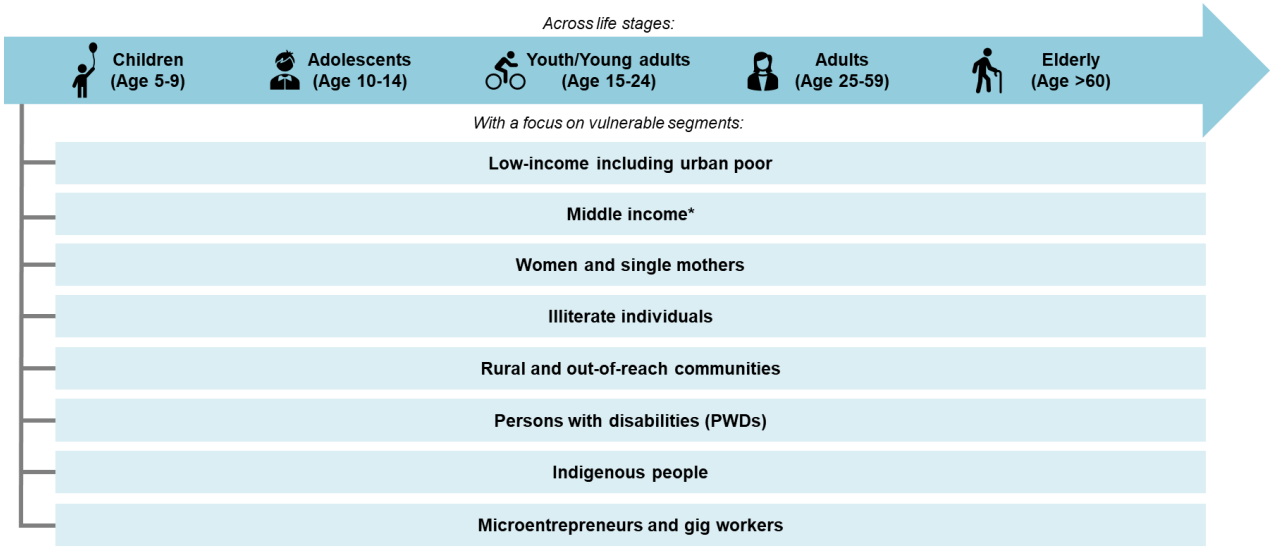
Diagram 13: Key Objectives of NS2.0



Target Segments

The Strategy is committed to addressing the diverse and evolving financial needs **of consumers across all life stages**. A specific focus is placed on **supporting vulnerable groups** who are most in need, ensuring they have access to financial literacy tools and resources that promote greater financial empowerment and equity.

Diagram 14: Target Segments

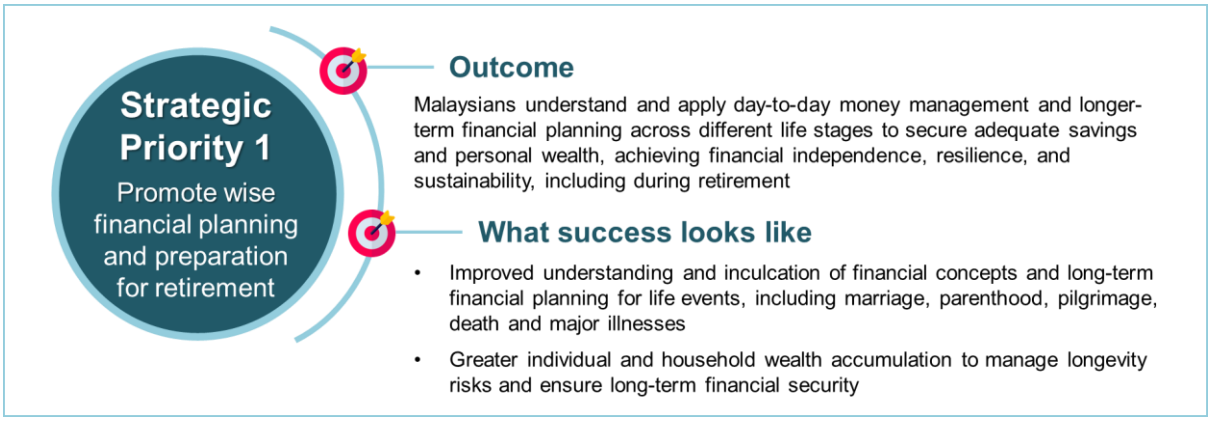


** Refer mainly to middle income group that faces significant challenges in maintaining adequate savings while supporting both their young children and aging parents*

Strategic Priorities

The NS2.0 centers around **five Strategic Priorities (SPs),** each designed to address the financial needs of Malaysians across various life stages. Each SP is further **supported by specific Action Plans (APs)** to drive financial education forward.

Strategic Priority 1



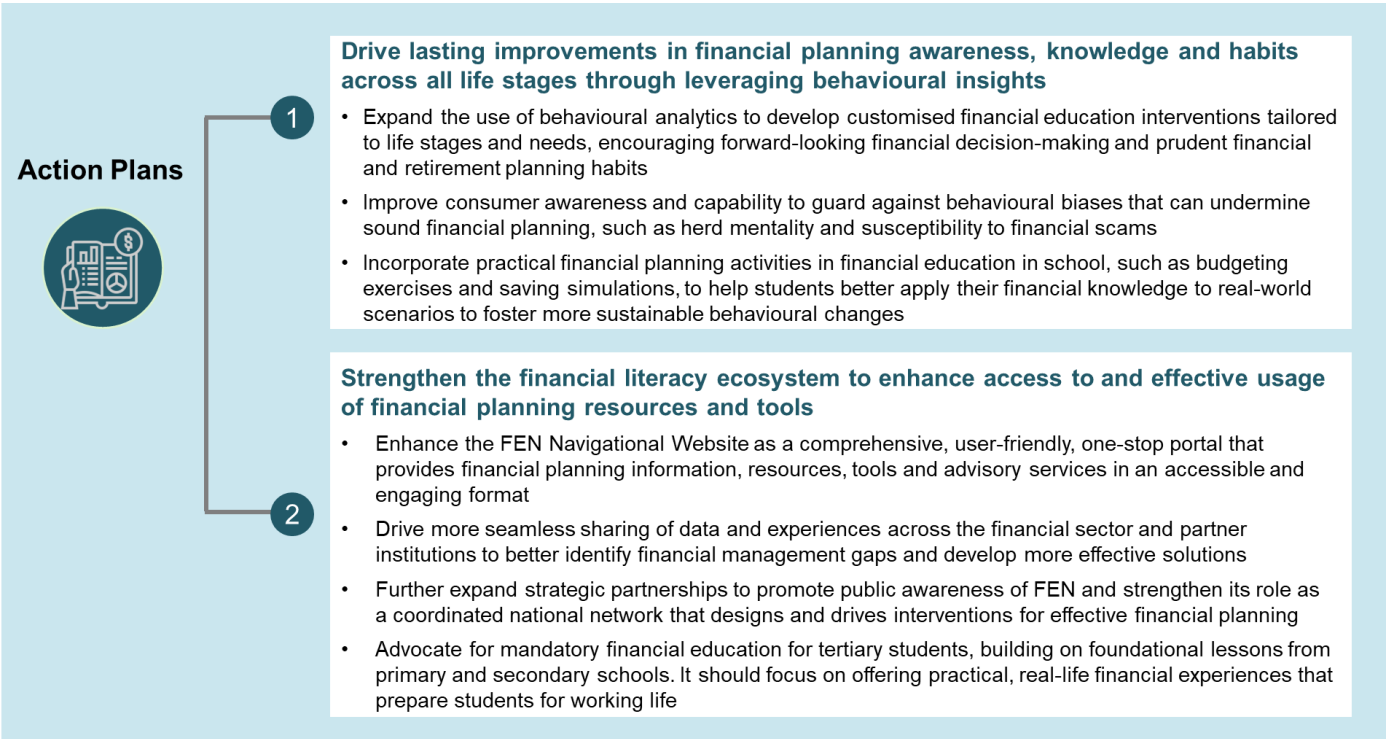
As individuals move through different life stages, their financial needs evolve from simple pocket money management during their school years to more complex financial obligations in adulthood. This progression underscores the importance of building strong financial management skills early on, to ensure financial stability and well-being is sustained throughout different phases of life. Instilling necessary financial knowledge, skills, attitudes and behaviours from a young age is hence crucial to support prudent financial decisions at every stage of life.

In Malaysia, substantial progress has been made in integrating financial education into the school curriculum, led by the Ministry of Education (MOE). A 2023 study involving 3,094 students showed encouraging results, with 77% and 64.1% demonstrating high levels of financial knowledge and positive financial attitudes, respectively. However, only 17.6% of students exhibited strong financial behaviours, highlighting a need for more hands-on financial experiences. This gap suggests that while students may understand financial principles in theory, they lack opportunities to apply them in practical, everyday settings, which are essential to reinforcing positive financial habits. Similarly, a 2022 study by the Ministry of Higher Education (MOHE) reported a commendable financial literacy score of 67% among university students and staff. However, it also revealed worrying levels of indebtedness, suggesting a tendency to take on debt without fully grasping the long-term implications. This highlights an urgent need to address early financial habits, including good day-to-day money management, as well as instil longer-term financial planning skills as students, before they enter the workforce.

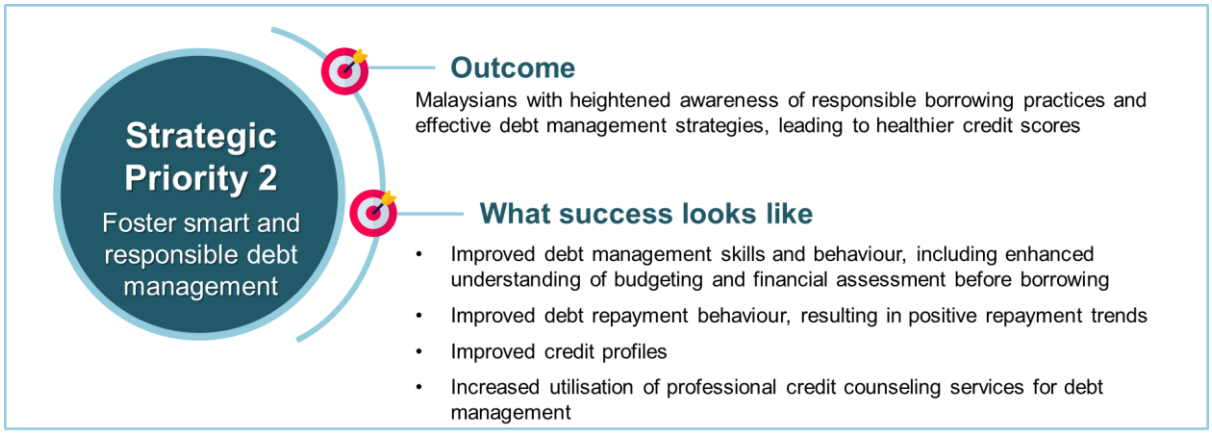
As youth transition into adulthood, their financial responsibilities and challenges grow, requiring careful financial planning, including preparation for retirement. This stage of life often involves higher expenses for housing, education and healthcare, while also needing to manage debt and build savings within their income constraints. A 2021 survey by the Securities Commission Malaysia found that most Malaysian youth spend the bulk of their income on necessities, and more concerningly, on debt repayments, leaving little for savings or investments. Additionally, data from the Employees Provident Fund (EPF) reveals that nearly half of Malaysians have yet to begin retirement planning. These findings highlight the urgent need for continuous engagement in financial and retirement planning, especially as Malaysia is expected to reach aged nation status within the next two decades. Without sufficient preparation, many individuals may be confronted with financial insecurity in later life.

Recognising these gaps, our efforts and focus will be on the following:

i. Drive lasting improvements in financial planning awareness, knowledge and habits across all life stages through leveraging behavioural insights; and
ii. Strengthen the financial literacy ecosystem to enhance access to and effective usage of financial planning resources and tools



Strategic Priority 2



Debt is a key component of personal finance, with individuals using various sources of debt such as credit cards, car loans, student loans and mortgages to meet their needs and goals. When managed wisely, debt can offer financial flexibility and opportunities. However, poor debt management can result in adverse long-term financial consequences, including financial stress, debt spirals and even bankruptcy. Practices like missing payments, overusing credit cards and taking on excessive debt may ultimately erode financial security and resilience.

According to the National Credit Counselling and Management Agency (AKPK), over 53,000 individuals aged 30 and below[5] are burdened by debt, primarily from credit cards and personal loans. Many have to seek assistance from AKPK to restructure their debt, reflecting a growing financial vulnerability among the younger generations.

On the other hand, effective debt management, built on awareness, discipline and strategic planning, is key to maintaining a strong financial foundation. A favourable credit profile opens doors to better loan terms, more affordable credit and broader access to financial products, thereby contributing to financial stability and overall economic health.

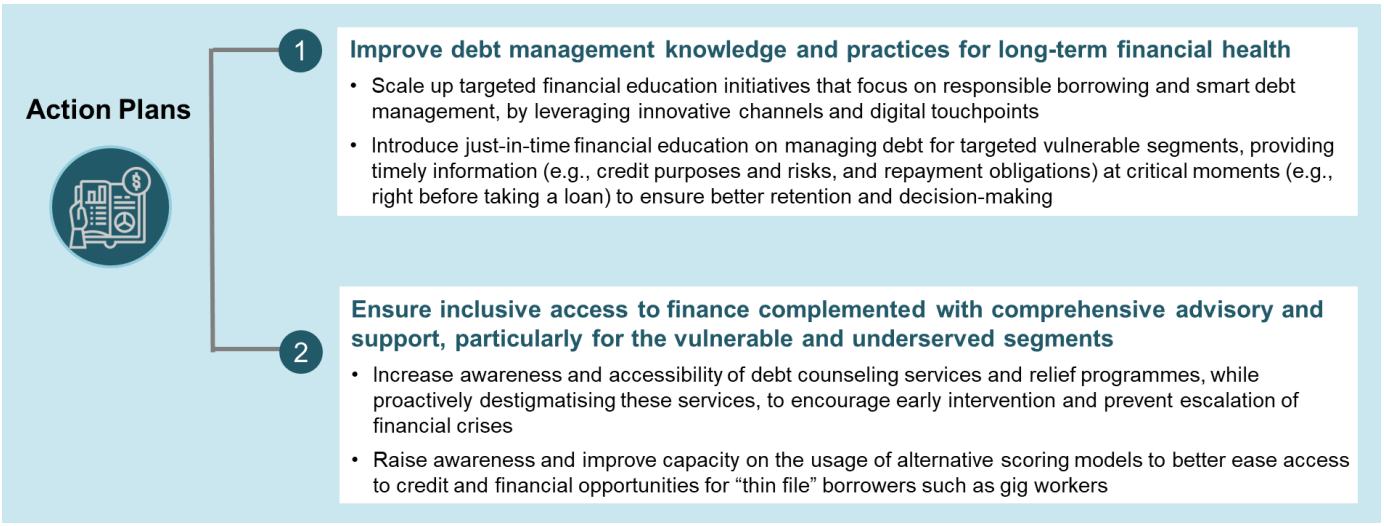
Responsible debt management involves avoiding excessive borrowing, timely debt repayment, and engaging proactively with financial service providers when faced with repayment challenges. Fostering these habits is key to ensuring sustainable access to and usage of financing and requires adaptive strategies and coordination across multiple sectors. It is also crucial for these efforts to be complemented with robust consumer protection measures, including the financial sector providers' adherence to responsible lending practices and fair treatment of consumers as required by BNM.

[5] Refers to active accounts since the inception of AKPK in 2006.

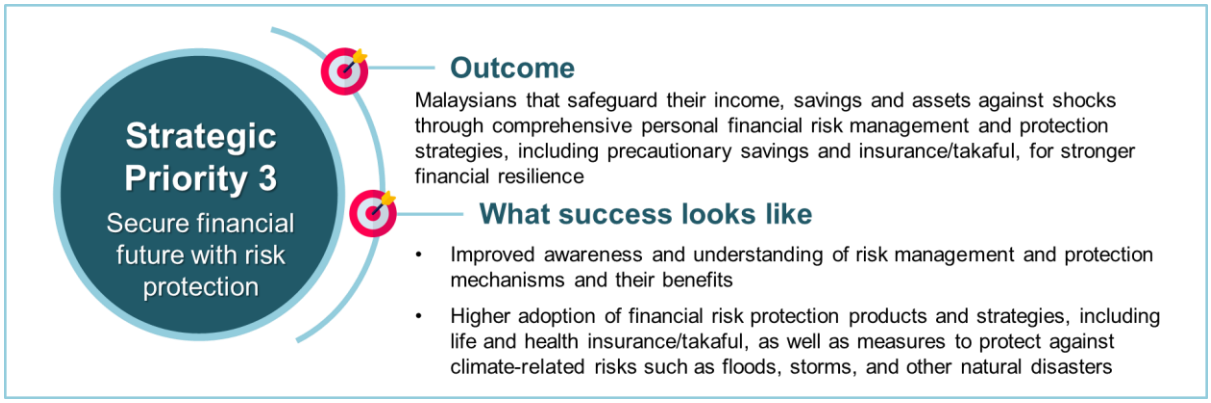
Our focus will be on the following:

i. Improve debt management knowledge and practices for long-term financial health; and

ii. Ensure inclusive access to finance complemented with comprehensive advisory and support, particularly for the vulnerable and underserved segments



Strategic Priority 3



Risk protection plays a vital role in safeguarding individuals and businesses from unexpected financial disruptions and vulnerabilities. These risks can arise from life-changing events, such as financial shocks, illnesses or death, natural disasters like floods, and pandemics that disrupt livelihoods. For many Malaysians – particularly lower-income households – the impacts of these events can be devastating, underscoring the urgent need for accessible and effective financial risk management and protection.

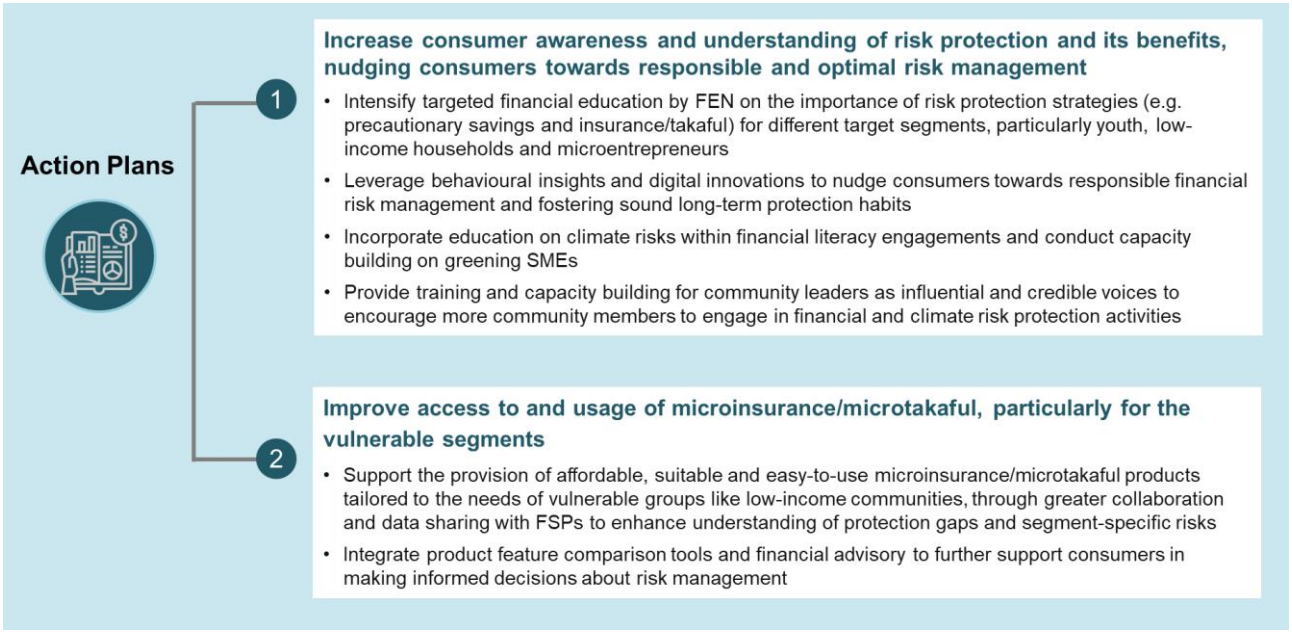
Based on the FCI Survey 2024, many Malaysians remain inadequately prepared for such events, with 6 out of 10 individuals reporting difficulty to secure RM1,000 emergency funds. Additionally, only 37% of Malaysians can sustain themselves for at least three months if they lose their main source of income.

Furthermore, 35% of Malaysians indicate a lack sufficient financial protection when faced with adverse and catastrophic events. While the proportion of Malaysians showing interest to learn about insurance or takaful products have increased, this has not translated into strong tangible adoption of life insurance or family takaful (2024: 28%; 2018: 17%), particularly among vulnerable groups that need it most. Climate-related risk protection also remains underdeveloped, with only 1 in 4 low-income households covered by such insurance (Ridzuan M. R. et al, 2022). These gaps highlight a broader issue: financial risk protection remains out of reach for many, affected by a lack of awareness, misconceptions about its roles and benefits, and gaps in the provision of suitable and affordable insurance/takaful products.

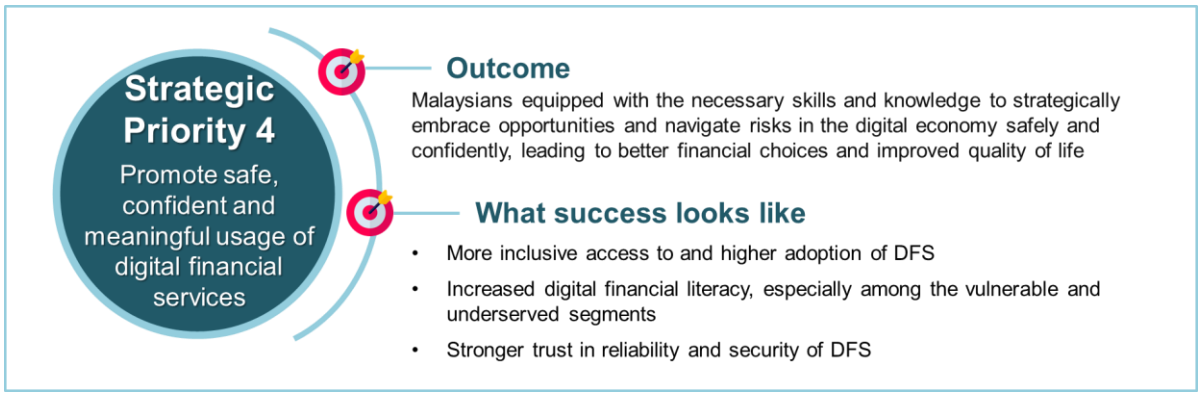
To address these gaps, it is crucial to empower Malaysians with a better understanding and appreciation for personal financial risk management and protection. This includes prioritising building precautionary savings, such as emergency and sinking funds, while also safeguarding financial future through insurance/takaful. Our efforts will aim to prioritise the following:

i. Increase consumer awareness and understanding of risk protection and its benefits, nudging consumers towards responsible and optimal risk management; and

ii. Improve access to and usage of microinsurance/microtakaful, particularly for the vulnerable segments



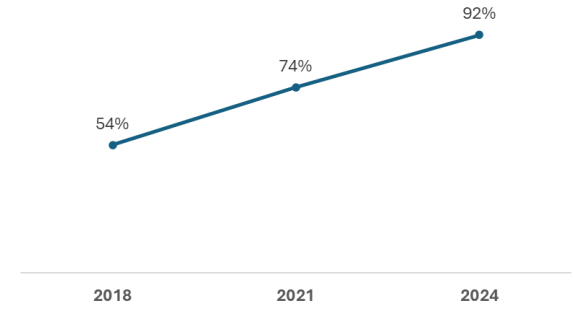
Strategic Priority 4



Digitalisation is transforming financial services at an unprecedented pace, making transactions easier, faster and more widely accessible. From in-store payments and money transfers to online purchases, Malaysians are embracing digital methods that enhance ease and efficiency in managing daily finances. This shift presents opportunities to reduce financial exclusion and contribute to better financial choices that can improve quality of life. Yet, these benefits can only be fully realised if all Malaysians are equipped with the right knowledge and skills to use DFS safely, responsibly and confidently.

The FCI Survey 2024 indicates promising growth in DFS adoption among Malaysians, as illustrated in Diagram 15 below.

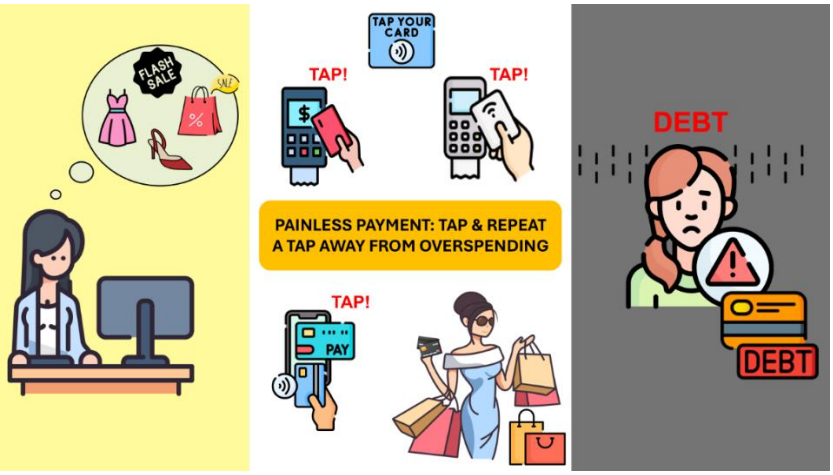
Diagram 15: Usage of DFS by Malaysians



Source: FCI Survey 2024

While the digital financial ecosystem creates many new opportunities, it also poses risks such as scams and cybersecurity threats. In Malaysia, low digital financial literacy (DFL) continues to hinder the safe and confident use of DFS. For example, 62% of Malaysians do not pay attention to website security when conducting online banking transactions (FCI Survey 2024), while 32% remain uncertain about responding to common scams, such as impersonation and fraudulent notifications (RinggitPlus, 2024). This stresses the critical need to boost cyber hygiene and better protect consumers.

The widespread use of DFS is also giving rise to new behaviours, such as impulsive consumption, facilitated by the "painless payment" effect. Global research shows that the ease of digital payments tends to lessen the negative emotions associated with spending, thus reducing price sensitivity and encouraging higher purchasing.



Our efforts to build digital confidence and resilience will focus on the following:

i. Enhance DFL for better financial decision-making, while cultivating cybersecurity awareness; and
ii. Promote greater usage of DFS to deepen financial inclusion

Action Plans

1

Enhance DFL for better financial decision-making, while cultivating cybersecurity awareness

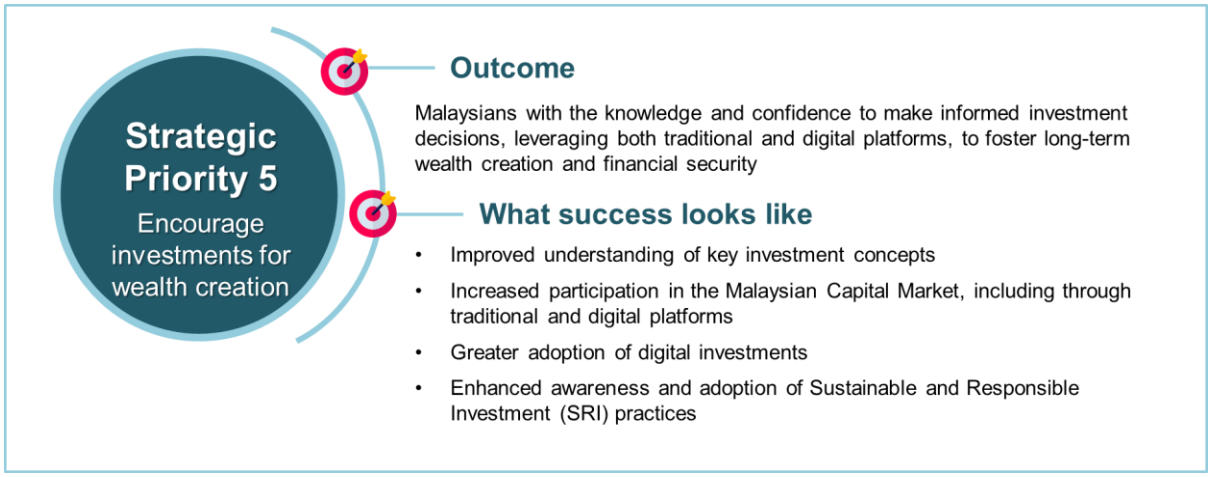
- Embed DFL content into widely-used digital platforms (e.g., online banking, e-commerce, social media) to deliver relevant financial information at the point of need
- Encourage greater research to create innovative educational materials, rooted in psychological and behavioural insights, to improve consumers' understanding of spending influences such as impulse buying, painless payments and present bias (i.e., favouring instant gratification over long-term benefits)
- Intensify financial education on the importance of cyber hygiene to protect against digital scams and frauds, leveraging public spaces and public transportation ads for greater reach. This includes enhancing consumers' ability to authenticate online financial information, products and services

2

Promote greater usage of DFS to deepen financial inclusion

- Expand cashless campaigns to further encourage adoption of digital payment in a safe manner, using both physical and digital platforms to widen outreach
- Conduct tailored awareness programmes on e-remittance services in collaboration with FSPs, targeting microentrepreneurs and migrant workers
- Develop innovative financial education tools via digital platforms, targeting microentrepreneurs and gig workers to enhance their income-generation capabilities

Strategic Priority 5



Investing is an important way to build long-term wealth and secure financial future. It helps consumers to protect against rising costs and enables money to grow through the benefits of compound interest. Sound investment practices, such as diversification, allow individuals to balance risks and rewards and to build wealth sustainably over time.

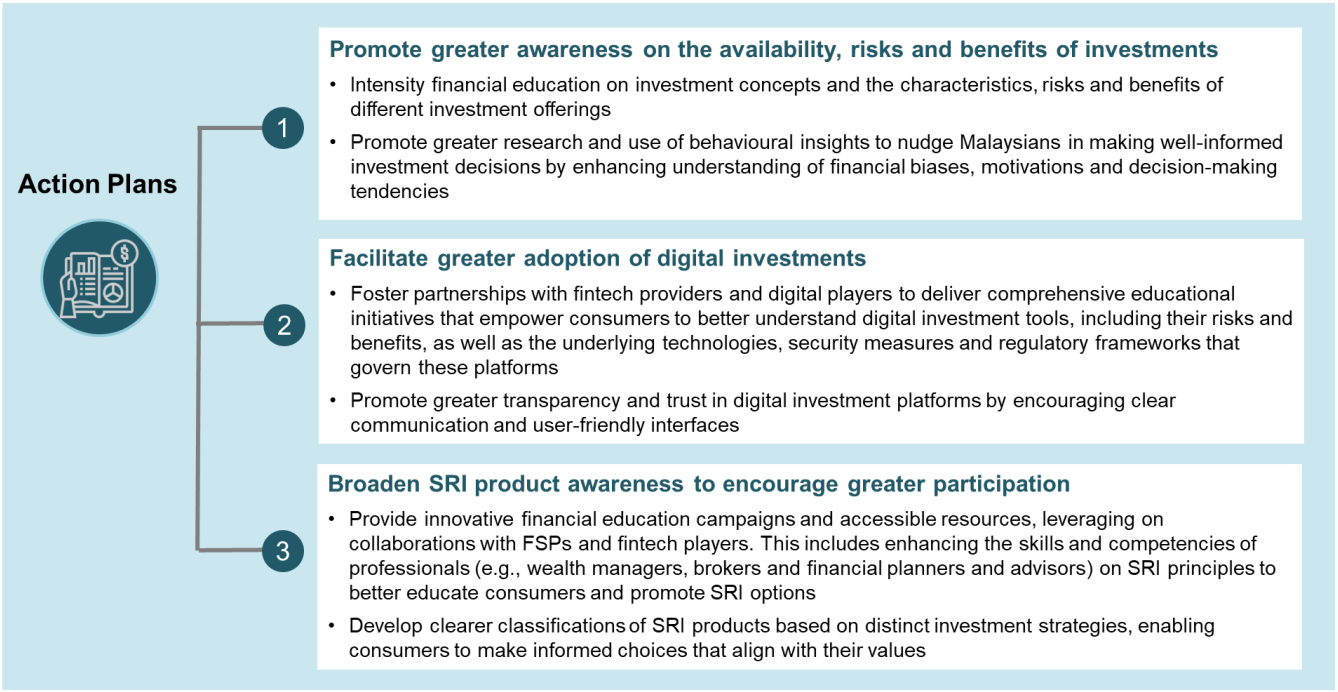
Although Malaysians are increasingly aware of the importance of investing, many still lack the confidence to get started or manage their investments effectively. A 2022 survey by the Securities Commission Malaysia found that 65% of people in Malaysia are unsure about their investment skills, primarily due to limited knowledge. Furthermore, technological advancements and financial innovations have introduced a wider array of investment options. This may be overwhelming for some consumers, but it also provides significant opportunities for those who are well-informed.

In particular, digital investment platforms have made it easier for people to invest. These platforms are easy to access, convenient, and often require small starting capital, making them appealing to younger and first-time investors. Securities Commission Malaysia's 2023 survey supports this, indicating that most consumers prefer investing smaller amounts in simple, straightforward products. While these digital tools empower consumers to take charge of their investments more easily, they also require a clear understanding of one's personal financial goals and risk tolerance, to avoid taking on more risk than one can manage. At the same time, investment education is also crucial to protect consumers from scams. A behavioural insights study by the Securities Commission Malaysia shows that one in three Malaysians are vulnerable to investment fraud, despite their high education levels. This highlights the need for greater financial education to support consumers in safeguarding their wealth and building trust in investment offerings.

Another emerging trend is the growing interest in Sustainable and Responsible Investments (SRI), as more consumers become more conscious of environmental and social issues, and look to align their financial choices with their values. By making SRI more understandable and accessible, Malaysians can be equipped to growth their wealth while also contributing to sustainable development goals.

To encourage greater participation in investments across various platforms and offerings, our efforts will focus on the following:

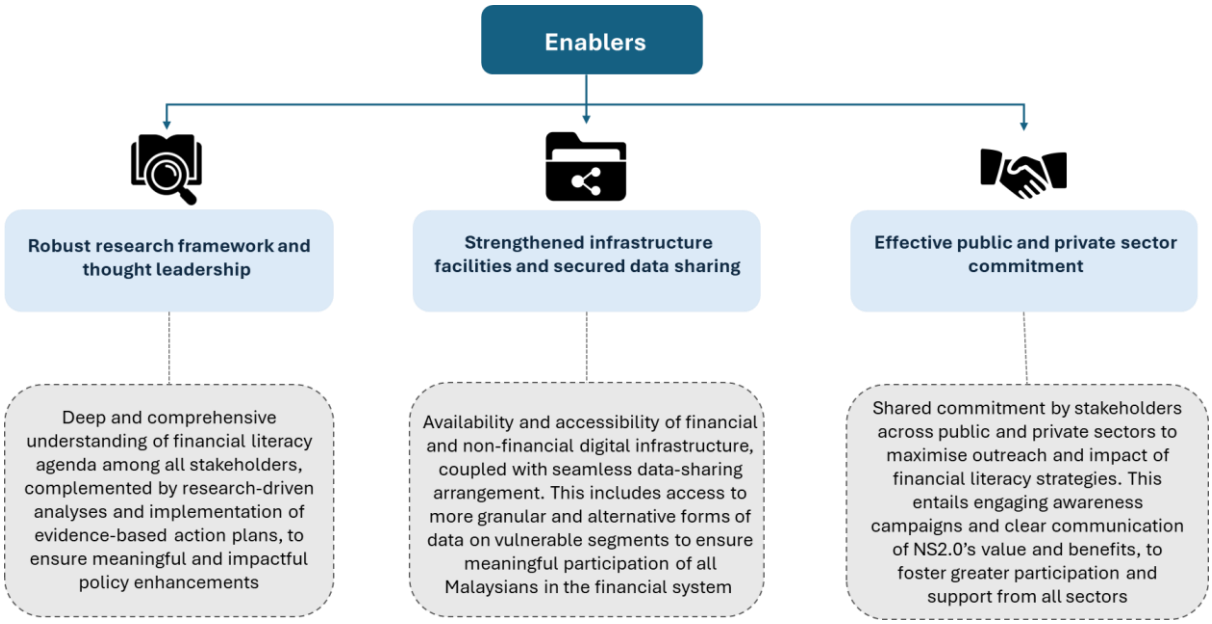
i. Promote greater awareness on the availability, risks and benefits of investment products
ii. Facilitate greater adoption of digital investments
iii. Broaden SRI product awareness to encourage greater participation



Enablers

The successful realisation of Strategic Priorities requires the support of **three (3) pivotal enablers**[6] within the broader ecosystem, strengthening the environment in which the NS2.0 operates in.

Diagram 16: Enablers

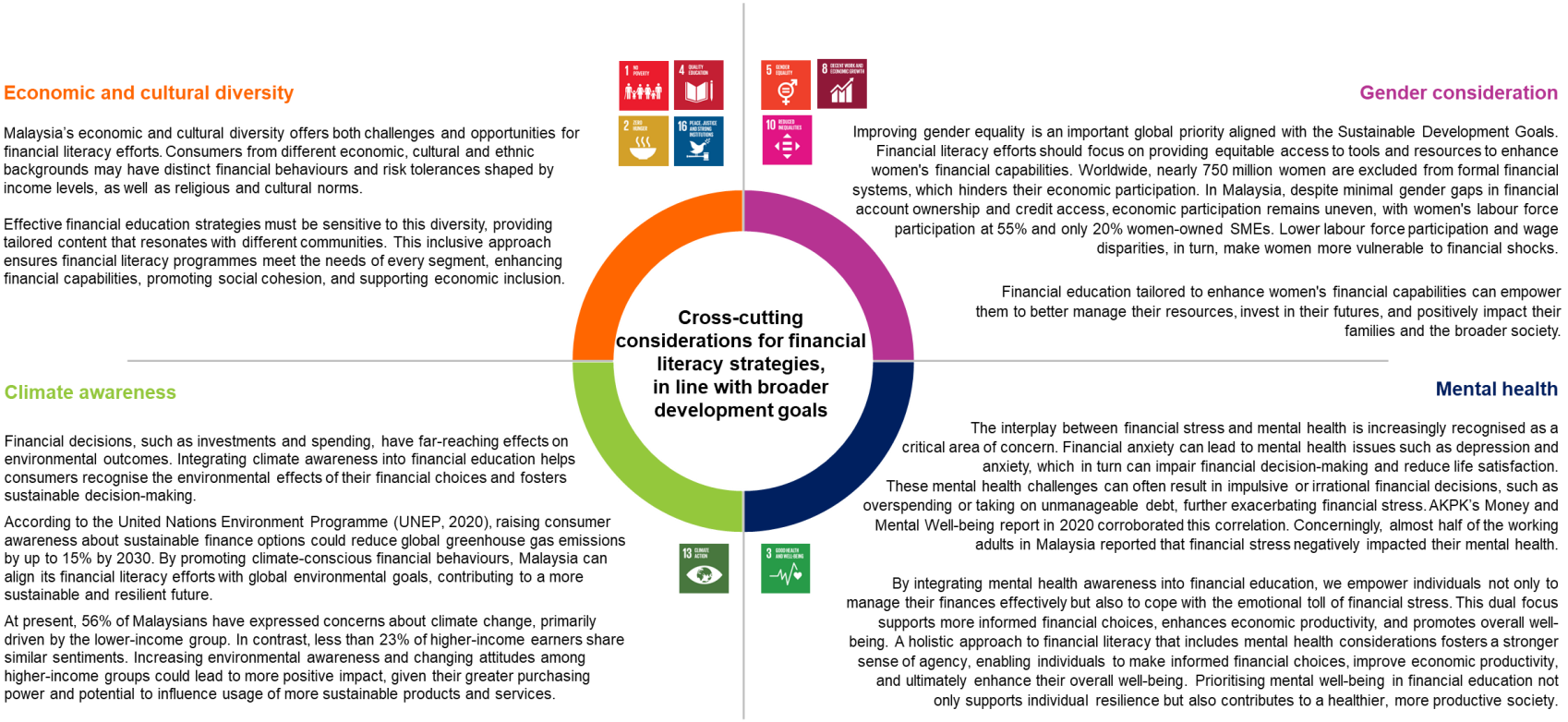


[6] For more information on ways to get involved with the implementation of the NS2.0, please refer to Diagram 19 in Chapter 4 From Strategy to Action: The Strategy's Delivery Approach.

Cross-cutting Lens

The Strategy also highlights four cross-cutting thematic considerations to be integrated within all financial literacy strategies across the board, to ensure these strategies are not only relevant and impactful but also contribute to global development such as the SDGs.

Diagram 17: Cross-cutting Lens



Source: BNM, Department of Statistics, Malaysia (DOSM), AKPK, UNEP

Chapter 4
From Strategy to Action: The Strategy's Delivery Approach

Transforming strategic vision into effective implementation requires a well-defined delivery framework that emphasises collaboration and customisation. This chapter details the multifaceted delivery approach underpinning the NS2.0, designed to ensure maximised outreach and impact of financial literacy strategies.

A fundamental component of this delivery framework is the whole-of-nation approach, which underscores the need for close collaboration and coordination among a broad range of public and private stakeholders. This optimises resources and enhances synergies among stakeholders to broaden outreach and ensure effective execution of financial literacy strategies. This collaborative ethos is anchored upon two core tenets: the shared responsibility of all stakeholders in advancing financial well-being and the empowerment of individuals in taking proactive control of their financial futures.

Another crucial element of the delivery framework is the tailored implementation of financial literacy initiatives. This approach adapts the deployment of programmes to meet the diverse and unique needs of various segments of society. Additionally, prioritising initiatives that can achieve scale and having a continuous feedback loop are integral to ensuring effectiveness. Regular engagement with stakeholders provides insights into emerging challenges and evolving needs, allowing for timely adjustments and alignment with real-world conditions. This iterative process ensures that financial literacy initiatives remain impactful and responsive to the dynamic needs of the Malaysian population.

Building on this, the delivery framework also incorporates a dual delivery model, combining national-level strategies with regional-specific initiatives.



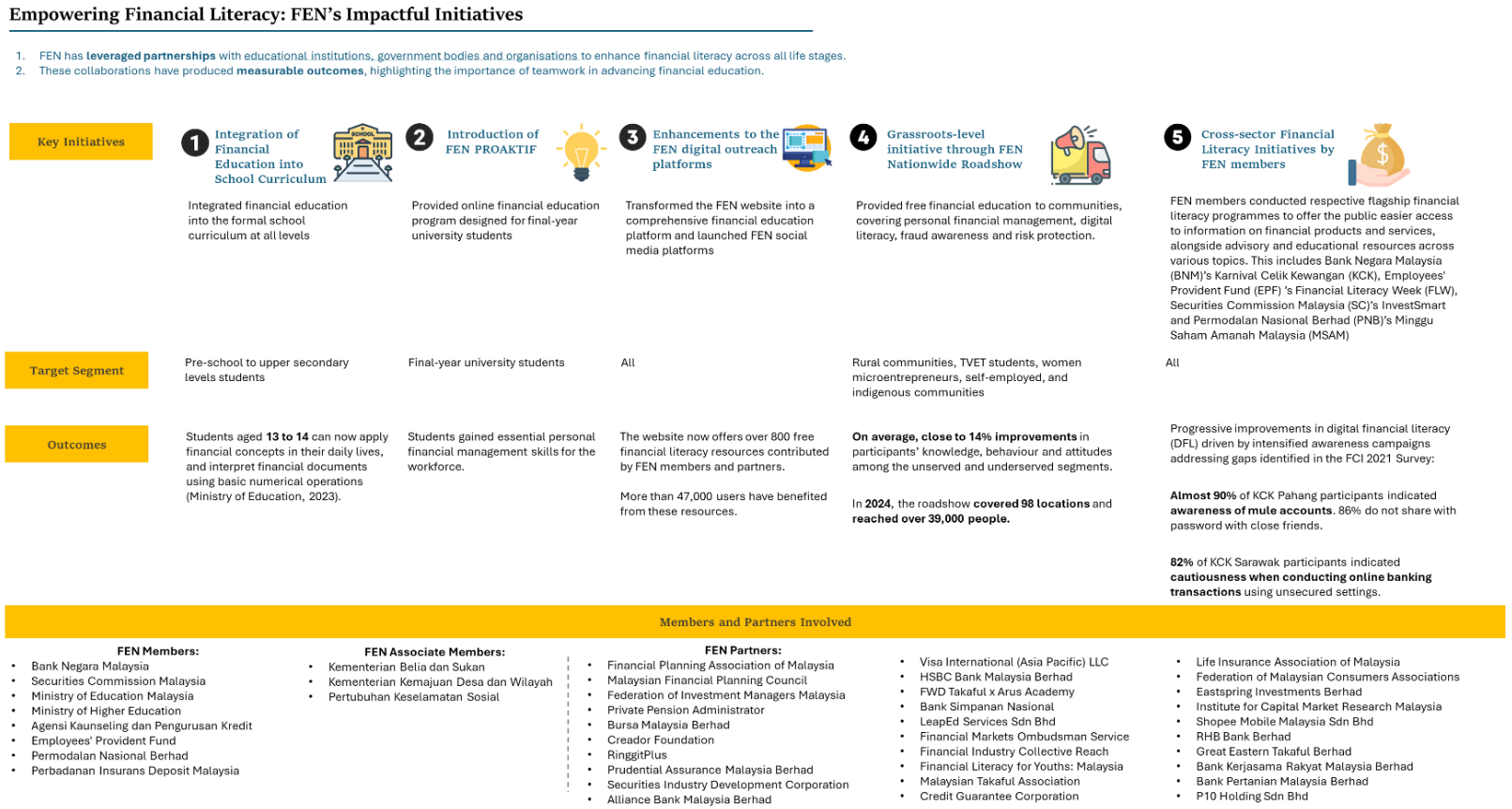
This two-pronged approach ensures that the broad financial literacy objectives of the NS2.0 are achieved while also addressing the localised needs and preferences of consumers at the regional and community level.

Furthermore, the delivery approach maximises its impact through strategic partnerships with influential change agents. Collaborations with community leaders, religious figures, and educators are essential for enhancing the acceptance and relevance of financial literacy initiatives. These change agents serve as vital conduits between formal financial education and everyday financial practices, driving deeper engagement and facilitating more sustainable behavioural change.

Building on Current Success to Achieve More

To date, FEN has leveraged strong partnerships with educational institutions, government bodies, and various organisations to launch impactful initiatives that elevate financial literacy across all life stages. These collaborative efforts have yielded positive outcomes, demonstrating that partnerships are a powerful driver of progress.

Diagram 18: Key Collaborative Initiatives by FEN Members and Partners

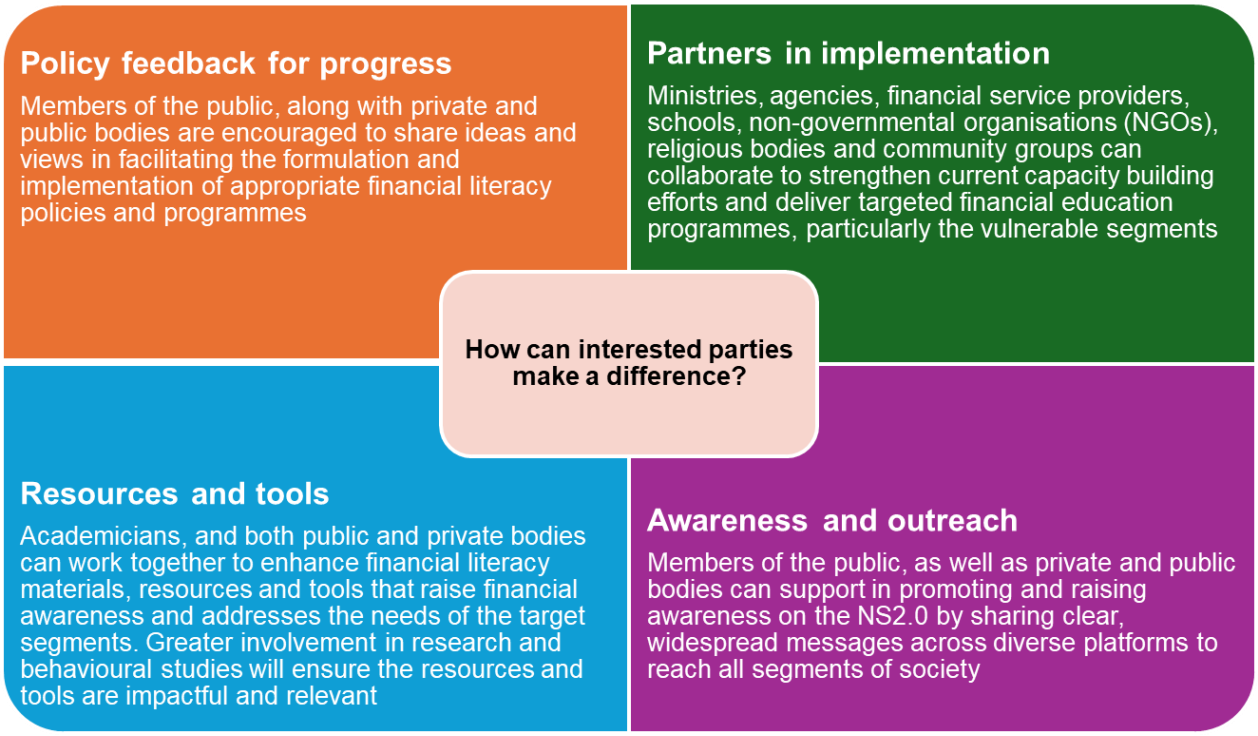


Making a Difference Together

FEN remains deeply committed to working closely with various stakeholders from all sectors to bring the vision of the NS2.0 to life and make a difference that counts.

FEN invites you to join us on this meaningful journey. Together, we can empower every Malaysian, build financial resilience, and shape a future where financial well-being is attainable for all. Interested parties can email us at info@fenetwork.my.

Diagram 19: Ways Interested Parties Can Be Involved

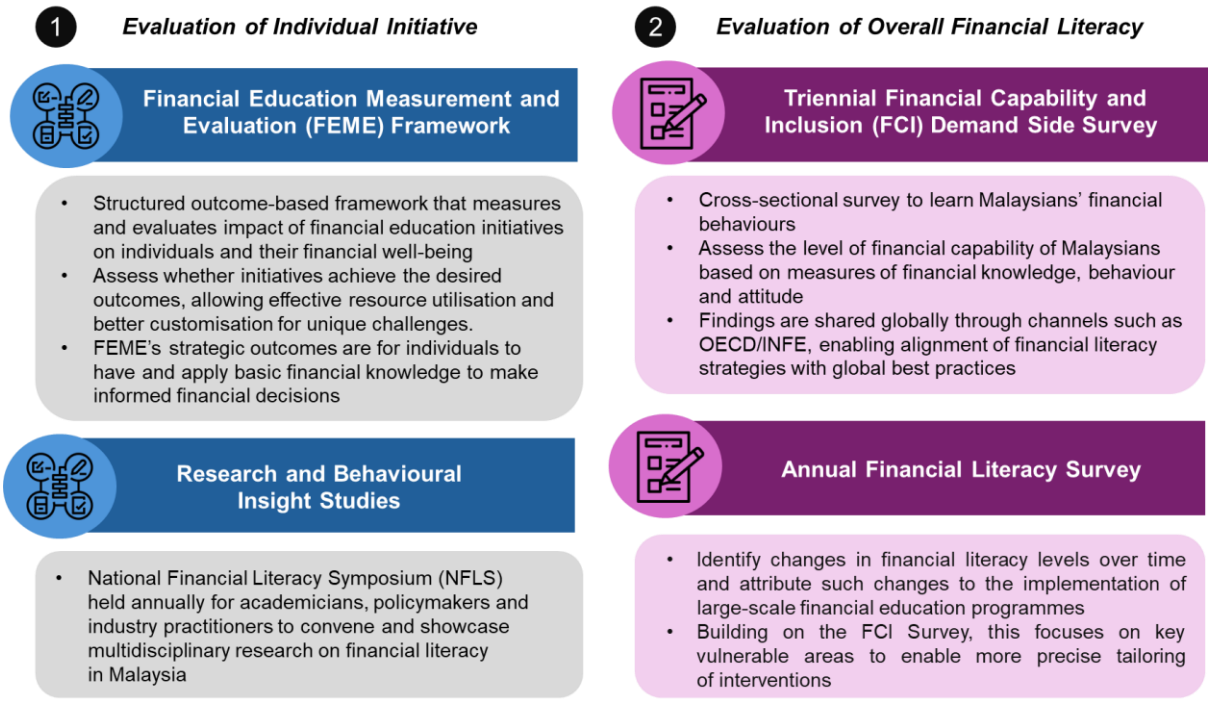


Chapter 5
Tracking Progress: Monitoring and Evaluation of the NS2.0

The effective implementation of NS2.0 also hinges on robust monitoring and evaluation (M&E) to track progress and ensure its strategies deliver meaningful outcomes. This chapter outlines the M&E approaches adopted to ensure the NS2.0 stays on course to achieve its goals.

In ensuring inclusive and impactful financial education initiatives, FEN currently adopts a two-pronged approach in measuring and evaluating the effectiveness of its initiatives.

Diagram 20: Two-pronged Approach for Evaluating Financial Literacy Initiatives



Monitoring and Evaluation (M&E) Framework for NS2.0

Aligning with these established approaches, a structured M&E framework is developed to track the progress of the NS2.0, ensuring systematic review and providing policymakers and stakeholders with empirical evidence to identify what works, what does not and why.

Diagram 21: Objectives of Monitoring and Evaluation of NS2.0



Gain collective agreement on improving and evaluating Malaysians' financial well-being



Ensure efficient resource allocation to maximise the impact of action plans



Identify areas for improvement and demonstrate the impact of interventions



Provide accountability to stakeholders

The M&E framework ensures that NS2.0 strategies and interventions are implemented effectively, with clear objectives and desired outcomes. By aligning stakeholders to key measurements of success, it enables efficient resource allocation, maximises impact, and supports continuous strategy enhancements to ensure relevance and effectiveness. It also provides accountability, building trust and support for the NS2.0's longer term success.

The development of the NS2.0 M&E framework will be conducted in two phases:

i. Phase 1: Outlines the broad principles, approaches and scope of coverage for monitoring and evaluating NS2.0, as detailed in Diagram 22 of this Discussion Paper.
ii. Phase 2: Builds upon Phase 1 by identifying key indicators, measurable targets, and reliable data sources. This will be included in the final Strategy document.

A clear governance and reporting mechanism is in place to facilitate timely and effective communication of findings and assessments. Annually, FEN's two-tiered governance structure – the Working Level Group (WG) and the High-Level Inter-Agency Steering Committee (HLSC) – will review the results from data and indicators gathered under the NS2.0's Strategic Priorities. Key checkpoints will also take place at the midpoint and upon the completion of NS2.0. These assessments will reflect on progress, achievements and improvements, while guiding future actions to navigate the evolving financial ecosystem.

Diagram 22: Broad Overview of NS2.0 M&E Framework

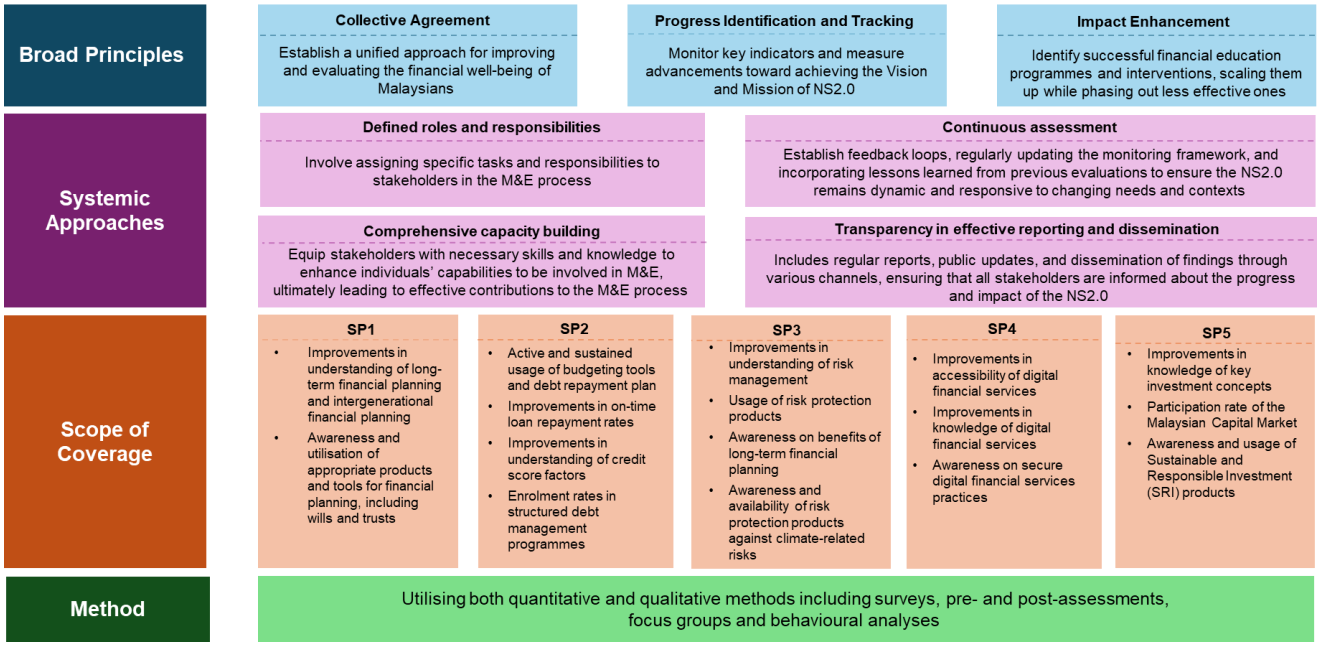
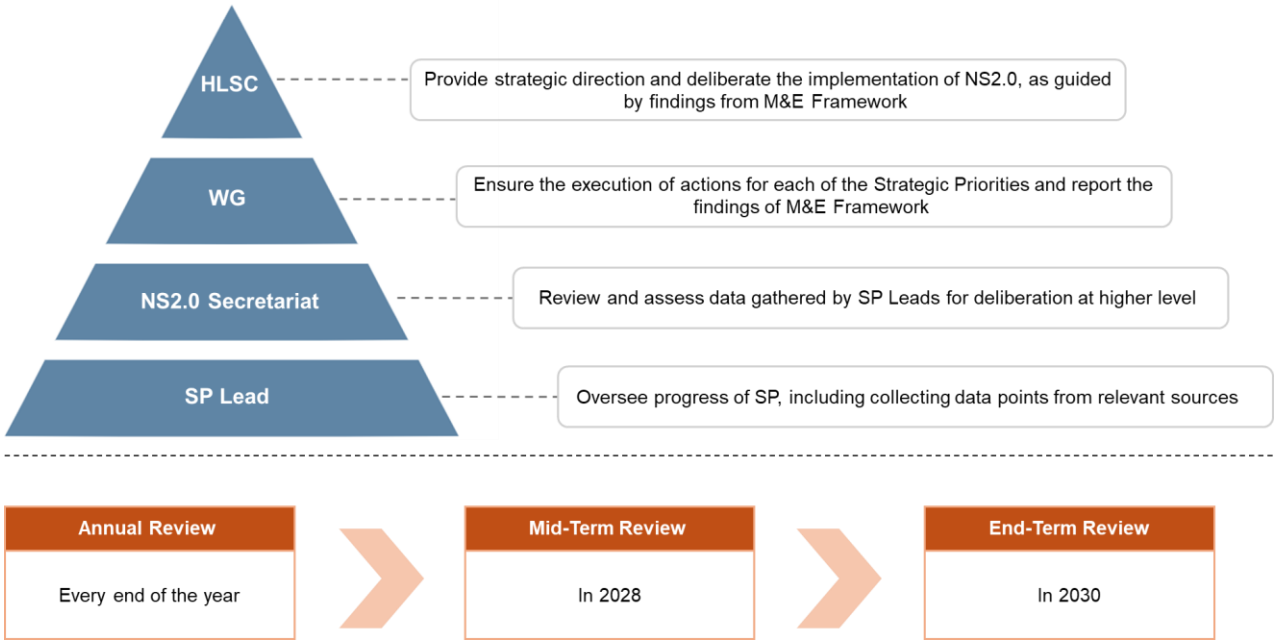


Diagram 23: NS2.0 Governance and Reporting Mechanism



How FEN Stakeholders Can Support the M&E Framework

The success of the M&E Framework relies on active involvement of various stakeholders, each playing a distinct and crucial role in the implementation of the NS2.0.

FEN's Role

i. Collaborate with international organisations like the World Bank and OECD to exchange knowledge and experiences with conducting M&E, ensuring alignment with global best practices
ii. Continue to support stakeholders in adopting the FEME Framework to evaluate their respective financial education programmes

Stakeholders' Role

i. If you are in the financial services ecosystem:

   Contribute relevant administrative data that supports the M&E of NS2.0's Strategic Priorities[7]. This data is essential for tracking financial literacy and behavioural trends across the population.

ii. If you are a financial literacy community group:

   Embed the FEME Framework within your financial education programmes. Community groups are often at the forefront of financial education efforts and are well-positioned to provide ground-level insights into the effectiveness of various interventions and the changing needs of target segments.

As we move forward with implementing the NS2.0, the M&E Framework will serve as a compass, steering efforts toward achieving the goals of the NS2.0. It is through this systematic and evidence-based approach that the NS2.0 can truly make a meaningful and lasting impact on the financial lives of Malaysians, strengthening financial resilience and well-being for a more sustainable future.

[7] Stakeholders that are interested to contribute data, feedback and resources may refer to Diagram 19 in Chapter 4 From Strategy to Action: The Strategy's Delivery Approach for more information.