The Role of Financial Socialisation as the Driver of Financial Literacy: A Pilot Study in Malaysia

Nurhazrina Mat Rahim [a], Norli Ali [b]

[ab] Faculty of Accountancy, Universiti Teknologi MARA, Cawangan Selangor, Kampus Puncak Alam, 42300 Bandar Puncak Alam, Selangor, Malaysia

https://doi.org/10.35609/gcbssproceeding.2022.1(2)

ABSTRACT

Financial literacy is defined by the OECD (2020) as “a set of awareness, knowledge, skills, attitudes, and behaviors that enable individuals to make smart financial decisions and ultimately attain individual financial well-being”. Financial literacy is comprised of two critical components: the knowledge of pertinent financial information and the capacity of an individual to use that information to make wise financial decisions.Concerns with financial literacy have been identified in recent research. In 2018, household debt in Malaysia was 82 percent of GDP, higher than in other high-income countries such as Japan (58 percent), Italy (40 percent), and the United States (40 percent) (76 per cent). Additionally, according to a 2018 Credit Counselling and Debt Management Agency (AKPK) report, many are saddled with massive debts, with many declaring bankruptcies (AKPK, 2018).