Effects of Gender and Income on Malaysian's Financial Capability

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Abstract

The rapidly changing world and financial landscape have resulted in the availability of newer and more attractive financing alternatives, thus attracting the attention of households and resulting in the increasing debt levels in developed and emerging countries alike. This is a worrying trend and nations are scrambling to ensure that their consumers are well-equipped with the knowledge and practice of financial capability to prevent the problem of over-reliance on debt and welfare, as well as to enhance financial health sustainability. Therefore, this study aimed to reveal the impact of socio-demographic characteristics on the four domains of financial capability, namely planning ahead, managing money, choosing products, and staying informed. A self-administered questionnaire was distributed to a sample of 2000 respondents across Malaysia, whereby data analysis revealed that gender posed a significant effect on the domains of planning ahead and staying informed. In contrast, income did not affect financial capability. Thus, it is recommended that greater attention should be placed on research and professional training towards building one's financial capability. Furthermore, both the government and non-governmental organisations should develop an inclusive approach to increase the financial capability and upgrade the living standards of especially-financially-vulnerable households.

Keywords: choosing products, gender, income, managing money, planning ahead, staying informed

1.0 Introduction

With the current trend of innovations and transformations in the global technology and industry, consumers are faced with complicated decisions in managing their financial health through the availability of a broader variety and complexity of financial tools and products. The improvement in social media and new methods of marketing has resulted in the accessibility of sophisticated and appealing financing choices, enticing households to take on a much higher level of debt never-before-experienced by previous generations. Countries around the world, both developed and developing, have developed programmes to improve the financial literacy and capability of their consumers for avoiding crises brought on by debt and asset bubbles. Besides, the faster-paced increment of the ageing population renders it crucial for one's sustainability of financial wealth to cover their expenses for a more extended period of time after retirement (Courbe & Lyons, 2016).

Due to the ever-increasing choices of financial instruments accessible to individuals and households, which include various forms of savings, investments, insurance, and other derivative alternatives, consumers are unsurprisingly finding it more complex to manage their wealth. Authorities in numerous nations are currently worried about the consumer financial capability as the monetary and social changes have directed them to greater responsibility for their financial safety, primarily their financial security after retirement. Financially-capable consumers should be able to apply suitable financial knowledge and execute effective financial judgement in accomplishing and sustaining their economic well-being. However, an increasing number of cases detailing bad financial decisions can be seen, leading to more bankruptcies and problems in the financial management of households (Courbe & Lyons, 2016).

There has been growing enthusiasm among policymakers to focus on financial capability as many individuals find themselves in critical financial circumstances, especially during an economic decline. It can also reflect one's understanding of financial matters and their capacity to deal with and assume the responsibilities of their finances. Generally, low-income individuals are uniquely related to low financial capability; in most cases, financially incapable people have lower earnings. In contrast, others with higher income benefit from higher living standards but are not necessarily better in managing their wealth and financial capability. Financial capability is thus the ability to make decisions on suitable financial choices, oversee the proper level of credit and debt, and recognise appropriate and reliable products and services (Mason & Wilson, 2000). Therefore, it is believed that enhancing the degree of financial literacy and empowering financial behaviour to upgrade the household financial capability and enhance consumer's well-being is significant (Atkinson, McKay, Kempson, & Collard, 2006; Mouna & Jarboui, 2015).

A survey by Bank Negara Malaysia (BNM, 2015) has shown that a majority of Malaysians tend to spend for instant gratification instead of planning ahead for the long term. Besides, they do not have a proper budget plan nor practise financial discipline to manage their spending and debt (Bank Negara Malaysia, 2015). Another research has also revealed that most Malaysians are not fully equipped with sufficient financial knowledge to make informed decisions regarding their financial affairs (Mokhtar, Dass, Sabri & Ho, 2018). Furthermore, in Malaysia, many people lack pertinent knowledge in financial economic concepts, specifically regarding stock markets, mutual funds, and compound interest (Boon, Yee, & Ting, 2011). Such inadequacy in financial knowledge has put households into an adverse situation, given that they lack the capability to cope with money management and the financial market surrounding them.

Nevertheless, personal financial planning is found to be particularly in its infancy in Malaysia (Mansor, Hong, Abu, & Shaari, 2015). Even though Malaysians are aware of its importance, many remain lacking in a thorough understanding of its significance and the numerous benefits that may be derived from such planning (Citi, 2008). Moreover, elements such as demographic characteristics (gender and monthly household income), financial literacy, retention-money attitude, effort-money attitude, financial strain, and financial capability had a significant influence on the financial well-being of Malay people (Sabri & Zakaria, 2015). It was revealed then that 73.6% of the respondents had a moderate level of financial capability.

Moreover, previous empirical studies have applied a variety of methodologies to measure financial capability. Examples include: combination of financial behaviour and outcomes (Taylor, 2011); combination of financial literacy, behaviour, and perceived capability (Xiao, Chen, & Chen, 2014; Xiao, Chen, & Sun, 2015); and a set of financial behaviour (Atkinson et al., 2006, 2007; Lusardi, 2011). It is important that the consumers make decisions guided by financial knowledge and skills, as well as having access to suitable financial products and services to be financially capable. This study, therefore, aims to investigate the impact of socio-demographic characteristics on the four domains of financial capability, namely: planning ahead, managing money, choosing products, and staying informed.

2.0 **Literature Review**

Financial capability is defined by the Centre for Financial Inclusion (2013) as: "*the combination of attitude, knowledge, skills, and self-efficacy needed to make and exercise money management decisions that best fit the circumstances of one's life, within an enabling environment that includes, but is not limited to, access to appropriate financial services.*" It is also described in behavioural terms with the four discrete aspects of planning ahead, managing money, making choices, and staying informed according to the Financial Services Authority (FSA), United Kingdom (FSA, 2006).

The combined effect of financial literacy and financial behaviour to accomplish financial well-being is thus the major concept behind financial capability. The studies on financial capability and financial literacy typically aim to comprehend and explain financial decision-making by consumers. Another point of view is in consideration of consumer behaviour having different characteristics and requirements, including attitudes and skills (Hoelzl & Kapteyn, 2011). Therefore, financial capability has been associated with various constructs, such as financial education (Xiao & O'Neill, 2016), financial satisfaction (Xiao & O'Neill, 2018), social relationships (Ranta, Punamaki, Chow, & Salmela-Aro, 2019), and distress (Nguyen Vu & Scott, 2017). Similarly, financial capability interdisciplinary has been used widely and in-depth to contribute to the current body of knowledge and bridging the available gap in studies. Hence, a comprehensive financial capability survey is conducted in this study.

2.1 Domains of the Financial Capability

The financial capability survey in the UK has estimated five domains of financial capability, including: (1) managing money (making ends meet); (2) managing money (keeping track of expenses); (3) planning ahead (being future-oriented); (4) choosing products (selecting the proper financial investments); and (5) staying informed (continuously seeking the latest information on the economy and financial products) (Atkinson et al., 2006). The constructs and domains of financial capability by Simon (2005) and Orton (2007) are as shown in Table 1. The three major concepts of financial capability are one's knowledge and understanding, attitude and confidence, and skills and competence in finance. These three concepts are reflected in the four domains of managing money, making choices, planning ahead, and staying informed accordingly.

Table 1 : Financial capability constructs and domains

		Domains of Financial Capability			
		Managing Money	**Planning Ahead**	**Making choices**	**Staying Informed**
Concepts of financial capability	**Knowledge & Understanding**	Understanding how to manage money	Understanding how to plan ahead	Understanding how to choose products	Understanding how to stay informed
	Attitude & Confidence	Motivation & confidence in managing money	Motivation & confidence in planning ahead	Motivation & confidence in choosing products	Motivation & confidence in staying informed
	Skills & Competence	Practising money managing skills	Planning Ahead in practice	Skills & practice in Choosing Products	Staying Informed in practice

Source: Simon (2005) and Orton (2007).

2.1.1 Managing Money

It is imperative to identify money management as an essential domain and one of the major resolutions to financial capability. Financially capable individuals can make ends meet; it is widely accepted that those with adequate earnings could almost certainly create a decent living and essentially possess many money-management skills. Besides, one of the considerations for this domain is the manner in which income and expense accounts are monitored.

In terms of managing money, most of the Malaysians agreed that they managed their money correctly: 64.1% made plans for expenses and paid bills on time, while 60.5% regularly set money aside for any possible unexpected expenses (Sabri & Zakaria, 2015).

2.1.2 Planning Ahead

The second domain of financial capability is planning ahead, whereby individuals are able to plan ahead, in general, and have an adequate financial arrangement for any unpredicted fall in earnings. During this challenging time, they are certainly able to make ends meet for a year or more even if their earnings suddenly fall and most likely have purchased insurance and contributed to a retirement plan (FSA, 2003). Furthermore, financially capable individuals can rely on having the option to manage sizeable financial assurances that may come their way. Specifically, retirement and other life events like children education and life or medical insurances are considered as a long-standing critical financial consideration for which individuals have made arrangements or possibly comprehend the need to make such arrangements. They save throughout their working life and in the long-term as a preparation for these events or are effectively prepared for any devastating occasion at the least. In short, planning ahead is the capability to be ready for any untoward situation in the future, which may include retirement planning, insurance allocation, managing huge sudden losses, and writing wills.

Concerning planning ahead, less than half of the Malays have done so, especially for their retirement life. Study results have indicated that only 48.7% of the respondents made financial provisions for their retirement (Sabri & Zakaria, 2015).

2.1.3 Choosing Products

This domain assesses knowledge about financial products and the ability to invest accordingly. It examines the level of involvement and ability to differentiate and select financial goods and services. The ability to choose products includes understanding the terms and conditions, seeking advice from professionals, and should not be dependent on information provided with the product. It incorporates the capacity to compare investment alternatives from multiple sources based on risk, return, and cost.

The previous study by FSA has revealed that about 66% of consumers believe that financial matters are too complicated for them and that they do not have adequate skills to pick appropriate financial products (FSA, 2003). Individuals who perform better at planning ahead tend to be well-equipped at choosing products. Surprisingly, the youth and elderly have performed considerably worse in this domain than those in their 30s, 40s, and 50s (Atkinson et al., 2006). In terms of choosing products, most Malaysians would consider several policies or loans from different companies before making decisions. They would also read the terms and conditions in detail before agreeing or signing and make personal considerations rather than believing and accepting what is recommended by financial advisors (Sabri & Zakaria, 2015).

2.1.4 Staying Informed

The last domain of staying informed describes whether individuals remain continuously educated about money-related issues. This incorporates updating the variations in key financial indicators, including stock market performance, fluctuating interest rates, demand in the housing market, fiscal and monetary policies, and others (FSA, 2006).

Results published by the FSA in 2006 concluded that people were commonly great at making ends meet and keeping track of their finances, but poor at planning ahead and choosing products (FSA, 2006). Further studies have also found that a large group of households are not able to plan ahead satisfactorily for retirement or during a period of sudden loss of earnings (Mundy, 2008). In the context of Malaysia, only 30% of the people are interested in keeping up with information on financial management, where merely 22.4% willingly obtain advice from professionals (Sabri & Zakaria, 2015).

2.2 Effects of Socio-Demographic Characteristics

Past studies have suggested that background factors influence an individual's financial capability. Identifying target groups such as specific gender and income is a simple way to classify vulnerable groups for the population for intervention purposes (Zottel, Perotti, & Bolaji-Adio, 2013).

2.2.1 Gender

Based on the Gender Theory (England, 1993), both genders react differently to general beliefs and values about money. In McKay's study (2011), differences in gender have been highlighted, whereas the study by Atkinson et al. (2006) has obtained a slightly higher average score for a male's financial capability than the female's. However, regression analysis has confirmed that gender difference for financial capability is profound; even after considering other attributes, females normally score about four points lower than the males. Moreover, females are bound to record higher utilisation of comprehensive financial practices (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000), yet would record a lower score on financial knowledge (Chen, & Volpe, 2002; Goldsmith, Goldsmith, & Heaney, 1997). In line with this, Mahdavi and Horton (2014) have mentioned that well-educated women have low financial literacy. Besides, the Malaysian Employees

Provident Fund (EPF) in 2016 stated that women had less savings in retirement schemes than men, which reflected their lesser income in comparison. Moreover, Lusardi and Mitchell (2008) have shown that older women in the United States have very low levels of financial literacy and a majority does not undertake any retirement planning. Parallel to this, Ingvarson, Haynes, and Dunt (2007) and Lusardi and Mitchell (2011) have also found that women are more financially illiterate than men.

With regard to gender, women are predominantly vulnerable when they are in a relationship whenever money is used as a control mechanism, which makes them suffer not just financially but also emotionally (Vyvyan, Blue, & Brimble, 2014). Besides, they may feel obligated to share their financial resources in securing the relationship, wherein their vulnerability is being exploited within the relationship despite being good managers for their income. They are at risk of debt when they consent for their partner to access the accounts or even acquire loans on their behalf (Vyvyan et al., 2014). Furthermore, male students have been found to be better in managing their money due to earlier socialisation during childhood (Falahati & Paim, 2012). Additionally, gender roles in certain regions such as the Western, South Asian and some Black African societies nurture women to have less opportunities for employment and concurrently become less knowledgeable in economic and financial matters (FSA, 2005). This is attributable to men being perceived as the traditional breadwinners for the family, while women are responsible in the household. Furthermore, women and men have relatively different levels of financial literacy (Leila & Laily, 2011; Lusardi & Mitchell, 2011), with women being less informed on financial matters and men having more knowledge concerning credit and risk management. Despite these, Sabri, Abdullah, Zenhendel, and Ahmad (2017) have conducted a study among young employees and disclosed that women are more financially literate than men. Similarly, other studies have also revealed that female workers obtain greater mean score in financial well-being than male workers (Sabri, Wijekoon & Husniyah, 2020; Abdullah, Fazli & Arif, 2019).

Financial capability appears to be distinctly different between genders. Kempson and Poppe (2018) have found that women are more active savers than men. Furthermore, McKay (2011) has revealed that they naturally prove to have a greater ability in keeping track of their finances than men. Besides, it has been shown that men, especially married ones, report higher earnings, which can be largely attributed to their social role as the breadwinner in a family while women are often taking the role of family caretaker (Cunningham, 2008). As a result, men tend to deliberately find ways to increase their financial performance and productivity (Fan & Babiarz, 2019). Moreover, male respondents show established financial well-being compared to their female counterparts due to higher levels of financial capability (Sabri & Zakaria, 2015).

2.2.2 Income

Deficiency of income is regarded as a vital impediment towards financial capability. Therefore, Atkinson et al. (2006) have revealed a clear linkage between household income and respondent score for the planning ahead domain, whereby the average scores increase fairly steadily along with income. Further association between financial capability and income has also been observed by Friedline and Rauktis (2014) and Lusardi, Schneider, and Tufano (2011). The average factor scores tend to increase with income for the choosing products domain of financial capability, suggesting that individuals with greater livelihoods have better proficiency in choosing products (Atkinson et al., 2006).

Moreover, Financial Capability Survey Around the World (2013) has divulged that the income groups in Tajikistan significantly differ with their financial capability, whereby low-income groups have difficulties to save compared to higher-income ones. This is similar to Kempson and Poppe's (2018) study, which has found that those with low active savings had the lowest average income among Irish people. Furthermore, Taylor, Jenkins, and Sacker (2011) have mentioned that low financial capability is associated with low-income individuals who are either unemployed or divorced. Meanwhile, FSA (2005) has discovered that lower-income groups possess the financial capability that does not extend beyond day-to-day money management; this is constrained by the lack of spare cash. This group also utilise a limited range of information, advice sources and products such as borrowing.

In contrast, Atkinson et al. (2007) have concluded that people with a higher income have the greatest financial capability, which is supported by FSA's (2005) study stating that such group experiences less money management problems due to spare cash availability. Furthermore, this population generally finds it unnecessary to plan for expected or unexpected events alike; nevertheless, they would utilise a wide range of financial products and sources of information and advice. Hence, financially capable people will be able to manage their income effectively, which indicates a higher income and has the ability to empower consumer (Taylor, Jenkins & Sacker, 2011). Additionally, the Financial Capability Survey summarised by Thoresen (2008) and Atkinson et al. (2007) have both concluded that females aged below 45 years old, are married or living with a partner, and having low income are prone to the lack in financial capability.

Moreover, high-income groups are generally more financially well-off compared to the other income groups, while the level of financial capability is also higher. Financial capability is thus an indicator of financial well-being; it helps high-income employees to keep track of their money in ensuring that they can make ends meet and make sound choices in any circumstances or unexpected situations (Sabri & Zakaria, 2015). Therefore, based on the above literature, the developed hypotheses are:

H_a1: There is a significant difference between gender and managing money.

H_a2: There is a significant difference between income and managing money.

H_a3: There is a significant difference between gender and planning ahead.

H_a4: There is a significant difference between income and planning ahead.

H_a5: There is a significant difference between gender and choosing products.

H_a6: There is a significant difference between income and choosing products.

H_a7: There is a significant difference between gender and staying informed.

H_a8: There is a significant difference between income and staying informed.

3.0 **Methodology**

3.1 Sample

The sample represented four groups, which included: (1) public sector employees; (2) private sector employees; (3) rural area residents; and (4) youths in institutions of higher studies in Malaysia.

Here, a total of 2000 respondents participated in the survey. These four categories would potentially cover the broad scope of the local population for the outcomes to be well-generalised and representative of the overall public in Malaysia. Selecting them was done via purposive sampling method accordingly.

3.2 Questionnaire

Two major sections could be found in the questionnaire as follows: section one enquired the demographic and socioeconomic details of the respondents, while section two captured their financial capability. Accordingly, the second section consisted of 20 statements covering four different domains, namely managing money, planning ahead, selection of products, and staying informed. These instruments were previously applied in several studies on financial capability, such as the Scottish Household Survey (2005-2009), British Household Panel Survey (2006), and Central Bank of Malaysia's Survey on Financial Literacy of Malaysian Adults (2010). Each domain consisted of five questions and the respondents were required to rate their responses according to the Likert scale provided.

The questionnaire was self-administered with additional assistance and clarification provided to those who requested them. All items in the questionnaire were developed in a close-ended form by providing a list of possible answers. Then, a pilot study was conducted among 40 respondents to check the suitability of research instruments in a preliminary small-scale study. This aided the researchers in ensuring the proposed method and instruments to be completely appropriate. Therefore, some revisions in the instruments and instructions were made after piloting for improved respondent clarity and enhanced questionnaire reliability and accuracy. The reliability tests were conducted by checking the Cronbach's Alpha coefficient of the instruments, which should be above 0.7.

Data for this study were collected from April to August 2017. To this end, Statistical Package for Social Science version 22.0 (SPSS) was applied to analyse the socio-demographic and financial capability data expressed by the respondents accordingly.

4.0 **Results and Discussion**

4.1 Profile of the Respondents

The socio-demographics information obtained in this study is demonstrated in Table 2. In terms of gender, a larger percentage (54%) of the respondents was female, which was consistent with the national overall population average. Furthermore, the sample consisted of 55.3 per cent married individuals, while the remaining 44.7 per cent were still single. The study was represented in terms of ethnicity, whereby 64% of the sample size was Malay, while the remaining 27.9% were Chinese, 5.9% were Indians, and 2.2% were of other ethnicities. A majority of the respondents (57%) recorded a monthly income of less than RM3,000, which classified them into the B40 category. In contrast, 25.5% possessed a monthly income between RM3,000 to RM4,999, while 3.3% respondents had an income between RM7,000 to RM8,999. Last but not least, those with an income above RM9,000 comprised only 4.8%. Age-wise, the highest percentage of respondents was in the age group between 20 to 29 years (31.7%), followed by 30 to 39 years (24.7%), and more than 50 years (18.4%). Meanwhile, respondents within the age range of 40 to 49 years and less than 20 years recorded the following percentages 15.3% and 9.9%, respectively.

Next, 45% of the respondents recorded a household size of less than four, followed by 34.8% with a household size between five to six people, and 20.2% in a household more than seven. This was very much reflective of the national household size distribution, which stood at 4.13 persons. Moreover, slightly more than half of the respondents (52.5%) had a very low asset to debt ratio, denoting the definite need for more information and guidance about financial readiness for this group of relatively younger respondents. Similarly, almost half (47.2%) generated income merely sufficient for their basic needs. With the depressed real wage growth, the data indicated that the respondents were just able to meet day-to-day expenses, whereby only 16.9% had enough to live comfortably with some savings. A worrying total of 12.3% of respondents indicated that they did not have sufficient income for living expenses.

Table 2 : Respondent's profile

Characteristic	**n**	**%**
Gender		
Female	1080	54.0
Male	920	46.0
Marital Status		
Married	1106	55.3
Single	894	44.7
Ethnicity		
Malay	1280	64.0
Chinese	558	27.9
Indian	118	5.9
Others	44	2.2
Income (RM)		
< 3000	1140	57.0
3000 – 4999	510	25.5
5000 – 6999	188	9.4
7000 - 8999	66	3.3
> 9000	96	4.8
Age (years old)		
< 20	198	9.9
20 – 29	634	31.7
30 - 39	494	24.7
40 – 49	306	15.3
> 50	368	18.4
Household Size (number of individuals)		
< 4	900	45.0
5 – 6	696	34.8
> 7	404	20.2
Asset to Debt Ratio		
Asset value < Debt	1050	52.5
Asset value = Debt	440	22.0
Asset value > Debt	510	25.5
Income Adequacy		
Enough & able to save money	338	16.9
Enough for most of things	472	23.6
Enough for basic needs	944	47.2
Not sufficient	246	12.3

4.2 Managing Money

In general, a majority of the respondents agreed that they could manage their money in the domain of financial capability, specifically in terms of managing money. Results in Table 3 show that 70.3% of them agree that they make plans for their expenses and are able to pay bills on time both, which indicates that they would plan before they spend for them to be able to pay their bills on time. Furthermore, a majority agreed that they practised financial behaviours such as reviewing and evaluating their expenses, setting aside money for unexpected expenses, and achieving financial goals (64.9%, 65%, and 62.2%, respectively). Similarly, the respondents were aware that by reviewing and evaluating their expenses, including regularly setting aside some money for an emergency, this could help them to achieve their financial goals. In overall, they were financially capable of managing their money.

Table 3 : Financial capability - managing money

Statement	**D**	**N**	**A**
	N (%)	**N (%)**	**N (%)**
Managing money			
I make plans for my expenses.	143 (7.1)	452 (22.6)	1405 (70.3)
I pay my bills on time.	172 (8.6)	455 (21.0)	1373 (70.4)
I review and evaluate my expenses.	177 (5.5)	525 (29.6)	1298 (64.9)
I regularly set money aside for possible unexpected expenses.	186 (5.2)	515 (29.8)	1299 (65.0)
I set specific financial goals and strive to achieve them.	200(10.0)	555 (27.8)	1245 (62.2)

Notes: D=Disagree; N=Neutral; A=Agree

4.2.1 Managing Money by Gender

An independent sample t-test was then administered to compare the managing money domain scores for both genders. Table 4 indicates no significant difference in the mean financial capability in terms of managing money scores for females (M = 19.32, SD = 3.82) and males (M = 19.30, SD = 4.01; t (1916.64) = -0.13, p = 0.90, two-tailed) alike. This may be attributable to the similar mean scores that were not significantly different for both groups; thus, hypothesis Ha1 was rejected.

According to the findings of O'Donnell and Keeney (2009), the four domains of financial capability could summarise its overall level rather than summarising it in one measure. Even if the element, as a whole, has a significant relationship with gender, a certain domain of financial capability may not have a significant association with the element. Hence, different contexts might cause the results to vary, whereby those obtained in the context of Malaysia could be accepted: there was no gender difference in managing money.

Table 4 : Differences in managing money by gender

Domain	Classification	Mean score	t-value	*P*
Managing money	Female	19.32	-0.13	0.90
	Male	19.30		

4.2.2 Managing Money by Income

A one-way analysis of variance was employed to scrutinise the impact of income on money management among the study respondents. They were divided into three groups according to their income bracket, whereby Group 1 represented those with income less than RM 3000, Group 2 for those with income between RM 3000 and RM 6999, and Group 3 for those with income of RM 7000 and above. The results in Table 5 show a marginally statistically significant difference at the $p < .05$ level for the money management scores across all three income groups: $F (2, 1997) = 2.40$, $p = 0.09$. Parallel to this, post-hoc comparisons carried out by using the Tukey HSD test in Table 6 indicate that the mean score for Group 1 ($M = 19.18$, $SD = 3.89$) do not differ significantly from either Group 2 or 3. Similar, Group 2 ($M = 19.39$, $SD = 3.89$) did not diverge significantly from either Group 1 or 3, whereas the mean differences between groups were small and might have contributed to the non-significant results. Therefore, hypothesis Ha2 was rejected.

The results are contradictory with the previous results of Atkinson et al. (2006) in the context of the UK and O'Donnell and Keeney (2009) in the context of Ireland. However, the financial capability survey conducted in Australia by Fessler et al. (2007) has stated that the domain of managing money does not correlate with the respondent income. Therefore, in the context of Malaysian respondents, the results obtained could be accepted.

Table 5 : Differences in managing money by income

	Sum of squares	**Df**	**Mean square**	**F**
Between groups	73.24	2	36.62	2.40
Within groups	30460.49	1997	15.25	
Total	30533.73	1999		

Table 6 : Tukey HSD Comparison for Managing Money

Income (I)	**Income (J)**	**Mean diff. (I-J)**	**Std. error**	**95% Confidence Interval**	
				Lower bound	**Upper bound**
<RM3000	RM3000-RM6999	-0.21	0.19	-0.65	0.23
	> RM7000	-0.68	0.33	-1.45	0.09
RM3000-RM6999	<RM3000	0.21	0.19	-0.23	0.65
	> RM7000	-0.47	0.34	-1.27	0.33
>RM7000	> RM7000	0.68	0.33	-0.09	1.45
	RM3000-RM6999	0.47	0.34	-0.33	1.27

4.3 Planning Ahead

In terms of the results for planning ahead as shown in Table 7, merely 31.6% of the respondents planned for their retirement and would rather live well in the present. This was also reflected by how 52.4% of them said that they made an adequate plan for unexpected expenses and another 60.0% admitted that they made a financial retirement plan. Furthermore, 54.9% of the respondents acknowledged that they would be living comfortably after retirement. Aside than planning for emergency and retirement, more than three-quarters of the respondents (79.6%) believed that it would be vital to have their own savings.

Table 7 : Planning ahead

Statement	D	N	A
	N (%)	N (%)	N (%)
Planning Ahead			
I make adequate provision for unexpected expenses (shrinking income).	239 (12.0)	712 (35.6)	1049 (52.4)
I make financial provision for retirement.	287 (14.4)	512 (25.6)	1201 (60.0)
I prefer to have a good standard of living today than planning for retirement.	791 (40.0)	569 (28.4)	640 (31.6)
Household income after retirement is able to guarantee a more comfortable living standard.	340 (17.0)	561 (28.1)	1099 (54.9)
Apart from contributing to pension funds, it is important for me to make my own savings.	112 (5.6)	295 (14.8)	1593 (79.6)

Note: D=Disagree; N=Neutral; A= Agree

4.3.1 Planning Ahead by Gender

T-test was then conducted to compare the planning ahead scores for males and females alike. Table 8 indicates a significant difference in the means of planning ahead scores for males (M = 18.08, SD = 3.54) and females (M = 17.66, SD = 3.20; t (1875.54) = 2.80, p = 0.005, two-tailed), whereby the higher mean score indicated the behaviour of planning ahead. Therefore, hypothesis Ha3 was accepted: males plan ahead more than females; this was also compatible with previous study findings.

Table 8 : Differences in planning ahead by gender

Domain	Classification	Mean score	t-value	*P*
Planning ahead	Female	17.66	2.80	0.005*
	Male	18.08		

*p < 0.05

4.3.2 Planning Ahead by Income

Planning ahead by income was implemented in this study to scrutinise the impact of income on the respondent’s financial capability, particularly in planning ahead. Here, the participants were divided into three groups according to their income bracket (Group 1: less than RM

3000; Group 2: RM 3000 to RM 6999; and Group 3: RM 7000 and above). Based on Table 9, no statistically significant difference could be seen between the groups in their planning ahead scores: F (2, 1997) = 0.60, p = 0.55. Next, Table 10 reveals that the post-hoc comparisons by using the Tukey HSD test indicate that the mean score for Group 1 (M = 17.82, SD = 3.45) do not differ significantly from either Group 2 or 3. In line with this, Group 2 (M = 17.84, SD = 3.29) did not diverge significantly from either Group 1 or 3 as well, whereby the low amount of mean differences between groups led to the inconsequential result. Therefore, hypothesis Ha4 was rejected; it should be noted that these results are contradictory to that of Atkinson et al. (2006) and O'Donnell and Keeney (2009).

Following the increasing usage of social media nowadays, the respondents were capable of finding the information to plan ahead wisely. In general, information and knowledge move across the border with the help of advanced technologies. Henceforth, it does not necessarily mean that a higher-income group would be able to outdo their lower-income counterpart in terms of financial capability, especially in planning ahead. Therefore, the result could be accepted.

Table 9: Differences in planning ahead by income

	Sum of squares	**Df**	**Mean square**	**F**
Between groups	13.52	2	6.76	0.60
Within groups	22641.62	1997	11.34	
Total	22655.14	1999		

Table 10 : Tukey HSD comparison for planning ahead

Income (I)	**Income (J)**	**Mean diff. (I-J)**	**Std. error**	**95% Confidence Interval**	
				Lower bound	**Upper bound**
<RM3000	RM3000-RM6999	-0.19	0.16	-0.40	0.36
	> RM7000	-0.31	0.28	-0.97	0.36
RM3000-RM6999	<RM3000	0.02	0.16	-0.36	0.40
	> RM7000	-0.29	0.29	-0.97	0.40
>RM7000	> RM7000	0.31	0.28	-0.36	0.97
	RM3000-RM6999	0.29	0.29	-0.40	0.97

4.4 Choosing Product

The domain of choosing product in Table 11 displays outcomes wherein 70.8% of the respondents consider several products/loans/policies/accounts from different providers before making a decision. Besides, a majority of them would read the terms and conditions in detail before agreeing/signing (69.1%) and compare the products in terms of their features and prices rather than choosing based on the brand image (67.9%). Therefore, only 40.2% of the respondents believed in financial planners and accepted what they recommended, whereas only 33% admitted that they understood various financial products without having to consult a financial adviser/planner.

Table 11 : Choosing Financial Products

Statement	D	N	A
	N (%)	N (%)	N (%)
Choosing product			
I consider several products/loans/policies/accounts from different providers before making my decision.	149 (5.3)	478 (23.9)	1373 (70.8)
I read the terms and conditions in detail before agreeing / signing.	194 (9.7)	423 (21.2)	1383 (69.1)
I understand the various financial products that I need without having to consult a financial adviser/planner.	606 (30.3)	734 (36.7)	660 (33.0)
I believe financial planners and accept what they recommend.	376 (18.8)	820 (41.0)	804 (40.2)
I compare products in terms of features and price rather than make a choice based on the brand image.	166 (8.3)	475 (23.8)	1359 (67.9)

Notes: D=Disagree; N=Neutral; A=Agree

4.4.1 Choosing Product by Gender

To test the differences between gender, t-test of significance was applied, whereby the results in Table 12 indicate similar mean scores between the two groups (i.e. Male and Female = 18). This might lead to the insignificant result in the mean financial capability of choosing product scores for females ($M = 18.00$, $SD = 3.18$) and males ($M = 18.14$, $SD = 3.45$; $t(1890.03) = 0.97$, $p = 0.33$, two-tailed), respectively. This suggests that neither being male nor female has any significant difference in their choice of a product. Therefore, hypothesis Ha5 was rejected.

The final interpretation of financial capability depended on its four domains (O'Donnell, & Keeney, 2009), which yielded varying behaviour between them (Atkinson et al., 2006). Despite a correlation found between financial capability and gender, the gender difference might not affect their behaviour in choosing products. Therefore, the result could be accepted.

Table 12 : Differences in choosing product by gender

Domain	**Classification**	**Mean score**	**t-value**	***p***
Choosing product	Female	18.00	0.97	0.33
	Male	18.14		

4.4.2 Choosing Product by Income

In this study, the participants were divided into three groups according to their income bracket (i.e. Group 1: less than RM 3000; Group 2: RM 3000 to RM 6999; and Group 3: RM 7000 and above) for the financial capability of choosing product. Table 13 reveals the lack of statistically significant difference at the $p < .05$ level in choosing product scores for the income groups: $F(2, 1997) = 0.61$, $p = 0.33$. Moreover, the Tukey's test outcomes in Table 14 indicate that the mean score for Group 1 ($M = 18.07$, $SD = 3.42$) do not contrast significantly from either Group 2 or 3. In line with this, Group 2 ($M = 18.11$, $SD = 3.20$) also did not diverge significantly from either Group 1 or 3. This shows that varying income groups do not affect how the respondents choose a financial product. Therefore, the hypothesis Ha6 was rejected; it should be noted that this is contradictory with the previous results of O'Donnell and Keeney (2009).

Furthermore, socialisation agents such as family, friends, and community could have an effect on an individual's decision-making. These agents influence one's belief system in choosing a product, whereby their feedback and experience mould their schema in decision-making. Consequently, choosing a product is not affected by income groups. Therefore, the result could be accepted.

Table 13 : Differences in choosing product by income

	Sum of squares	Df	Mean square	F
Between groups	13.42	2	6.71	0.61
Within groups	21837.82	1997	10.94	
Total	21851.24	1999		

Table 14 : Tukey HSD comparison for choosing product

Income (I)	Income (J)	Mean diff. (I-J)	Std. error	95% Confidence Interval	
				Lower bound	Upper bound
<RM3000	RM3000-RM6999	-0.05	0.16	-0.42	0.33
	> RM7000	0.27	0.28	-0.38	0.92
RM3000-RM6999	<RM3000	0.05	0.16	-0.33	0.42
	> RM7000	0.32	0.29	-0.36	0.99
>RM7000	> RM7000	-0.27	0.28	-0.92	0.38
	RM3000-RM6999	-0.32	0.29	-0.99	0.36

4.5 Staying Informed

The data in this section demonstrated that less than half of the respondents regularly monitored their financial indicators (46.2%), sought information via professional advice (39.7%), and stayed up-to-date with the available financial products (45.1%). Conversely, slightly more than half were keen to learn and make a comparison of the services offered (55.8%) and were interested to know more about financial issues to further interpret them. This denotes their higher attraction for personal finance compared to the financial market that could enhance their capability in finances (Table 15).

Table 15 : Staying informed

Statement	D	N	A
	N (%)	N (%)	N (%)
Staying informed			
I regularly monitor financial indicators such as changes in the housing market, stock market and interest rates.	338 (16.9)	737 (36.9)	925 (46.2)
I actively seek financial information through professional advice.	454 (22.7)	751 (37.6)	795 (39.7)
I frequently keep up to date with financial products.	364 (18.2)	733 (36.7)	903 (45.1)
I am always interested to learn and make comparisons of financial services offered.	245 (12.3)	638 (31.9)	1117 (55.8)
I would like to know more about financial issues and learn how to interpret the information.	159 (8.0)	526 (26.3)	1315 (65.7)

Notes: D=Disagree; N=Neutral; A= Agree

4.5.1 Staying Informed by Gender

The t-test was utilised in this study to compare the staying informed scores across gender. Table 16 indicates a significant difference in gender between males (M = 17.84, SD = 4.11) and female (M = 17.29, SD = 4.12; t (1998) = 2.97, p = 0.003, two-tailed). Regardless of the almost similar mean score between these groups, different genders showed their impact on staying informed. Therefore, hypothesis Ha7 was accepted and the results followed previous findings.

Table 16 : Differences in staying informed by gender

Domain	Classification	Mean score	t-value	*P*
Staying informed	Female	17.29	2.97	0.003*
	Male	17.84		

*p < 0.05

4.5.2 Staying Informed by Income

The participants were divided into three groups according to their income bracket (i.e. Group 1: less than RM3000; Group 2: RM3000 to RM6999; and Group 3: RM7000 and above) in the ANOVA test. Based on Table 17, no statistically significant difference is seen at the p< .05 level: F (2, 1997) = 0.015, p = 0.986. Besides, post-hoc comparisons indicated that the mean score for Group 2 (M = 17.52, SD

= 4.09) did not differ significantly from either Group 1 or 3 (Table 18). Similarly, Group 3 (M = 17.57, SD = 4.41) did not diverge significantly from either Group 2 or 3 as well (Table 18). Regardless of the income groups, the results showed that low, middle, or high-income groups all did not contribute towards being staying informed. Therefore, hypothesis Ha8 was rejected; however, this is inconsistent with the results of O'Donnell and Keeney (2009).

Furthermore, a misconception could be perceived among the respondents regarding their financial capability, wherein knowledge could influence such perception towards staying informed. They believed that they were well-informed, well-equipped, and did not require more information. Besides, the respondents were not interested in being updated with financial-related products, following which all income groups depicted misconceptions that resulted in insignificant differences towards staying informed. Therefore, the result could be accepted.

Table 17 : Differences in staying informed by income

	Sum of squares	Df	Mean square	F
Between groups	0.50	2	0.25	0.015
Within groups	34058.13	1997	17.06	
Total	34058.63	1999		

Table 18 :Tukey HSD comparison for staying informed

Income (I)	Income (J)	Mean diff. (I-J)	Std. error	95% Confidence Interval	
				Lower bound	Upper bound
<RM3000	RM3000-RM6999	0.03	0.20	-0.44	0.49
	> RM7000	-0.02	0.35	-0.84	0.79
RM3000-RM6999	<RM3000	-0.03	0.20	-0.49	0.44
	> RM7000	-0.05	0.36	-0.89	0.79
>RM7000	> RM7000	0.02	0.35	-0.79	0.84
	RM3000-RM6999	0.05	0.36	-0.79	0.89

5.0 Conclusion and Recommendations

The study found that in overall, Malaysians were financially capable of managing their money. However, respondents have low capability in retirement planning, understanding various financial products and actively seek information.

A low degree of financial capability may undoubtedly harm people as they will not be secure against the risks that they face, will experience greater expenses and loss of opportunities to save, and may benefit from financial products. Although the absence of financial capability in every one of the elements investigated in this study can result in contrary consequences for people, the most stressful understanding is one's propensity to not plan ahead sufficiently, especially for their retirement, in addition to unexpected income changes. The absence of financial capability can considerably affect their well-being, while financial concerns are a noteworthy reason for pressure and even ill-health (FSA, 2003). Another main conclusion from the study was the lack of even a single indicator of financial capability, whereby it could encompass four different domains, of individuals' inclusion with cash and financial products, namely managing money, planning ahead, choosing products, and staying informed.

Accordingly, the major findings of this study revealed significant differences between the different groups of gender on respondent's understanding of planning ahead and staying informed. Here, female understanding for both domains was higher compared to male, while the latter preferred a good standard of living for their today than planning for retirement. Similarly, the males understood the varying financial products needed by them without consulting a financial adviser/planner and would actively seek financial information through professional advice compared to females.

Henceforth, this study and its results can serve as a guide to the government, in particular to the Economic Planning Unit (EPU) in the pursuit of setting economic policies. Information gathered in this study could be thus used to comprehend the financial capability of Malaysians with special reference to respective genders via their understanding about planning ahead and staying informed. Accordingly, policymakers have sought to learn whether females are effectively protected for many years into retirement, which researchers have argued is intimately related to their knowledge of planning for it and ability to execute these plans effectively especially due to their lower planning ahead ability. This comes in comparison with men as women tend to live longer and have shorter work experiences and lower earnings.

Hence, the findings raised concerns about female ability to be updated about variations in key financial indicators due to their lower level of staying informed. It is suggested that financial institutions and experts work with schools, non-governmental organisations (NGOs), and communities with special reference to girls and women to deliver financial education programmes. Thus, the financial capability of both women and men could be enhanced effectively to yield a financially skilled Malaysia, as well as more noteworthy consumer confidence in markets and firms and the resulting increment in demand for financial products. These partnerships will further extend the reach of the National Strategy's initiatives, while consumer vulnerability to miss-selling would be lower due to the ensuing decrease in expenses following complaint handling and less regulatory intervention.

In conclusion, meeting the abovementioned general difficulties and explicitly tending to the imbalances in financial capability require a combination of far-sighted public policies and well-structured financial training programmes. Both policy and education are expected to widen the access to financial products, shield customers from predatory practices, and cultivate a more prominent interest in sound and long-lasting financial practices.

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