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No. 1, Jalan Kiara, Mon't Kiara
50480 Kuala Lumpur
Email: mfpc@mfpc.org.my
Tel: +(603) 6203 5899
Fax: +(603) 6201 2669
Website: www.mfpc.org.my

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Taman Sungai Besi Industrial Park,
57100 Kuala Lumpur, Malaysia
Tel: +(603) 7987 0966
Fax: +(603) 7984 0966

Editor-in-Chief's Note

I am delighted to bring to you the third volume of the Journal of Wealth Management & Financial Planning (JWMFP).

This issue presents a perfect opportunity to immerse oneself in current issues such as investments in residential property, the B40 income group and household indebtedness determinants in ASEAN developing countries. As you may be aware, in Malaysia our household debt is at 89.1% and has exceeded the 1 trillion mark. I am glad that this issue of JWMFP brings to attention a wide range of critical issues on wealth management including Islamic finance, which are topics that are at the forefront of discussions within the financial industry in Malaysia.

I am also happy to inform you the JWMFP can now be downloaded for free on Magzter, the world's largest global digital magazine newsstand. JWMFP is also available on The Malaysian Insurance Institute's (MII) e-library and the National Library. We are determined to have JWMFP on more platforms in the near future and our work is geared towards this end.

JWMFP is served by a competent editorial board and I must record my thanks and appreciation to the board for their support.

I hope you derive value from this publication and as ever I welcome your feedback.

Till the next issue, enjoy this issue!

Assoc. Prof. Dr Mohamad Fazli Sabri
Editor-in-Chief

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Framework of Islamic Financial Education and Literacy

[1]Ahcene Lahsasna
[1]INCEIF, The Global University of Islamic Finance, Lorong Universiti A, 59100 Kuala Lumpur.

ABSTRACT

The rapid growth of the global financial sector is considered an important factor for the economic development of the nation. Despite the growth, there have been several financial crises in the world due to many reasons. One of them is the lack of financial education and literacy in the marketplace, especially among investors and consumers. Due to the lack of financial education, customers take heavy debt without having the sources for the repayment of the debt and bankers create and sell complicated financial products to customers without due diligence. This paper focuses on financial education and literacy from the Islamic perspective. Financial literacy means having knowledge and understanding of the financial matters related to banking, real estate, insurance, investing, saving and tax planning. In the context of Islamic finance, additional elements are added to the portfolio of education and learning such as faraid, zakat calculation and retirement planning, Shariah compliant investment, Shariah rulings related to financial dealings, debt management and partnerships. Every human being has the right to learn about how to plan their financial affairs. The government, which represents an important pillar in building financial education, has a great role to perform which is to support people in having financial education from childhood so that they can plan their finances soundly for their education until retirement. This study emphasizes the importance of financial education and literacy by providing a framework of the financial education that can help regulators, financial institutions, customers and the public in understanding the basic needs in financial education and the ways to achieve financial literacy to ensure proper financial management. The tools, techniques and procedures for good financial education are explained in the paper.

Keywords: Financial Education, Financial Planning, Islamic Finance Literacy, Shariah

INTRODUCTION

A strong and resilient financial system is considered an important part of the economic growth of a nation. Globally, prime importance is given to the financial system because issues in the

Correspondence: hassan@inceif.org.my

financial system of a country can lead to economic disasters. Despite the key importance given to the financial sector, we have witnessed many financial crises in the world. Regulators, governments and officials of financial institutions are working for a strong financial system but what then is going wrong in the financial world? The missing piece of the puzzle in the financial world is the absence of financial education among individuals, customers and society at large. The recurrence of financial crises shows that even bankers and key market players lack financial education. Individuals need to be financially literate so that they can avoid fraudulent financial products and can take care of their finances in a better and more productive manner.

Financial education has come into the lime-light since the last two decades. Financial literacy is equally important for investors, customers, wealth planners, children, adults and older people. Every child should have financial education so that they can manage their finances better for their future. People do plan and decide about their investments and savings but the recurrent financial crises have made it obligatory that people should know the impact of their financial decisions on their financial growth and financial well-being. In order to make good financial decisions, one needs to have up to date financial education and awareness of the products offered by financial institutions. With good financial education, customers can save themselves from fraud, unnecessary debt, unethical financial activities and wrong investments. Financial markets come out with new and complex products almost every day. Customers need to know the details of the products and the available options for investments. With the growth of Islamic banking and finance, a customer has the option of either choosing the conventional financial system or the Islamic financial system. A customer needs to be well informed on the innovations in the financial markets because a well-informed individual will make a better decision and this will positively affect his investment and growth (OECD, 2006).

Talking about financial literacy and education, it is important to discuss Islamic finance. Islamic finance is considered an alternative financial system which theoretically seems more stable when compared with the conventional financial system. The Islamic financial system includes Islamic banks, Islamic insurance companies known as Takaful operators, Islamic reinsurance companies (Retakaful operators), Sukuk, Islamic capital market, Islamic equity market, Islamic real estate investment trust (IREITS), zakat, faraid, waqf, Islamic asset management, debt management and more. It is said that individuals lack financial education and literacy in conventional finance but we feel that as Islamic finance is still in its infant stage, more focus needs to be given to Islamic financial literacy.

Muslim countries need to provide Islamic financial education to the Muslim population as it is obligatory for Muslims to manage their finances in a Shariah - compliant manner. This paper provides a basic understanding of financial education and literacy and a framework of Islamic financial education and literacy.

The paper has seven parts. The first part of the paper provides an introduction to financial education. The second part explains the important terminologies used in the paper. The third part comprises the importance of financial education from the Islamic perspective. The fourth part focuses on financial education in Malaysia, including Islamic financial education. The fifth part provides the framework of Islamic financial education and literacy. The sixth part comprises tools and techniques for good Islamic financial education, followed by the conclusion.

WHAT IS FINANCIAL LITERACY AND EDUCATION?

Financial literacy and financial education is defined by the U.S President's Advisory Council on Financial Literacy (PACFL) as follows: Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Financial education is the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being. (Hung, Parker, Yoong, & Yoong, 2009). Put simply, financial literacy means having basic personal financial management skills, including considerate knowledge of savings, investment, budgeting, income, money management, tax, spending and credit. The individual should be able to make important financial decisions.

In the context of Islamic financial literacy and education, individuals should understand the concept of money, business, banking, zakat, inheritance, the Islamic way of earning money, permissible financial transactions and services, non-permissible practices in business and finance, among others. The prohibited elements in the Islamic financial system like interest, uncertainty, fraud, inequality, duress, mistake, bribery and gambling should be explained in detail to customers. It is the duty of the ruling governments of Muslim countries to make sure that the public have basic knowledge of the Islamic financial system. This paper focusses on Malaysia as a case study because Malaysia is considered a leader in Islamic finance and has a multi-cultural society. In this society, Muslims need to know their basic rights regarding financial management from the Shariah perspective. Financially literate people, especially people literate in Islamic finance will manage their finances better and this will help the country to be more successful.

The differences between conventional finance and Islamic finance should be an important part of financial education for individuals so that they can make rational decisions. The focus of the present paper is on Islamic financial education and literacy issues. The Islamic financial system includes Islamic banks, Islamic capital market, Islamic equity market, Islamic insurance, Sukuk, Islamic real estate investment trusts (iREITS), Waqf, Zakat and Baitul Mal.

IMPORTANCE OF FINANCIAL EDUCATION IN ISLAM

Seeking knowledge is regarded as worship (ibadah) in Islam (Rizvi, 1993). Islam is a complete code of life. The Quran and the Hadith or (sayings of the Holy Prophet (Peace be Upon Him) are the main references for Muslims. In Islam, knowledge is always considered very vital for the well-being of the economy. Knowledge is not only related to medicine, religion, and human behaviour but it is also related to business, trade, finance, market, debt management, financial management, etc.

The Quran states that those who know and those who do not know are not equal. In the Quran and the Hadith, acquiring knowledge is strongly recommended.

Given below are some verses from the Holy Quran and sayings of the Holy Prophet (PBUH).

Say: "Are those equal those who know and those who do not know? It is those who are endued with understanding that receive admonition." (39:9)

"Read! In the Name of your Lord, Who has created (all that exists)," (96:1)

"My Lord! Increase me in knowledge." (20:114)

The Last Messenger of Allah SWT, the Holy Prophet (PBUH) said: "The seeking of knowledge is obligatory for every Muslim." - Al-Tirmidhi, Hadith 74

The Holy Prophet Muhammad (PBUH) also said: "Acquire knowledge and impart it to the people." Al-Tirmidhi, Hadith 107

The Holy Prophet Muhammad (PBUH) also said: "If anyone travels on a road in search of knowledge, God will cause him to travel on one of the roads of Paradise. The angels will lower their wings in their great pleasure with one who seeks knowledge. The inhabitants of the heavens and the Earth and (even) the fish in the deep waters will ask forgiveness for the learned man. The superiority of the learned over the devout is like that of the moon, on the night when it is full, over the rest of the stars. The learned are the heirs of the Prophets, and the Prophets leave (no monetary inheritance), they leave only knowledge, and he who takes it takes an abundant portion." (Dawood, No: 1631)

In addition, the Holy Prophet (PBUH) is reported to have said: "The seller and the buyer have the right to keep the goods or return them as long as they have not parted." He also said that if both the parties have spoken the truth and described the defects as well as the merits thereof (the goods), they would be blessed in their deal. If they have told lies or concealed something, then blessings of their transaction would be lost. (Bukhari, No: 1937).

In Islam, financial education is given special importance because Muslims need to know about the law of inheritance, zakat, sadqa and the rights of others over their wealth. The following verse from the Quran shows the importance of financial education for Muslims: "To (benefit) every one, We have appointed shares and heirs to property left by parents and relatives. To those, also, to whom your right hand was pledged, give their due portion. For truly Allah is witness to all things." (4:33). According to Imam Al-Ghazali, the objective of the Shariah is to promote the well-being of all mankind, which lies in safeguarding their faith, their human self, their intellect, their posterity and their wealth. Whatever ensures the safeguard of these five serves public interest and is desirable.

Muslims cannot separate religion from their day-to-day affairs. All the acts of a Muslim including financial dealings should be in line with the Shariah. This makes Islamic financial knowledge more important for Muslims.

Table 1: The Importance of Islamic Financial Knowledge

Maqasid Al Shariah	
Protection of Faith	Preservation of Wealth through Acquisition and Development
Protection of Life	Preservation of Wealth from Damage
Protection of Posterity	Preservation of Wealth through the protection of ownership
Protection of Property →	Preservation of wealth through its value protection
Protection of Reason	Preservation of Wealth through its circulation

With reference to Maqasid al Shariah, protection of property is of prime importance, making the knowledge related to property management very important. One can protect their own property from damage and can add value to the property only through good management of the property. To manage property (wealth) in better manner, one needs to know the knowledge related to wealth management. Islamic financial education is all about managing property, wealth and finances according to the Shariah for the betterment of the whole society. Islamic financial knowledge is strongly encouraged in Islam. Muslims should attain the knowledge of Islamic financial transactions, Islamic law of contracts, calculation of zakat, faraid, concept of savings and investment in Islam, do's and don'ts of Islamic financial business and practices.

FINANCIAL EDUCATION IN MALAYSIA

Financial education, especially Islamic financial education would not have been possible if the government and the central bank did not play their due roles. Malaysia is considered a hub of Islamic finance because Malaysia took the lead in developing a Islamic financial structure that includes the marketplace, laws, rules, regulations, guidelines, standards, and resolutions that promote Islamic finance in theory and practice. In the context of financial education, Malaysia also took the lead. The Financial Sector Blueprint 2011-2020 emphasizes the importance of talent development and financial education for Malaysia's development and growth. The Financial Blueprint provides special recommendation for the financial education of Malaysian consumers and also for developing Malaysia as a hub of Islamic finance education (Bank Negara Malaysia, 2010).

Dr Zeti Akhtar Aziz, Governor of the Central Bank of Malaysia (Bank Negara Malaysia) said, "The development of a financial education programme is vital to enhance financial capability for consumers to participate effectively in the financial system that is dynamic and fast evolving. We are now in an environment that is seeing the proliferation of financial products and services and the emergence of electronic finance. Greater financial literacy will also ensure that the financial industry will be responsive to the more discerning demands. Being ill-equipped or having a lack of understanding of the nature of the products could increase vulnerability to misselling by financial institutions or to fraud and scams. Proficiency in financial knowledge will contribute towards greater empowerment and competent financial decisions. Studies have shown that financial education that is made available at an early age, in the school education system, will strengthen this potential and enhance greater financial inclusion" (Bank Negara Malaysia, 2011).

The OECD International Network on Financial Education (OECD/ INFE) conducted surveys through 2008-2011 around the world and found that 21 countries including Malaysia implemented financial awareness educational programmes in schools. Financial institutions in Malaysia include financial education as part of their corporate social responsibility and Bank Negara Malaysia (BNM) also encourages financial institutions to play their due role in financial education. In 1997, BNM, in collaboration with the Ministry of Education (MoE) and financial institutions, started the Schools Adoption Programme (SAP) and gave opportunity to children to open bank accounts. BNM took the responsibility of SAP. BNM works very closely with MoE in financial education (OECD/INFE, 2013). Table 2 on page 9 shows the role played by the different institutions in Malaysia with regard to financial education.

Malaysia is known for developing and formalizing financial education from the tertiary level until the highest level and also for introducing Islamic financial education to individuals. Now is the time for Malaysia to implement these financial awareness programmes to take the country to the next level of financial literacy and financial independence.

Table 2: Financial Education for Youth and in Schools by OECD/INFE Policy Guidance, Challenges and Case Studies

TITLE	ROLES
Bank Negara Malaysia in collaboration with MoE and adoptive financial institutions under SAP	• Structure the financial education programme framework for school children • Organise workshops to train teachers in conducting financial education activities as part of their professional development • Organise financial education workshops for children • Develop materials such as guidebooks and lesson plans to facilitate teachers in conducting activities relating to financial education • Develop and distribute effective financial education materials such as Pocket Money Book (including Braille version), financial education website, leaflets and brochures • Promote awareness of the financial education programmes for children • Organise "Financial Awareness Week" in a different state each year to enhance engagement with the community at large, including school children in the locality
Private sector such as Securities Industry Development Corporation	• Promote investor education through programmes organised for school children • Provide technical assistance to adoptive financial institutions and introduce fresh ideas on investor education activities to motivate teachers and students
Non-governmental organisations such as consumer associations	• Promote and create awareness of the importance of financial education programmes through the media • Publish financial education materials
Smart partners such as Credit Counselling and Debt Management Agency, Financial Mediation Bureau, Malaysian Deposit Insurance Corporation and relevance ministries	• Promote public awareness of the consumer education programme targeted at school children via joint outreach programmes and dissemination of materials and create links to duitsaku.com website

FRAMEWORK OF ISLAMIC FINANCIAL EDUCATION AND LITERACY

There are various stakeholders involved in Islamic financial education and literacy, namely

- Governments
- Central Banks
- Securities Commissions
- Islamic banks
- Takaful operators
- Islamic banking and insurance associations
- Ministries of Higher Education
- NGOs
- Educational institutions
- International organizations like IMF, The World Bank, ADB, IDB, IFSB,
- Public

All these stakeholders need to work together for Islamic financial education and literacy. As far as the infrastructure for Islamic financial education and literacy is concerned, school premises, community centres, mosques, and government office premises can be used when available for conducting conferences, seminars, discussions and talks for children, adults and senior citizens. A variety of ways can be used for promoting Islamic financial education and literacy. Books, brochures, newspapers, CDs, mobile phone messages, emails, online discussion forums, websites for financial education and literacy, radio programmes, television programmes, facebook, twitter, case studies, role plays for kids, cartoons for kids and other techniques can be used when and where needed. When all these techniques are used by the stakeholders, this will lead to well-informed customers who can make better financial decisions for themselves and their families. In this way, a stable financial system will flourish, leading to a prosperous country. A very simple but useful framework for Islamic financial education and literacy is designed next.

TECHNIQUES AND TOOLS FOR GOOD FINANCIAL EDUCATION

There are various techniques and tools for a good financial education plan and framework. We propose the following important steps to be followed for a good financial education framework:

- The financial education should be delivered in schools, colleges, universities, polytechnic institutes, community centres, and government and private sector offices.
- The financial education and literacy syllabus should be developed by skilled and expert scholars.

[1]Literature shows that the prime responsibility for creating financial awareness is on the shoulders of the governments and financial institutions but we feel that there are many other stakeholders who own this responsibly as mentioned above

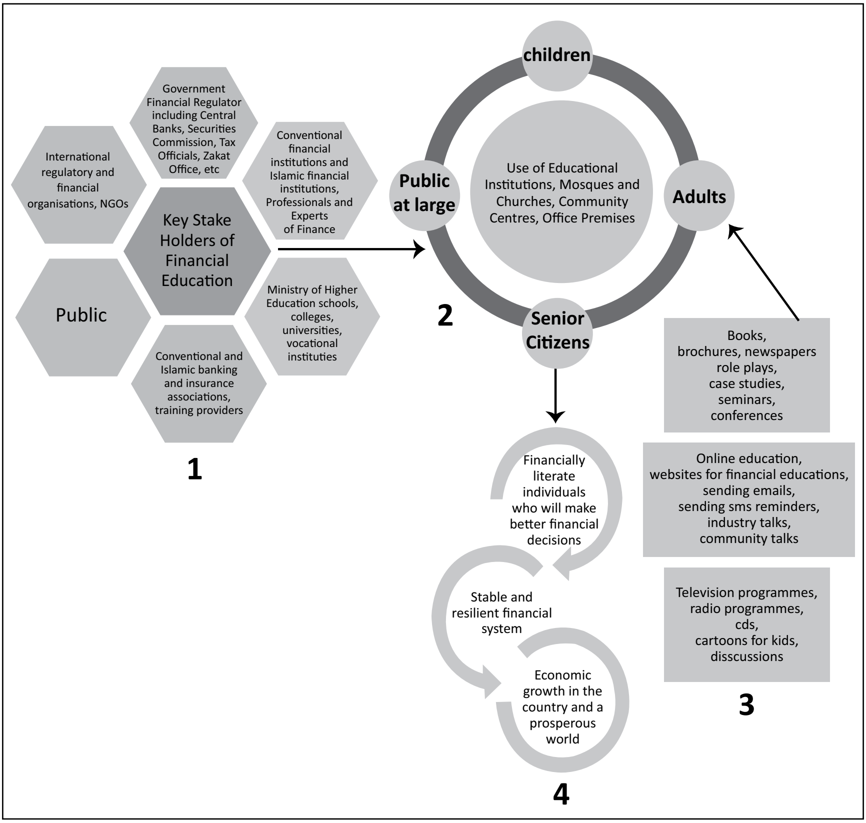

Figure 1: Framework of Islamic Financial Education and Literacy

- Proper and regular training should be provided to the teachers and trainers who deliver the financial education sessions in the schools and the community.
- The Central Bank, Ministry of Higher Education, government, financial institutions and other stake holders like Securities Commission, banking associations, insurance associations, professional development bodies, international organizations like International Monetary Fund (IMF), The World Bank, OECD, International Labour Organisation (ILO) and, in the context of Islamic finance education, Islamic financial institutions, Islamic Development Bank (IDB), and Islamic associations need to work together for the success of the financial education programme.
- There should be regular meetings between the parties involved in the financial education process.
- The latest techniques should be used for the financial education in schools, colleges and universities like role plays, case studies, printed books, e-books, pocket size information manuals, emails, conferences, training, seminars, videos, mobile alerts, etc.

- The curriculum design for the financial education should be according to the target audience. For example, the financial education material and plan for school children will be different from that for adults and graduates. The methods and techniques used in financial education will also be different for the young, adults and senior citizens.
- Financial education should be included in the education sector permanently.
- For Muslims, it is of great reward to get education for the betterment of oneself, one's family and one's religion. Basic knowledge on the Islamic financial system and Islamic economic system should be provided to school children and as they mature, they should be introduced to inheritance law, Islamic modes of finance, Islamic law of contracts and Islamic financial practices.
- Places of worship should be used productively for disseminating financial education among people. Mosques, churches and other places of worship can be used for instilling the basics of financial education and for making sure that people spend wisely and act proactively.

Discussed above are the some ways by which financial education can be provided to the public in a short time. But what is also important is the continuity of these efforts and commitment from the government.

CHALLENGES AND SOLUTIONS

There are many hurdles and challenges in the way of Islamic financial education and literacy. The first and foremost challenge is the lack of political commitment and will. Most Islamic countries lack political commitment in Islamic financial literacy and its growth.

Financial regulatory authorities of the country need to play a very critical role for Islamic finance literacy and its growth. Central banks and securities commissions need to motivate and direct financial institutions to create awareness of their products and services to customers. The ministry of higher education, institutions of zakat, institutions of waqf, tax authorities, legal systems, financial dispute resolution institutions, associations of banks and takaful operators, financial industry training institutes and all other relevant parties in the financial world need to work together under the supervision of central banks and securities commissions to provide Islamic financial education to customers and the public.

Muslim countries can alleviate this problem by following the example of Malaysia. Today Malaysia is a successful country not only for Islamic finance but also for Islamic financial literacy and the credit goes to the government of Malaysia and Bank Negara Malaysia. Malaysia is a very good example of Islamic financial education for Muslim and non-Muslim countries to follow.

A lack of trained staff in financial and educational institutions and of course materials for Islamic financial education are key factors for the slow growth of financial literacy. The Ministry of Higher Education should take the lead in developing the syllabus of financial education for educational institutions and train their staff well. The syllabus should be designed by experts in their fields for various age groups, keeping in view their needs and level of information required for financial dealings. A child has different requirements and needs for financial knowledge when compared with an adult or experienced individual. The Ministry of Higher Education should train teachers who will impart financial education to students. The financial education should be delivered in an interesting manner so that individuals not only learn but also enjoy the programme.

Lack of proper infrastructure for Islamic financial education is another issue. This issue can be resolved by using mosques, and other religious places for conducting the training and financial education programmes in communities. School premises can also be used after classes for the same purpose. International Islamic financial institutions and regulators should work hand in hand with the central banks of the various countries for Islamic financial education. There should be more collaboration with IMF, The World Bank and FSB for Islamic financial education. Collaboration with international financial entities will help the growth of not only Islamic finance but also Islamic financial education.

The last and the most critical challenge is related to the behaviour of Muslims toward the attainment of Islamic financial knowledge. Muslims not only in Malaysia but also globally are ignorant of not only financial education but also of Islamic financial education. It is time for Muslims to have good financial knowledge and implement that knowledge by making sound financial decisions. People need to stand on their own feet and have to be financially independent rather than to depend on the government for financial aid.

CONCLUSION

No one can deny the importance of education especially financial education and literacy. Islamic finance came into the limelight during the last twodecades when the conventional financial system encountered crisis. Islamic finance comprises many segments but one of its important parts which is Islamic wealth planning and management is still in it infant stage. Very few individuals have good understanding of Islamic wealth planning and management. With the growth of Islamic finance we need to focus on the framework of Islamic financial education and literacy. Muslim countries excluding Malaysia are lagging behind in developing Islamic financial educations frameworks and programmes. Malaysia is a successful example for Islamic financial education and literacy. It is suggested that the countries that are starting Islamic financial education may follow the Malaysian model with some amendments as per their jurisdictions. This paper provides a framework of Islamic financial education and literacy for countries. Future research can be done on the statistical analysis of Islamic financial education and literacy programmes conducted by developed and developing countries and their impact on the economic growth of the country. Future research on topics like Islamic wealth planning and management and empirical analysis of household debt, and credit defaults in Malaysia is strongly recommended. ■

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Motives for Residential Property Investment in Malaysia: Evidence from Online Property Forum Participants

[1]Nurul Shahnaz Mahdzan [2]Cheah Chee Wei
[1]Department of Finance and Banking, Faculty of Business and Accountancy, University of Malaya, 50603 Kuala Lumpur.
[2]School of Business, Monash University Malaysia, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor.

ABSTRACT

This study empirically examines the motives for residential property investment in Malaysia. The financial and non-financial motives of residential property investment are analysed using a sample of 251 online residential property forum participants with experience of purchasing residential property. In addition, the role of gender in property investment intentions is also examined. Results reveal that both financial and non-financial factors are significantly related to residential property investment intentions. However, there appears to be no significant gender differences in residential property investment decisions. The outcomes of this study are useful as it will help property investors understand the important determinants of residential property investment intentions among sub-purchasers. The study also provides important implications for developers as it will assist them increase the marketability of their housing projects.

Keywords: Investment Motives, Online Property Forum, Property Investment, Residential Property

INTRODUCTION

Residential property prices in urban Malaysia have experienced phenomenal increase since more than a decade ago. An obvious surge was seen in 2006 when price appreciation was reported to be as high as 80%, particularly in urban areas with high population density, such as Klang Valley and Penang (Abdullah, 2010). Meanwhile, figures from the National Property Information Centre (NAPIC) show a progressive increase in the house price index (HPI) in Malaysia since 2000,

Correspondence: n_shahnaz@um.edu.my

with rapid acceleration between 2009 and 2014. While the all-house price compound annual growth rate (CAGR) was recorded at 5.6% between 2000 and 2014, the rate shot up to 10% between 2009 and 2014 (Khazanah Research Institute, 2015). Among the factors contributing to this phenomenon were the easing in banks' lending policies with extended repayment periods, low interest rates and a surge in speculative buying (Fernandez, 2012). Meanwhile, the supply of property in major cities slackened relative to high demand, resulting in an upward pressure on price (Chan, 2012).

Despite exorbitant price trends and high indirect costs, residential property investment remains to be a popular investment in Malaysia (iProperty.com, 2012a). Increasing trends in property price are attractive to investors who are in search of high capital gains. In addition, investment in property allows investors to diversify their portfolio of assets (Adair *et. al*, 1994) and is also a good hedge against inflation Ming, Chang, Chih & Hsieh (2012).

In general, Malaysians saved an average of 35.3% of GDP a year for the past three decades (Tang, 2008). The high saving rate coupled with the current low interest rate regime, good incentives by developers and attractive mortgage packages offered by banks have stimulated property investment in Malaysia. Residential property differs from other types of financial investment in various aspects. They are illiquid in nature and possess heterogeneous features in terms of location, size, and land value, and involve high transaction costs such as legal fees and stamp duty that can easily deflate expected returns (Linneman, 1989).

This paper explores the behavioural aspects that motivate residential property investors. Specifically, this paper examines the financial and non-financial factors that motivate residential property investment in the context of Malaysia. Secondly, the paper explores the role of gender in property investment behaviour. Although much research on property investment demand in developed countries has been carried out, detailed research on property demand in developing countries is still scarce. As mentioned by Malpezzi (1999), even though property investors' behaviour is similar across countries, developing countries in Asia present important distortions in terms of land and bank credit policies, urban infrastructure and law and regulation, among others.

This study is significant as it will provide insights into the driving forces behind residential property demand and help property developers understand the preferences of Malaysian property investors. Simultaneously, the study will provide deeper understanding of the general behaviour and investment strategies of residential property investors in the context of a developing nation.

RESIDENTIAL PROPERTY INVESTMENT

Demand for Residential Property

Residential property may be purchased either for own stay or investment purposes (Henderson & Ionnides, 1983, Berkovec, 1989; Brueckner, 1997; Lin & Lin 1999; Arrondela & Lefebvred, 2001; and Cassidy *et. al*, 2008). However, the former intention may later transform into the latter upon increment of the property's market value, hence creating a motive for speculative activities (Orford, 1999).

The researchers above suggested that even own stay property has both own stay consumption and investment role due to the fact that own stay property has a resale value and could be traded in the future. Arrondela and Lefebvreb (2001) suggested that the difference between the investment demand and the consumption demand for property is that the own-stay demand is for own family to occupy, whereas investment demand could be for rental income or for resale in the future.

Thus, purchasers can focus on purchasing residential property that most fit their housing needs and invest for capital gains that are most appropriate and fit their investment portfolio. Residential property purchasers will either purchase the property that best fits their shelter needs or invest for capital gain/ rental income purposes (Cassidy, 2008).

Ibbotson (1984) highlighted that property could not be sold instantaneously at the quoted or appraised price for three reasons. Firstly, the appraised price is only an approximation of the market price, and a transaction price may differ substantially from the appraised price. Secondly, each parcel of real estate has unique characteristics which increase the cost of locating a buyer. Thirdly, even after the buyer and seller can locate each other, time may be required to agree on the price and to settle other matters such as loan financing, renovation, and fixing. These costs must be taken into account when comparing real estate returns with those on stocks, bonds or other assets that are homogenous and traded in a centralised auction market.

While most commodities such as gold and precious metals are homogeneous within their asset class, residential properties are heterogeneous in many ways. Residential property can be categorised as landed or high-rise property, leasehold or freehold types, and may vary in price according to vicinity. Exact location of the property also plays a huge impact on price. For example, even similar size apartments in the same block may be transacted at different prices depending on the transaction time, floor location or direction faced. Unlike stocks, bonds, commodity and foreign exchange the property market does not have a central exchange and the information on transaction volume and value is not available to purchasers and investors promptly. The imperfect information is attributed to the lack of efficiency and reliable sources of market information in an organised and timely manner. Investors who intend to invest in residential property would have to rely on certain market indicators which are scattered via newspaper advertisements and property market reports as well as on verbal value upon checking with property valuation companies.

Reasons for Residential Property Investment

Rental income and long-term capital gain were the main reasons New Zealanders invest in property (Flint-Hartle & De Bruin, 2000). While the New Zealand Stock Exchange 40 Capital Index increased by 10.6% from 1989 to 1999, the return on residential property increased by 66% during the same period (Gaynor, 2000). The capability of the property market in New Zealand in surpassing the performance of the stock market has increased popularity amongst investors.

Residential property has been found to be popular as a hedge against stock market risks. Hui and Yu (2012) claimed that investors in Hong Kong preferred to invest in the stock market due to higher liquidity and lower entry costs. However, when the stock market was overpriced in comparison to company profit levels, the stock market became relatively risky, prompting private investors to diversify into the property market.

All the above studies recognised that property investment is a common investment diversification tool. However, the superiority of risk-return performance of direct properties investment relative to common stocks and other type of investment have yet to be proven (Sirmans & Sirmans, 1987).

Halicioglu (2007) reported similar evidence regarding property investment motives in Turkey. Nonetheless, the author discovered another important reason stimulating property demand that is, to accommodate expanding family size. The author measured this variable as population growth, number of marriage and birth rate. Meanwhile, Brown *et. al*, (2008) investigated the reasons for property investment and used life cycle as a proxy for family size. The authors explained that life cycle or family size is related to the size of housing space needed. Tang (2008) further confirmed that the demand for property investment in Malaysia is related to socio-demographic factors, including investor's life cycle stage and family size.

MOTIVATIONS FOR RESIDENTIAL PROPERTY INVESTMENT

Financial Factors

Brown, Schwann, and Scott (2008) examined the factors for property investment in Australia and asserted that the most important factors were permanent disposable income, ability to obtain mortgage finance and tax policy. They concluded that these financial factors are the dominant factors that drive the property investment market. In New Zealand, Flint-Hartle & De Bruin (2000) also identified financial factors as the main reasons for residential property investment. The main drivers for property investment in New Zealand are wealth accumulation and capital gains, as well as for retirement income. The findings were obtained from a survey on individuals who had responded to questionnaires inserted in two real estate publications in 1999. The findings are all good indicators of housing investment decisions. However, property gains tax does not affect the property investment in New Zealand as the gains from property is tax exempted (De Bruin & Flint-Hartle, 2003).

In the Malaysian context, Hashim (2010) suggested that property investment is one of the tools to create personal wealth. His view is in line with Shemin (2002) who explained that property investment is the best wealth builder due to five main reasons. The reasons are property appreciation increases personal net worth; it provides consistent rental income; one is able to lock in profit immediately when purchasing under-valued property; tax advantage; and capability of investing with zero down payment.

Another motivator for property investment is the ability to leverage by using other people's money. Chan (2012) in her article quoted an example, "with a down payment of just RM100,000 and 90% financing; one can own a property worth RM1 million. Supposing that the property price increases by, say, 20% to RM1.2 million, one would have a return of 200% on the cash you invested". This leveraging method does not apply to other investment asset classes such as stocks, commodity and forex investments. Due to the leveraging features of property investment, the movement in interest rate and easy access to mortgage financing will influence the property investment decision.

Significant researches in similar interests have been carried out in different countries such as in South Africa by Kupke, Marano, & Rossini (2005), in Turkey by Halicioglu (2007), in Norway by Jacobsen (2009) and in the UK by Goodhart (2011). These researches explained that the demand for rentable property is driven by the need for retirement income, positive capital gain outlook, stable rental income, being able to reduce taxable income and influences from family and friends. Moreover, Halicioglu (2007) also highlighted that macroeconomic factors such as GDP growth and alternative investment such as stock exchange index, unemployment rate and income per capita are among the motivators for property investment.

Another Malaysian researcher, Tang (2008), concluded that household income, unemployment rate, interest rate and expected return on alternative investment from stock market such as KLSE have impact on property investment demand in the Malaysian context. According to Tan, the policy makers promote home ownership by liberalising on withdrawals from the EPF Account 1 which will also stimulate the property investment demand.

Ming *et. al,* (2012) have similar views on financial factors as per highlighted by Tang (2008) & Kupke *et. al,* (2005). In addition, Ming *et. al,* (2012) has added valuable variables like inflation rate and money supply as they are indeed applicable in the Taiwan context. Ming *et. al,* (2012) argued that the QE1 and QE2 measurements that were initiated in the United States after 2008 had positive impact on other countries' monetary policy. To keep the exchange rate stable, other countries would need to increase their money supply so as to stabilise the exchange rate parity and the country's balance of payment position. The increment in money supply caused the surge in inflation rate; and in general, Taiwanese believed that property investment is a better option for curbing high inflation (Ming *et. al,* 2012). Prior to Ming's research in Taiwan, similar research had been carried out in the UK, which confirmed that the inflation rates (measured by Consumer Price Index), nominal interest rates and real interest rates (Goodhart, 2008) are correlated with the property investment demand. A similar research which was out in China confirmed the above statement (Chu & Sing, 2004).

Numerous studies have investigated the correlation between money supply and property investment and have found that these have led to the strong property price fluctuation. The researchers found that monetary policy and nominal interest play an important role in determining residential property price and demand, as well as money shocks by generating remarkably volatile residential investment. Other researchers such as Iacoviello (2005) & Elbourne (2008) examined the effects of monetary policy shock on property market and concluded that these factors have influences on property price and demand.

The correlation between money supply and property price seems to exist worldwide. Goodhart & Hofmann (2008) evaluated the linkage between money supply, mortgage credit, property prices and demand in 17 industrialised countries in the last three decades.They found significant evidence of multidirectional links between property price, monetary variable and the macro economy. Beltratti & Morana (2010) claimed in their analysis of G7 countries that macroeconomic variables such as interest rates and monetary aggregates affect property pricing. Even though the studies mentioned above provided a potential link between housing price and monetary variables, the ways monetary aspects stimulate the property investment demand in property require further discussion.

In summary, the literature indicates that disposable income, interest rates, inflation, retirement planning needs and the aim of accumulating wealth affect property investments intentions. Hence, it is predicted that the relationship between financial factors and investment intentions is positive, as reflected in the following hypothesis:

Hypothesis 1: Financial factors are significantly related to individual residential property investment intentions.

Non-Financial Factors

Chan (2012) asserts that favourable Real Property Gains Tax (RPGT) conditions, easy access to bank financing, flexible and long financing tenure of up to 45 years or 75 years of age, low mortgage interest rates, convenient EPF Account 1 withdrawal and attractive incentive packages from developers are among the valid reasons for the increase in property investment demand in Malaysia. The Developer Interest Bearing Scheme (DIBS) was launched and popularised in 2010 as a collaborative scheme between banks and developers (Saw & Tan, 2014) that aimed to ease property ownership. Under the scheme, home purchasers were able to purchase property without having to pay progressive interest until full completion of the property and also enjoyed a waiver of legal fees and stamp duty. DIBS became a strategic selling point for property developers as it lowered the entry costs for purchasers. However, DIBS was abolished in 2014 by the government in an attempt to tighten lending practices and curb speculative buying. Subsequently, some developers responded by introducing the Developers' Interest Reimbursement Scheme (DIRS) where developers would directly credit progressive interest to the purchasers' bank accounts. The purchasers would then be able to use the credited amount to offset the progressive interest in their loan accounts. In the eyes of property purchasers, the DIRS is a good substitute for the DIBS scheme and hence, the discontinuation of DIBS has had minimal impact on developers as the Central Bank regulates the banks but not property developers.

Nonetheless, to avoid property bubbles caused by the access liquidities in the market, the Central Bank of Malaysia has implemented various measures to curb the property market from overheating. One of the measures is the setting a Loan-to Value (LTV) ratio of 70% for third residential property financing under a single individual name. This rule is also applicable to joint name purchase/financing between spouse or family members. Hence, property investors and speculators are required to pay a deposit of 30% for their third investment property. This has slowed down the speculation sentiment. However, some developers can cut through the obstacles by hiking up the property price and then provide up to 20% rebates in the way of credit notes to purchasers. By doing that, purchasers are required to pay only 10% deposit for the purchase of property. Apparently, this measure by the Central Bank of Malaysia is not 100% effective as it can only regulate financial institutions but not property developers.

The Real Property Gains Tax (RPGT) imposed by Bank Negara Malaysia is another measure to curb speculative purchases in the property market (RHB Research Institute, 2012). Under the Malaysian Budget 2014, the RPGT was revised to the following terms. In regard to individuals' disposal of real property, properties that are held and disposed within two years are imposed with RPGT of 30%. Properties that are held and disposed in the fourth year are imposed with RPGT of 20%; for disposals in the fifth year the RPGT is 15%, and for disposals in the sixth and subsequent years there will be no RPGT imposed. These revisions reflect the government's efforts to curb speculative activities by investors in the property market.

Another study in the context of Malaysia conducted by Nasir (2009) highlighted another non-financial factor that may affect property purchase is the ability to pass the property to the next of kin, as it is considered part and parcel of Asian values. This variable was not highlighted and examined in other Western researches. The study discovered that the ability to pass the property to the next of kin is one of the main reasons for property investment.

Based on the literature review, it is expected that easy access to mortgage funding, RPGT, developers' incentives, intentions of passing over the property to the next of kin, influence from peers, friends and family, are positively related to investment intentions, as reflected in the following hypothesis:

Hypothesis 2: Non-Financial factors are significantly related to individual residential property investment intentions.

GENDER DIFFERENCES IN RESIDENTIAL PROPERTY INVESTMENT

Mellish & Rhoden (2009) investigated the role of gender in property investment decision by examining the factors that encourage male and female individuals to invest in the "buy-to-let" property market in London. "Buy-to-let" is a mortgage product in UK, which is designed to facilitate housing purchases specifically to be let out. The researchers found that male investors entered the buy-to-let sector as a long-term investment through rentals as opposed to female investors who were looking for short-term flipping in property.

Mellish & Rhoden's (2009) findings were similar to an earlier study by Flint-Hartle & De Bruin (2000). Both researches concluded that women enter property investment market to gain financial independence. However, women investors are worried about potential risks of failures, and thus viewed the sector as short-term investment and had plans to sell their properties for capital gain.

Generally, numerous studies suggested that women are more risk averse and men are risk takers. Mellish & Rhoden (2009) concluded that in the UK, women who had invested in the residential property market would be more inclined for short-term flipping due to the risk and uncertainties in the long term. However, male investors would invest for the long term and were more inclined to rental play. Albaity (2012) confirmed this in the Malaysian context where his research on Malaysian culture had revealed that male investors were more risk tolerant compared to women investors. Hence, it is postulated in this study that residential property investment intentions differ between genders, as reflected in the following hypothesis:

Hypothesis 3: There are significant differences between male and female investors in their residential property investment intentions.

METHODOLOGY

Sample and Data Collection

The unit of analysis for this study is the individual property investor or individuals who had intentions to invest in property. To capture these investors, a purposeful sampling approach was adopted whereby participants of the top four online property forums in Malaysia were targeted and invited to participate in the study. The forums chosen were:

i. *Property WTF.com*

ii. *Lowyat.net, Property investment sub-section.*

iii. *Setiaalam.net property investment portal*

iv. *Carigold.com, property investment sub section.*

The first three online forums use the English language as a medium of communication, thus they are open to all ethnic groups. From the first 50 responses received online, the responses from Malays (the majority ethnic group in Malaysia) were somewhat discouraging. In order to encourage more Malay participation, questionnaires were also distributed via private email invitations to forums that use the Malay language, that is, *Carigold.com*. A total of 2000 online questionnaires were distributed and 302 responses were obtained. However, only 251 of them were deemed usable via a filter question asking if the respondent had invested in any property before. Data was collected in November 2013 for one month.

Instrument

The instrument used was a questionnaire worded in English developed from the Asia Property Market Sentiment Report (iProperty.com, 2012b) and Nasir (2009). The link for the online survey was emailed to participants of the forums using an electronic survey platform called Survey Monkey. The questionnaire contained three sections covering socio demographic profile of respondents, property investment intentions, and the motives behind property investment intentions.

Model and Measurement

Based on the above hypotheses, the model can be specified as follows:

$PROPERTY\_INV = \alpha + \beta_1 * FINANCIAL + \beta_2 * NON\_FINANCIAL + \beta_3 * GENDER,$

where α is a constant term, and β_n are the coefficients to be determined. The dependent variable is property investment intentions (PROPERTY_INV), where respondents were asked to rate their agreement on the statement "I will invest in residential property investment in the next 3 years" using a 5-point Likert Scale (1=Strongly Disagree, 5=Strongly Agree). Such quantitative measure of investment intention were employed by Nasir (2009) and an industry player, namely iProperty.com in their recent Asia Property Market Sentiment Report 2012c across the Asian countries.

The independent variables posited to influence residential property investment were financial factors, non-financial factors and gender. The financial and non-financial variables were measured using a 5-point Likert scale (1=Strongly Disagree, 5=Strongly Agree) whereby respondents were asked to state their level of agreement on a total of 11 motives for residential property investment. For financial factors, respondents were asked whether they invested in residential property: (1) motivated by the potential increase in their disposable income, (2) low interest rate, (3) inflation hedge, (4) wealth accumulation and (5) retirement planning. For non-financial factors, respondents were asked if items such as (1) low Real Property Gain Tax (RPGT), (2) access to mortgage funding, (3) developers' incentives, (4) ability to pass to next of kin, and (5) influence from friends and family, impacted their property investment decision. Gender was measured using a dummy variable (1= male, 0 =female).

Data Analysis

A pre-test was first conducted with three experts in the field to obtain their feedback on the constructed survey. After receiving their feedback and making adjustments to the survey design, a pilot test was first conducted with the first 20 online participants to ensure that the questions were well understood. After making minor adjustments to some of the wording in the questionnaire, the researchers proceeded with data collection. The data was then analysed using a multiple regression via SPSS version 20.

RESULTS

Descriptive Analysis

From a total of 302 online responses, only 251 respondents were used for analysis while the remaining 51 respondents were screened out via a filter question worded as *"Have you ever purchased residential property?"* 82% of the respondents were male and the rest female. In terms of age, approximately half were between 31-50 years old while one-third of them were between 18-30 years old. While almost all the respondents except one were Malaysians, these were skewed in terms of ethnic group, where about two-thirds of the respondents were Chinese, 28% were Malays, and 6% were Indian. This implies two possibilities: first, that most online property forum participants are Chinese, or second, that most residential property investors are indeed of Chinese ethnicity.

There was a balance between single respondents and those who were married with children (both categories 40% each). About three-quarters of the respondents held a diploma or degree while 18% held a Masters/Ph.D. This suggests that residential property investors in this sample are rather highly educated. There seemed to be a balanced proportion of respondents in terms of income levels, as can be seen from a summary of the socio-demographic profile of respondents in Table 1.

Section B of the questionnaire asked about the respondent's experience and intentions of investing in residential property. When asked whether he/she would increase property investment over the next three years, 83.3% of respondents answered positively.

Table 1: Socio-demographic Profile of Respondents

Characteristics	Categories	Frequency (n=251)	Percentage (%)
Gender	Male	206	82.1
	Female	45	17.9
Age	18-30	83	33.1
	31-40	125	49.8
	41-50	37	14.7
	51 and above	6	2.4
Race	Bumiputera	70	27.9
	Chinese	165	65.7
	Indian	15	6.0
	Others	1	0.0
Nationality	Malaysian	250	99.6
	Non-Malaysian	1	0.4
Marital Status	Single	100	39.8
	Married, no kids	45	17.9
	Married, with kids	103	41.2
	Divorced	1	0.1
Education Level	Primary	2	0.8
	Secondary	6	2.4
	Professional Cert	12	4.6
	Diploma/Degree	186	74.2
	Masters & PhD	45	18.0
Residing State	Kuala Lumpur	80	31.9
	Selangor	133	53.0
	Others	38	15.1
Monthly Income	Less than RM 2,500	17	6.8
	RM2,501 – RM5,000	55	21.8
	RM5,001 – RM7,500	50	20.0
	RM7,500 – RM10,000	37	14.8
	RM10,001 – RM15,000	46	18.3
	RM15,000 and above	46	18.3

Regarding the value of the residential property invested, slightly more than one quarter of the respondents owned property valued RM500,000 and below while 58% of them owned properties valued between RM500,001 to RM3 million, and the remaining 3% had investments in residential property valued more than RM10 million.

In terms of the financial factors, the majority of the respondents agreed that property investment was the best hedge against high inflation (74%), and it was the best wealth accumulation tool (65%), the increase in disposable income would stimulate their property investment intention (65%). The other important financial factors were low bank interest rate (54%), easy access to financing (35%) and RPGT (12%). The RPGT was comparatively less significant in investment intention as the RPGT rate of 10-15% was still considered low back in 2012. We found the result of RPGT is one of the least important factors as the rate was low at that point in time. However, the RPGT rate was revised upward in 2014 to the current range of 5-30%.

Table 2: Residential Property Investment Experience

Characteristics	Categories	Frequency (n=251)	Percentage (%)
Have you ever purchased residential property? (screening question)	Yes*	251	83.1
	No**	51	16.9
Will you increase your property investment?	Yes	209	83.2
	No	42	16.8
Value of Property	RM25,000 and below	4	1.6
	RM25,001 - RM500,000	59	23.5
	RM500,001 - RM1,000,000	70	27.9
	RM1,000,001 – RM3,000,000	75	30.0
	RM3,000,001 - RM5,000,000	14	5.6
	RM5,000,001 - RM10,000,000	10	4.0
	RM10,000,001 - RM20,000,000	10	4.0
	RM20,000,001 and above	9	3.6
How much will you increase your investment?*	Less than 50%	115	45.8
	50-100%	103	41.0
	101-200%	28	11.2
	201-500	3	1.2
	More than 500%	2	0.8

Note: *Used for Further Analysis, **Discarded from Further Analysis

Table 3: Financial Factors

Financial Factors	Frequency (n=251)	Percentage (%)
To curb high inflation	185	74%
Increase in disposable income	163	65%
Wealth accumulation	163	65%
Low bank interest	136	54%
Easy access to financing	88	35%
Low real property gains tax (RPGT)	30	12%

These results are shown in Table 3.

With regard to non-financial factors, the majority of the respondents (74%) chose retirement plan as the main motive for investing in property. The obvious reason was that rental income provided regular cash flow, especially to retirees. Another view was when the property appreciation achieved the pre-determined targeted price, investors were able to lock in the profit by disposing the property and keeping the profit for retirement needs. More than half of the respondents (52%) trusted that the developers' incentives such as DIBS/DIRS scheme, freebies like free air-conditioning units and other home appliances and free monthly maintenance fees would further stimulate their investment intentions.

Almost half of the respondents (48%) adopted property investment as part of the financial planning for their children's education fund. Some respondents commented that they were inclined to invest in property whenever they had new members (new-born babies) joining their family. A summary of the results for non-financial factors is shown in Table 4.

Table 4: Non-Financial factors

Non-Financial Factors	Frequency (n=251)	Percentage (%)
For retirement planning	185	74%
Developers' incentive	131	52%
For children's education planning	120	48%
Able to pass to next of kin	45	18%
Influenced by friends/family	45	18%

Factor Analysis

To test the influence of financial and non-financial factors influencing property investment, the respondents were asked a series of questions pertaining to their reasons for investing. A total of 11 items measuring motives of their investment were presented to them. In order to reduce the items to a smaller set of underlying factors, a factor analysis was conducted. Factor analysis is a "data reduction technique used to reduce a large number of variables to a smaller set of underlying factors that summarise the essential information contained in

Table 5: Rotated Component Matrix

	Component		
	1	2	3
High inflation	.772		
Low bank interest	.603		
Wealth accumulation	.603		
Retirement planning	.570		
Disposable income	.540		
Easy to get loan		.744	
RPGT		.647	
Developers' incentives		.513	
Planning for children's education			.817
Pass to next of kin			.738
Cronbach's Alpha	.688	.605	.544

the variables" (Coakes & Steed, 2007, p.122). The rotated component matrix from the factor analysis is shown in Table 5, revealing three underlying dimensions.

For all three factors, items with loadings more than 0.5 were retained, and for items with cross loadings, those with the highest value in a particular component were selected. One item, "influence from family and friends" was deleted as it had cross loadings greater than 0.3 in two categories.

Hence, results of the factor analysis show that there are three main dimensions being measured:

a. **Factor 1** includes items such as inflation hedge, low bank interest, wealth accumulation, retirement income and increase in disposable income, renamed FINANCIAL_MOTIVES.
b. **Factor 2** consists of easy access to mortgage loan, RPGT and developers' incentives, renamed EXTERNAL_MOTIVES.
c. **Factor 3** consists of 2 factors which are planning for children's education and being able to pass to next of kin, and renamed ALTRUISTIC_MOTIVES, as suggested by the literature on bequest motives (e.g. Tomes, 1981).

It can be concluded that Factor 1 represents financial motives, as expected, while Factor 2 and Factor 3 are representations of non-financial motives.

Multiple Regression

We regress GENDER and all three dimensions (FINANCIAL_MOTIVES, EXTERNAL_MOTIVES and ALTRUISTIC_MOTIVES) on the dependent variable, (PROPERTY_INV). Results are shown in Table 6.

The *Adj.*R^2 indicates that 57.4% of variation in residential property investment was explained by the independent variables, suggesting that the model of this study was reasonably constructed.

Table 6: Multiple Regression Analysis

Independent Variables	Standardized Coefficients	t	Sig.
(Constant)	-.276	-1.095	.275
FINANCIAL_MOTIVES	.453	9.247	.000
EXTERNAL_MOTIVES	.413	8.776	.000
ALTRUISTIC_MOTIVES	.110	2.433	.016
GENDER	.043	0.979	.329

DV: PROPERT_INV, R^2=0.582, Adj.R^2=0.574, F=104.424, Sig.=.000

Results indicate that FINANCIAL_MOTIVES, EXTERNAL_MOTIVES and ALTRUISTIC_MOTIVES are significant as all are with p-value that < 0.05. Hence, it can be concluded that financial and non-financial factors are significantly related to individual property investment decisions. However, results show that gender is not a significant determinant of residential property investment. In summary, Hypothesis 1 and Hypothesis 2 are accepted, and Hypothesis 3 is rejected.

CONCLUSION

The results of this study indicate that financial factors, external factors and altruistic factors significantly motivate residential property investment while gender difference is not a significant factor in residential property investment in Malaysia. The latter contradicts the results of Mellish and Rhoden (2009), possibly because women in the Western context are more independent and authoritative in making decisions, and invest in property to gain financial independence. In Malaysia, however, it is highly likely that women investors make property investment decisions together with their spouse or other family members due to male dominance in the Asian household, hence creating insignificant differences in property investment decisions between genders.

When investing in a residential property, location, rentability and vicinity are among the most important factors. Other than that, reputation of the developers and the workmanship and quality delivered by the developers are also important. Other factors that investors would consider are whether the development provides good security for residents, or if they are reasonably priced. This implication will help property developers understand the needs of their potential customers/ investors.

Property investors who invested in properties in the Klang Valley since 2006, had seen handsome profits of 20-80%. Therefore, the majority of investors agreed that property investment is a good wealth accumulation tool. The respondents also concluded that an increase in disposable income would motivate them to invest more as their loan capacity and ability would be improved in proportion to the increase in their income. The research also revealed that the reason for their investment was to obtain a regular income when they retire, as savings in Employees' Provident Fund (EPF) may not be sufficient for their retirement.

The current mortgage loan rate of around 4% is at its historical lowest, and the investors are of the opinion that the interest rate would not change in the near future due to the Quantitative Easing measurement implemented by many countries. Thus, investors believed that this factor is less important compared to the other four financial factors as per discussed earlier.

In terms of the external factors, the developers' incentives, government

RPGT policy and easy access to loan financing were all important factors and these findings supported the findings of previous studies. The developers' incentives are crucial as low down payment, rebates on the down payment, Guaranteed Rental Return (GRR) scheme. Even though the DIBS scheme has been abolished by Central Bank, property developers have creatively introduced the DIRS to replace the DIBS. Therefore it has minimal impact on property investors' investment decisions as the DIRS is considered 'old wine in a new bottle'.

The QE1, QE2 and QE3 measurements by the United States have stimulated many Central Banks of various countries to increase their money supply so as to keep their currency stability against USD. This had led to the huge liquidity in the money market. As a result, Malaysian banks are flooded with liquidity. Furthermore, the recent move by Bank Negara Malaysia of reducing the Statutory Reserve Requirement (SRR) from 4% to 3.50% effective from 1 February 2016 suggests that there will be an increased amount of liquidity in the domestic financial system (Bank Negara Malaysia, 2016), which implies a positive impact on property lending.

The mortgage loan business is considered the safest lending mainly due to three factors. First, the mortgage loans are fully secured by property as collateral with only 70-90% margin given. Second, the risk will be reduced when the property pledged appreciates. Third, the lending risk is reduced over time when borrowers serve their loan instalment, and loan principal would be reduced accordingly. The easy access to mortgage loan has stimulated investment in residential property.

Comparatively, RPGT rate is insignificant in investment decision if the rate is far below the personal income tax of 26%. However, the government had in 2014, revised the RPGT rate to 30% if investors dispose their invested property in the first 3 years, and 20% and 15% respectively if investors dispose the property in the 4th and 5th year. The revision of RPGT may impact the short-term investor who seeks immediate gains after the completion of the property. But in general, the revision of RPGT has less impact as the normal construction period of newly launched property is within 3-4 years. Therefore, the investors would most likely sell the property only after 3-4 years. Hence, they would avoid paying the 30% RPGT. In most circumstances, they would pay 20% if they were to sell in the 4th year, or 15% if they were to sell in the 5th year. Some investors choose to rent out the property for 1-2 years before selling the property. By holding the property more than 5 years, the investors are exempted from paying RPGT.

Other than the financial benefit and non-financial external factors, altruistic factors are also important as they have been considered part and parcel of the Asian culture. Altruistic behaviour in this context is the concern for the welfare of others and unselfish attitude. The research investigated the two factors, i.e. investing for children's future education and being able to pass the property to the next of kin. It has also concluded that these two factors have significantly motivated property investors' decision. Some respondents have included their comments in the questionnaires that they would invest in a new property whenever they have a new-born baby or a new family member. They would sell the property for capital gain when the child reaches the age of 18 years as his education fund. This factor is important in the Asian culture.

There are several limitations of this study. Firstly, due to time and financial constraints, the sampling frame was limited to the four property forums only. As such, the results cannot be generalised to reflect the overall investors in the Klang Valley or even Malaysia. There are also investors who have never surfed online or discussed in the property forums before they invest. Secondly, this research was done by only focusing on residential property, and did not explore investment in other types of property such as commercial property or land. Lastly, this research paper concentrates on individual property investors. Further research could investigate the behaviour of institutional investors and corporate investors, and explore the motivations for investment in other types of properties. ■

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Perception of B40 Income Group Regarding Waqf, Wasiyyah and Faraid Planning in Wealth Distribution

Muhammad Ridhwan Ab. Aziz[1], Mohammad Noorizzuddin Nooh[2], Khairil Faizal Khairi[3], Fuadah Johari[4], Nurul Izzati Nordin[5]

[1234]Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM). [5]Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia.

ABSTRACT

The planning of wealth distribution during an individual's lifetime is an aspect that must be taken seriously by all Muslims. Delays and failures in the distribution of wealth can create negative implications from the legal, economic, religious and social standpoints. In fact, the issue of wealth distribution is not an isolated issue in the Muslim community due to the fact that every year there are a growing number of frozen assets. Therefore, the purpose of this paper is to examine the perception of planning of wealth distribution among the B40 income group. A survey of 382 respondents was conducted in order to gauge the perception. The findings of this study found that in the B40 group, individuals who earned RM1,001 - RM2,999 were the majority who had wrong perceptions towards the need for planning wealth distribution, followed by individuals who earned RM1,000 and below per month. This study contributes to the understanding that the B40 income group is the one that does not plan wealth distribution through waqf, wasiyyah and faraid mechanisms.

Keywords: Faraid, Islamic Finance, Waqf, Wasiyyah

INTRODUCTION

Owning property is a basic necessity for an individual's life. In fact, Islam does not prohibit its followers from acquiring and collecting property in order to achieve the pleasure in this world and the hereafter. However, the property owned by individuals should be managed properly so that it does not create adverse effects on the owners and the heirs in the future. In fact, the requirement to plan and manage property during one's lifetime is one of the teachings of Islam. This is in line

Correspondence: dr.ridhwan@outlook.com

with the essence of surah Al-Nisa' verse 9 that asserts the need for planning for the future of the family.

While tabling the Eleventh Malaysian Plan (EMP) in Parliament in May 2015, the Malaysian Prime Minister stated that increasing household income for the B40 group is one of the priorities (Eleventh Malaysia Plan, 2015). According to the Household Income and Expenditure Survey (2014), the term B40 households refers to households with income up to RM3,855 (Department of Statistics Malaysia, 2015). As reported by the Prime Minister, more focus will be given to increasing the average monthly household income of the B40 group by the year 2020. Thus, it is important to study the perception of this group towards planning wealth distribution; otherwise, the issue of frozen assets will become worse each year. Therefore, the B40 group is the main focus in this research in order to study their perceptions of planning wealth distribution.

Basically, wealth distribution in Islam can be defined as an act of passing on assets through Islamic will and trust and it is one of the disciplines under the scope of wealth management in the Islamic financial sector. However, in Islamic financial planning and wealth management, wealth distribution is the most controversial subject concerning the economic life of man (*Muhammad Ridhwan Ab. Aziz et. al., 2014*).

Planning of wealth distribution should take into consideration two elements of times: planning of wealth distribution before death and planning upon death. There are various types of instruments applied in managing and planning wealth distribution that follow Shariah rules as shown below:

Table 1: Summary of the Application of Estate Planning Tools During Lifetime and Upon Death

No.	Created and Effected During Lifetime	Created During Lifetime, Effected Upon Death
1.	*Zakat*	*Zakat*
2.	*Hibah*	*Hibāh*
3.	Trust	Trust
4.	Charitable donations	Charitable donations
5.	*Waqf*	*Waqf*
6.	Power of Attorney	Power of Attorney
7.	Matrimonial Property *(Harta Sepencarian)*	Matrimonial Property *(Harta Sepencarian)*
8.		*Faraid*
9.		Will, *Wasiyyah* and *Wisayah*

(Source: Amir Bahari, 2014)

The number of frozen assets is increasing yearly at an alarming rate. According to Cambridge Dictionaries Online, a frozen asset is an asset that cannot be sold because of a government or court order, or an asset that does not produce income (2/12/2015). It is estimated that RM66 billion in assets was turned into frozen assets due to the deceased as well as his or her heirs.

Basically, frozen assets occur after the death of the owner. When assets are declared as frozen assets, it will take a lot of procedures and a longer time to settle unless the deceased has planned how to distribute the assets to his or her heirs.

Therefore, based on the issue of the increasing number of frozen assets, the purpose of this study is to investigate the perception of the B40 group towards planning of *waqf, wasiyyah* and *faraid* in wealth distribution. This paper is divided into four sections which are introduction, literature review, research methodology and findings of this study.

LITERATURE REVIEW

The perception of Malaysian Muslims towards planning wealth distribution also has an influential role in the issue of frozen assets nowadays. Perception is a study of the pattern of recognition. Some scholars state that perception relies directly on the information present in the stimulus while some of them argue that perceptual process is not direct, but depends on the perceiver's expectations and previous knowledge as well as the information available in the stimulus itself (Saul McLeod, 2007).

According to Alma'amun (2010), who conducted the study on "Islamic Estate Planning: Analysing the Malaysian Perceptions on *Wasiyyah* (will) and Bequest practices", cultural values or behavioural norms are expected to play important roles in shaping individual perception of estate matters. Further findings from her study found that the main problem with Malaysian Muslim culture is the belief that *wasiyyah* is mandatory and overrides *faraid*.

Pertaining to perception of wealth distribution, Malaysian Muslims have misunderstood and have a misconception regarding this matter. They have the perception that the function of Islamic estate planning only comes into play when there is the intention and planning to make a wasiyyah for the purpose of charity or for non-heirs (Ahmad & Peyman, 2008). It seems that only those who leave their estates to their heirs and probably those who receive the inheritance are aware of the importance of Islamic estate planning (ZAR Perunding Pusaka, 2004a; ZAR Perunding Pusaka, 2004).

The wrong perception pertaining the planning of wealth distribution goes deeper to the extent that they believe the *faraid* system is already in existence to ensure the entitlement of the shares and it is obligatory in the sense that the provision in *faraid* should be strictly followed. Therefore, most of them think estate planning is not necessary for Muslims (ZAR Perunding Pusaka, 2004a; ZAR Perunding Pusaka, 2004c; Hassan and Yusop, 2006).

Furthermore, it is because most Malaysian Muslims feel that estate planning is not too important as they feel that estate planning is only for the wealthy and the rich (Hassan, 2005; Hassan & Yusop, 2006; Fatin & Mohammad, 2011). The majority have the perception that term estate only refers to super-rich people. But the fact is an estate can comprise a house and several thousand Ringgit or a car. Horkey (2009) who conducted a study in the US found that many Americans have the perception that estate planning is only for the wealthy.

According to Lupton, Joseph and James (2003), marriage or divorce, having children and grandchildren might change a person's perception. In other words, changes in family structure may affect a person's perception of the importance and necessity of planning wealth distribution.

METHODOLOGY

The research methodology used to carry out this study was the quantitative method through the use of questionnaires. The questionnaires were distributed to a sample of 382 respondents in Malaysia. This study solely focuses on respondents who belong to the bottom 40 per cent household income group (B40 households). According to the Household Income and Expenditure Survey (2014), B40 households refer to households with income up to RM3,855 and this group is the most vulnerable group in the country. Thus, a total of 317 respondents or 82.98% of 382 were studied. The sampling procedure adopted for this research was simple random sampling. Each respondent was required to answer close-ended questions to identify perception of planning of Islamic wealth distribution using *waqf, wasiyyah* and *faraid* concepts.

This study used SPSS (Version 20) in order to perform descriptive analysis and reliability analysis. Frequency analysis was used to extract the percentile of the respondents' demographics in terms of their gender, age, marital status, education level, job, income and total assets. Mean and standard deviation were computed for descriptive analysis. The reliability test was used to examine the internal consistency. Further, a cross tabulation analysis was also employed for the current study to measure the relationship between the variables.

RESULTS AND FINDINGS

Respondents' Profile

As presented in Table 1, 52.1% were male and 47.9% were female. In terms of age, the majority of respondents (31.9%) fell in the range of 26-36 years, followed by 48-58 years (23.3%) and 37-47 years (22.3%). With regard to ethnic background, about 95.3% of the respondents were Malay and 4.7% were non-Malay. This is not surprising as Malays comprise the largest ethnic group and constitute the majority of Muslims in Malaysia. In terms of marital status, 70.9% were married and 29.1% were single. As for education level, the results show that the majority of the respondents (53.4%) had a diploma or a bachelor's degree, 36.1%

of the respondents had SRP, SPM or vocational qualifications. Only 6.8 % had a master's degree or a PhD.

The majority of the respondents (84.8%) were employed. Out of this, those who were working in the private sector formed the largest group (38.5%), followed by those who were working in the public sector (25.1%) and 21.2% were self-employed. 5.2% of the respondents were retired. As for the income level of the respondents, the results show that 40.3% of respondents earned between RM1,001 – RM2,999 per month, followed by 23.3% who earned RM1,000 and below. Combined together, the respondents in these two income groups represent approximately 63.6% of the total sample.

Table 1: Profile of Respondents

Demographic		n	%
Gender	Male	199	52.1
	Gender	183	47.9
Age	< less than 25 years	52	13.6
	26 – 36 years	122	31.9
	37 – 47 years	85	22.3
	48 – 58 years	89	23.3
	> 58 years	34	8.9
Marital Status	Single	111	29.1
	Married	271	70.9
Ethnicity	Malay	364	95.3
	Chinese	5	1.6
	Indian	4	1.0
	Others	8	2.1
Education Level	No formal education	6	1.6
	Primary School	8	2.1
	SRP/SPM/Vocational	138	36.1
	Diploma/Bachelor	264	53.4
	Masters/PhD	26	6.8
Types of job	Unemployed	19	5.0
	Housewife	19	5.0
	Self-employed Businessperson	81	21.2
	Government servant	96	25.1
	Employed in the private sector	147	38.5
	Retired	20	5.2
Monthly income	RM1,000 and below	89	23.3
	RM1,001 - RM2,999	154	40.3
	RM3,000 - RM4,999	74	19.4
	RM5,000 and above	65	17.0

Table 2: Reliability Analysis

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
0.837	Hibah

RELIABILITY ANALYSIS

Table 2 demonstrates the results of the reliability test, whereby the Cronbach's Alpha for reliability coefficient is obtained. The variable of perception towards planning waqf, wasiyyah and faraid is 0.837 and is considered acceptable for measurement in this study. The reliability of the measure indicates the internal consistency of the instruments and to measure the reliability level of the data collected.

DESCRIPTIVE ANALYSIS

Figure 1 below shows the results of the perception of the B40 group with regard to waqf, wasiyyah and faraid in planning wealth distribution. Five statements were constructed to study the perceptions of planning wealth distribution among the B40 group. Based on the results, 156 out of the 382 respondents stated they strongly agreed with the statement 'Planning wealth distribution is only for rich and established people'. 140 respondents strongly agreed with the statement 'Planning wealth distribution is only relevant for old people' while 85 strongly agreed with the statement 'Cost of planning wealth distribution is very expensive'.

There were more than 160 "agree" responses to each of the statements. 178 responded that they agreed with the statement 'Planning wealth distribution is only relevant for those who are married, have a family and not for single persons'. 174 agreed that 'Planning wealth distribution is only relevant for old people' while 164 agreed with the statement 'Planning wealth distribution is only for rich and established people'.

As for "neutral" responses, the majority (128) of the respondents gave the "neutral" response to the statement 'Cost of planning wealth distribution is

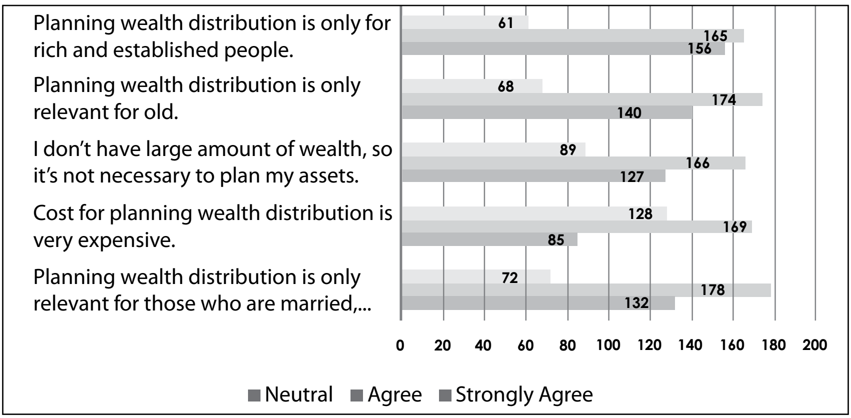

Figure 1: Descriptive Analysis (in frequency)

very expensive' while the lowest number of "neutral" responses (61) were for the statement 'Planning wealth distribution is only for rich and established people'.

Figures 2, 3, 4, 5 and 6 show the results of cross tabulation between all items for perception and the B40 income group. Figure 2 shows that the majority (154 respondents) earned between RM1,001 – RM2,999, followed by 89 respondents who earned below RM1,000 per month. Pertaining to the responses to the statement 'Planning wealth distribution is only for rich and established people', 61 respondents or 16.0% of the total of 382 respondents gave the "neutral" response (24 respondents with income less than RM1,000 per month followed by 23 respondents who earned RM1,001 – RM2,999). The majority of respondents i.e. 165 or 43.2% responded "agree". Out of this, 75 respondents were those who earned RM1,001 – RM2,999; 35 earned RM3,000 - RM4,999; 32 earned RM1,000 and below, and 23 earned RM5,000 and above. Lastly, 156 or 40.8% of the respondents strongly agreed with the statement (56 who earned RM1,001 – RM2,999; 34 earned RM5,000 and above; 33 earned RM1,000 and below; and 33 earned RM3,000 - RM4,999).

Figure 3 shows cross tabulation results for the item 'Planning wealth distribution is only relevant for old people'. The majority (25 respondents or 14.9%) gave the "neutral: response. These comprised those with monthly income of RM1,001 - RM2,999. This was followed by 23 or 25.8% of respondents who earned RM1,000 and below. Only 9 or 13.8% of the respondents who gave the "neutral" response were those with monthly incomes of RM5,000 and above. 174 respondents responded "agree" to the statement: 80 of them (51.9%) were those with monthly incomes of RM1,001 - RM2,999; 37 (41.6%) earned RM1,000 and below while 25 respondents (38.5%) earned RM5,000 and above. Lastly, 140

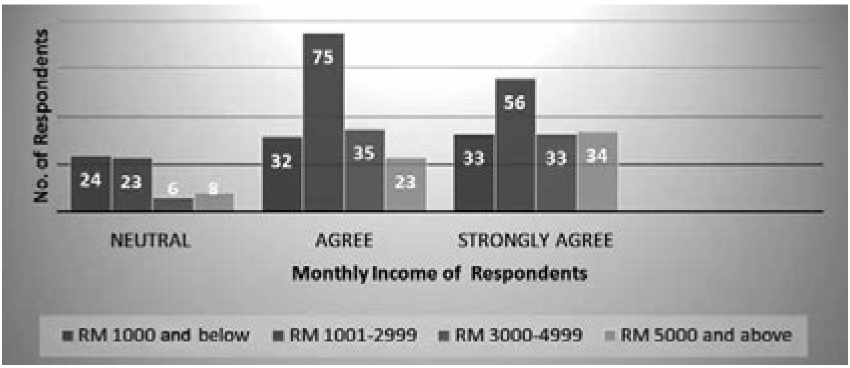

Figure 2: Cross tabulation between 'Planning wealth distribution is only for rich and established people' the B40 income group and other income groups

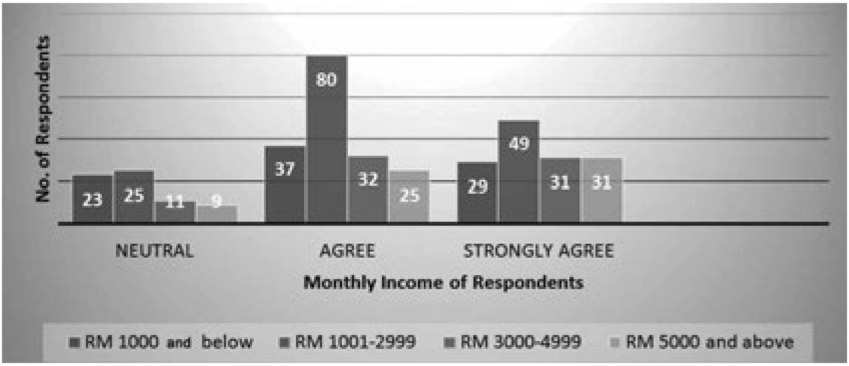

Figure 3: Cross Tabulation Between 'Planning Wealth Distribution is only Relevant for old people', the B40 income group and other income groups

respondents responded "strongly agree" to the statement. These consisted of 49 or 31.8% of respondents with incomes of RM1,001 - RM2,999, followed by 31 or 47.7% each for those who earned RM3,000 - RM4,999 and RM5,000 and above.

Similar to the results in Figure 2, respondents from the RM1,001 - RM2,999 income group were the majority for all responses. As shown in Figure 4, majority of respondents (84 respondents or 54.3%) agreed with for the statement 'I don't have large amount of wealth, so it's not necessary to plan my assets'. These were those in the RM1,001 - RM2,999 income group. The majority of respondents who gave the "neutral" response were in the RM1,000 and below income group (32 responses or 36.0%) while the majority of respondents who agreed strongly with the statement were those in the RM3,000 - RM4,999 income group (33 respondents or 44.6%) and those in the RM5,000 and above income group (47.7%).

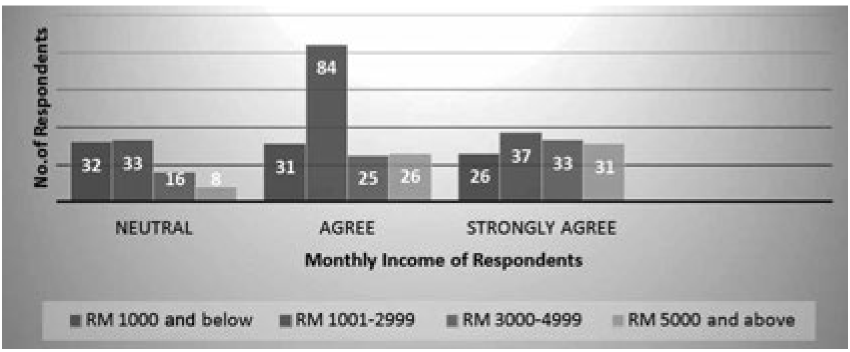

Figure 4: Cross tabulation between 'I don't have large amount of wealth, so it's not necessary to plan my assets', the B40 income group and other income groups

Figure 5: Cross tabulation between 'Cost of planning wealth distribution is very expensive', the B40 income group and other income groups

Figure 5 shows the cross tabulation results between the statement 'Cost of planning wealth distribution is very expensive', the B40 income group and other income groups. The majority of respondents in all income groups responded "agree"; 75 respondents (48.7%) from the RM1,001 - RM2,999 income group; 34 respondents (38.2 per cent) from the less than RM1,000; 31 respondents (41.9%) from the RM3,000 - RM4,999 income group; 29 respondents (44.6%) from the more than RM5,000 income group. While the lowest responses goes to strongly agree, the highest responses were from respondents from the RM1,001 - RM2,999 income group (29 responses or 18.8%).

Figure 6 shows cross tabulation results for the statement 'Planning wealth distribution is only relevant for those who are married, have a family and not for single persons', those in the B40 income group and other income groups. Of those who agreed with the statement, the majority (78 respondents or 50.6%) comprised those

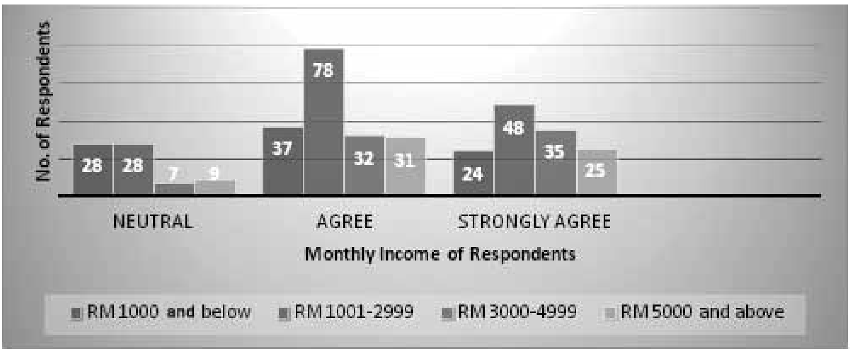

Figure 6: Cross tabulation between 'planning wealth distribution is only relevant for those who are married, have a family and not for single persons', the B40 income group and other income groups

in the RM1,001 - RM2,999 income group; 37 respondents (41.6%) in the RM1,000 and below income group; 32 respondents (43.2%) in the RM3,000 - RM4,999 income group; and 31 respondents (47.7%) in the more than RM5,000 income group. 75 respondents gave "neutral" responses. Of these, 28 respondents (31.5%) were in the below RM1,000 income group and in the RM1,001 - RM2,999 income group. 48 (31.2%) respondents in the RM1,001-RM2,999 income group strongly agreed with the statement as compared to 35 respondents (47.3%) in the RM3,000 - RM4,999 income group.

DISCUSSIONS AND IMPLICATIONS

From the cross tabulation analysis above, the findings reveal that the most influential B40 income group is in the range of between RM1,001 to RM2,999. This income group agreed to all those five parameters constructed to prove that they have wrong perceptions about planning for wealth distribution. One of the reasons that this group of people contribute to the most influential to all parameters is because this group of people are the majority of respondents. Another set of cross tabulation among income group between RM1,001 – RM2,999 with the profile background found that, majority of them are male, married, aged between 25–35 years, are Malays, have a diploma or degree and work in the private sector. Thus, the policy implication from this research would suggest that the importance of planning for wealth distribution should be emphasized to this group of people. It is important to provide education on the importance of planning at an early age or as soon as these people get their steady job to plann ahead and avoid uncertain consequences in future. The importance of planning is stated by Allah S.W.T in Surah al-Ra'd verse 42 as translated *"And those before them did indeed make plans, but in all things the master-planning is Allah's"*.

CONCLUSION

The results demonstrated above show that a majority of the B40 group have wrong perceptions about planning for wealth distribution. The majority of them perceive planning for wealth distribution as suitable only for those who are rich, old and have children. Besides that, they also think the cost of planning wealth distribution is very expensive and it is not worth the amount of property they own. Therefore, the suggestion is that authorized parties, NGOs and educational institutions take serious action in order to create positive perception among the B40 group regarding the planning of wealth distribution so that they will have a good perception of it in the future. Among the activities that can be introduced are public awareness campaigns, programmes for Muslims in mosques, schools and universities. It can be done through the mass media such as television, radio and social media since it is fastest medium to convey information. However, the government and authorized parties must ensure that the information on the planning of wealth distribution is correct and accurate. Delays and failures in the distribution of wealth may create negative implications from the legal, economic, religious and social standpoints and finally cause a growing number of frozen assets. The study concludes that the root cause of this problem is the low level of basic understanding and knowledge among the public.

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Household Indebtedness Determinants in ASEAN Developing Countries

[1]Catherine S F Ho, [2]Siti Amanah Mainal
[1, 2]Arshad Ayub Graduate Business School,
Faculty of Business Management, Universiti Teknologi MARA, Shah Alam, Selangor.

ABSTRACT

Household indebtedness problem is known to have caused economic slowdown and even financial crisis resulting in global financial instability. High level of household debt not only results in social and family predicaments but also emotional and psychological stress. This study analyses the determinants of household indebtedness in five ASEAN countries: Malaysia, Singapore, Thailand, Philippines and Indonesia. The two major group of determinants include macroeconomic fundamentals: interest rate, inflation rate, housing price and employment rate; and country specific factors: household income, working age population, retiring age population, consumer consumption and household savings. The study applies econometric analysis to ascertain the significance of the macroeconomic fundamentals and country specific determinants on household indebtedness. Unit root tests were carried out to prevent spurious regression. Empirical evidence suggests that in developing ASEAN countries, the level of household debt is significantly affected by macroeconomic fundamentals including interest rate, inflation rate and unemployment rate but the country specific factors are not found to be significant.

Keywords: Country Specific Factors, Household Indebtedness, Macroeconomic Factors

JEL Classification: E20, E21

INTRODUCTION

Household indebtedness has escalated substantially in many developed and developing economies over the recent decades. Household debt has become more serious as many bankruptcy cases and social problems arise due to the inability to repay the huge commitment by households. It is therefore vital to investigate the factors that lead to the rise in these debts. There are many issues that would arise when household debt increases in the context of household repayment difficulties, financial insolvency stress and

Correspondence: [1]catherine@salam.uitm.edu.my

bankruptcy. In addition, financial and social problems usually surface in households with large debt burden. Bankruptcy can be seen among young executives and most of them are below the age of thirty-five (Azmi & Madden, 2015). The ease of acquiring and uncontrollable use of credit cards has brought about many side effects when it resulted in excessive expenditure incurred. This is because it is convenient for users to pay with credit cards without considering affordability. As young adults have just started to work and earn only a fixed salary, easy credit results in excessive spending without their realizing the consequences of their actions.

Many cases of family breakups or divorces are also related to individual and household debt crisis. Heads of households become stressful and emotional due to debt problems as they struggle to pay back borrowings, which may lead to family misunderstandings. In addition, the relationship between family, friends, and relatives would also be affected by stress and emotional changes such as temper flare-ups, lack of communication, preferring to be left alone and not getting along with those around them as well as reduced self-esteem. With the lack of understanding and communication, there are many issues of divorce and family breakups.

Loss of employment is another negative effect of rising household debt. The ability of the individual to find a job is much reduced as employers may seek financial clearance of the candidate if they have ever filed for bankruptcy. Even if it has been a long time since one was declared bankrupt, one must still disclose the information or they might risk having their employment terminated for trying to hide personal history. In the general case of buying or renting property, the owner may also check the tenant's credit record before the lease offer. Many rental property owners are not willing to provide housing to individuals with a history of bankruptcy due to the higher level of default risk involved.

Among the lower income households with lower salary per month, it is not uncommon to find them resorting to borrowing from illegal sources. This group has a higher possibility of borrowing illegally because of their financial hardship, especially in developing ASEAN countries. When borrowers are unable to pay their debts, the creditors may try to get back their money in a criminal manner and this includes extortion, threat to murder, kidnapping, and other means.This would lead to social problems as well as a rise in crime rates.

The decline in consumption by households can decelerate the country's economic system in times of inflation when consumer income does not keep up with rising costs. Households which have higher debt would need to save more in order to reduce their liability. When prices of goods increase, they consume less and hence less money is being circulated in the financial system, which may lead to economic slowdown. The weak demand from households reduces total spending, leading to jobs disappearing and therefore higher unemployment rate while human resources are not appropriately utilized, drastically affecting the economy as a whole.

A study by Drentea & Reynolds (2012) concluded that depression, anxiety and anger are common experiences of too much debt within the households. Meanwhile, social implications such as psychological distress (Brown, Taylor & Wheatley, 2005); marital instability (Sullivan, Warren & Lawrence, 1995); divorce (Fisher & Lyons, 2006) and even suicide contemplation (*Meltzer et. al, 2011*) can be the results of too much household debt. Excessive household debt triggered the global financial crisis in the United States that resulted in severe worldwide financial instability. Lund & Roxburgh (2010) revealed that the debt issue is not just particular to any one country but is a global problem with high leverage levels in various sectors of developed and developing countries. In the current challenging financial environment, household debt is still escalating, hence causing high levels of financial anxiety. The challenge of paying down debt, be it housing, automotive, education or credit cards can be overwhelming especially in a weak financial environment.

Meanwhile, the household debt situation in some emerging ASEAN countries has also denoted substantial increase for the past few years (Nakornthab, 2010). In emerging ASEAN countries, the increasing trend of household debt relative to disposable income has been worrisome. According to the McKinsey Global Institute, Malaysia emerged as the country with highest household debt in the region with 146% of household debt to income; South Korea at 144%; and Thailand at 121% in 2014 (McKinsey Global Institute, 2015). U.S. household debt to income ratio was 130% when the subprime crisis began.

Recent statistics from the World Bank Data (2015) also revealed that Malaysia and Thailand have the highest proportion of the household debt to GDP at 124% and 155%, respectively. The rate for Singapore, the Philippines and Indonesia are 129%, 39% and 38%, respectively as shown in Figure 1. This information explains that total loan taken by households in Malaysia is on average 1.24 times its GDP. This figure is high relative to the other developed countries including Japan and Germany. The Philippines and Indonesia seem to have relatively lower debt and this could be due to their slower rate of growth or credit culture. There is however greater risk of not being able to pay off debt if the rate of growth continues to increase tremendously. On the one hand when households spend using borrowed money, it would directly boost the economic growth but at the same time it would also slow down the economy when households

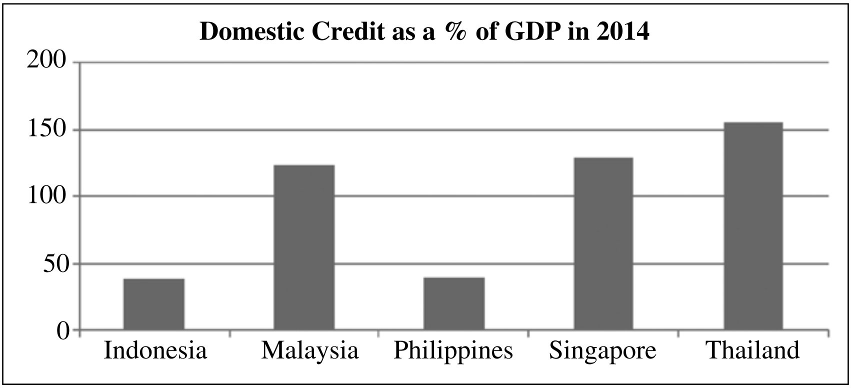

Figure 1: Household Domestic Credit as a Percentage of GDP in 2014
Source: World Bank Data (2015)

are unable to payback their loans. It has always been a double edged sword and thus ensuring sustainable leverage level of households in each country is vital for the management of a country's economic fundamentals.

This study therefore aims to investigate the significant fundamental and country specific determinants that influence household debt for a group of developing ASEAN countries, Malaysia, Singapore, Indonesia, the Philippines and Thailand.

LITERATURE REVIEW

The level of household debt has increased through the last decade and has led to drastic consequences on the economy when the ability to repay debt falls. General consumer consumption and appetite for financing can be explained by the macroeconomic and life-cycle theories of consumer behaviour. Keynesian economists postulate that increasing consumption results in increasing economic activity and growth, a macroeconomic effect. Creative innovations to consumption practices over the past few decades have however potentially proved hazardous. Overall global consumption has increased at a much faster pace than disposable income while domestic savings have remained relatively constant or even declined. It can be narrowed down to have been caused by a drastic increase in consumption through relatively cheap credit and households are consuming beyond their means. Macroeconomic fundamentals in accordance with Keynes which are included in this study are interest rate, inflation rate, unemployment rate, house price index and consumer consumption.

The life cycle theory hypothesizes that household savings and consumption reflect the life-cycle stage of the household and that consumption is a linear function of available cash and the discounted value of future income (Ando & Modigliani, 1963). If income increases during working years and declines at retirement, households tend to borrow when they are young, save during the middle age and spend down during retirement (Yilmazer & Devaney, 2005). Thus, the level of household debt would increase during the younger years and decline later. For the life-cycle model, this study includes household disposable income, working age population, retiring age population and household savings. The concerns over the rising household debt and its determining factors are also examined by Soman & Cheema (2002), Debelle (2004), Hurst & Stafford (2004) and Dynan & Kohn (2007). The next section provides a summary of literature on various determining factors of household indebtedness.

INTEREST RATES

The increase in household borrowing is highly related to interest rates. Barnes & Young (2003) who conducted a study on the United States (U.S.) concluded that much of the rise in household debt in the 1990s can be explained by the interest rate factor. This factor also contributed to the increase in U.S. household debt especially during the early 1970s. Wadhwani (2002) stated that at any given household income, a decline in nominal interest rates eventually allows an increase in the maximum amount a financial institution could lend to households. This means that the decline in interest rate can significantly raise the amount of household borrowings. When banks offer cheaper borrowing, it would indirectly increase total borrowings by individuals and households. Much of the boost in household borrowing can thus be explained by the combination of declining interest rates, in both real and nominal terms and financial deregulation. Households would reduce their borrowing relative to the unexpected rise in interest rates later (Barnes & Young, 2003; Turinetti & Zhuang, 2011). It is expected that there exists a negative relationship between interest rate and household debt.

INFLATION RATES

Inflation rate is also one of the determinants of household consumptions and debt due to its effect on purchasing power. Debelle (2004) examined the influence of inflation, taxes and debt-service constraints on aggregate household debt levels and discovered that changes in inflation and liquidity constraint can result in changes in debt. The study found that lower inflation rates resulted in smaller upfront payments on mortgages, thus inflation rates declined less rapidly over the life of the loan, as the real value of the debt is eroded more slowly. Borrowers tend to spend as they have higher purchasing power, hence this behaviour would provide upward pressure on household debt levels. In summary, the decline in inflation has two effects on household borrowing. Firstly, the reduction in borrowing costs has allowed a greater number of households to borrow and therefore increase the average level of debt per household. Secondly, with lower inflation, the real value of the debt (which is fixed in nominal terms) is not eroded as quickly. Thus, if inflation rates fall, the associated decline in nominal borrowing rates allows households to borrow larger amounts for a given limit of debt service. On the other hand, there exists negative relationship between purchasing power and the level of household debt since people are more likely to save when inflation rates increase, resulting in lower household debt.

HOUSEHOLD INCOME

According to Crawford & Faruqui (2012), household debt is closely related to household income since household demand for housing is positively significant with income. When household income increases, household debt would increase especially for households with mortgages. On the other hand, Girouard, Kennedy & Andre (2007) reported that households with the highest income would always engage in borrowing exceeding 80 percent of income resulting in higher borrowing than the lower household income group. Household income is positively related to household debt since the highest household income group demands more borrowing. However, the largest proportion of total debt is collectively owed by the lower household income group.

Debelle (2004) investigated the characteristics of household debt in Sweden and found that 40 per cent of total debt is from the high income households. In the U.S. three quarters of the highest income household group has mortgages compared to the 14 per cent of the lower income group. The highest debt to income ratios is from the lower end of the income distribution which consists of new home-buyers from younger households. This is because these are new younger families that have just started paying for their mortgages. Furthermore, the largest and most significant negative shock to household income is unemployment as it would be difficult to maintain mortgage payments through a period of joblessness.

HOUSE PRICES

Researchers have also found that one of the other significant determinants of household debt is house prices and this is a common factor that influences the rise of household debt for most countries. A study by Turinetti & Zhuang (2011) indicated that house prices measured by housing price index has positive effect on household debt. When house prices increase, household debt would also increase. In order to purchase a house, consumers need to take up loans and hence household debt is directly affected. In addition, Meng & Mounter (2009) concluded that during a period of rising house prices, households would have to borrow more due to higher house cost. Another research by Jacobsen & Naug (2004) indicated that when houses are sold at a higher price, household debt would rise. The strong growth in debt is often attributed to rising house prices and high turnover in the housing market resulting in increasing household debt. Furthermore, Nickell (2004) also found that there is an empirical relationship between household debt and house prices whereby a rise in house prices increases household spending, leading to an increase in household debt.

UNEMPLOYMENT RATE

Another important determinant of household debt is the unemployment rate experienced by each country. A study by Hurst & Stafford (2004) found that households that experienced unemployment between 1991 and 1996 and who had zero liquid assets going into 1991 were 25 per cent more likely to refinance their mortgages compared to others. This means that when the unemployment rate rises, it would increase household debt due to lack of financial sources to repay their borrowings in the shorter term.

Similar to Turinetti & Zhuang (2011), there is an indirect correlation between unemployment rate and household debt across countries as stated by Bloxham & Kent (2009). The study found that if unemployment rate declines, household debt increases due to higher spending of the households. Reducing unemployment represents higher ability of each household to pay back their borrowings, thus increases in unemployment rate results in declining household debt. Generally, the literature review provided mixed findings on the effects of unemployment on debt levels.

WORKING AGE POPULATION

The percentage of working age population to total population measures the impact of demographics on the household debt. A higher percentage of working age population resulted in an increase in household debt according to Turinetti & Zhuang (2011). The increase in working age population is likely to lead to higher consumption and borrowing, hence increasing household debt. Furthermore, *Girouard et. al, (2007)* postulated that household debt would increase among young households or households in the middle age groups, consistent with the predictions from the life cycle theory of consumers' behaviour. This means that working age households would increase their borrowing, leading to a rise in household debt. Employment during working age improves household ability to repay debt accordingly.

RETIRING AGE POPULATION

Retiring age population is another determinant of household debt whereby a higher percentage of retiring age population relates to a lower level of household debt, as the retiring age population is assumed to be more conservative about consumption and borrowing than others (Turinetti & Zhuang, 2011). Countries with a higher percentage of retiring age population would find a fall in household debt due to the barriers of payment ability for their debt. A study by Yilmazer & Devaney (2005) indicated that the likelihood of holding debt decreases as the age of the household increases. In contrast, Marmon (2003) found that the easy availability of credit and rising medical costs are cited as the reasons for today's older households maintaining high levels of debt. It is also argued that retiring age population would sometimes face higher debt especially in terms of their medical cost if they lack savings, thus increasing household debt. In summary, the findings are not conclusive as to the effects of retiring age population on debt.

AGGREGATE CONSUMER CONSUMPTIONS

Girouard et. al, (2007) examined the relationship between household balance sheet and consumer durables expenditure. They concluded that consumer consumption has positive relation with household debt. When households increase their expenditure, their debt would also increase. On the other hand, Jakubik (2011) applied gross domestic product (GDP) as a measurement of consumer consumption and confirmed that consumption influenced household insolvencies. The study confirmed that an increase in household insolvency is caused by a decline in nominal wages as well as an increase in unemployment and consumption. Household spending is positively related to household debt so when households spend more, household debt automatically increases.

HOUSEHOLD SAVINGS

Berry, Williams & Waldron (2009) postulated that household savings is the balance between current income and current consumption. The theory of modern savings explains that household spending is related to their expected permanent-income. If household income increases now rather than in the future, households start to save now. Household savings and household debt are therefore negatively related to each other since when households increase their savings, their borrowings decrease.

There are many factors which lead to reduced household savings, such as interest rate, unemployment rate, and rising asset prices. Harris, Loundes, & Webster (2002) stated that household disposable income is the most important factor influencing household savings. Higher income increases household savings and it leads to decreasing household debt. There is therefore negative relation between household savings and household debt. Nevertheless, the ability of incurring debt increases when income and savings increase. In summary, the compilation of findings from the literature review has been mixed and it prompted this study to explore the effects of macroeconomic and country specific factors on household indebtedness, especially in ASEAN developing countries.

Table 1: Variables and Measurement

VARIABLES	PROXY	MEASUREMENT	EXP RELATION
Household debt (HHD)	Loan outstanding to households	$(HHD_1\text{-}HHD_0)/HHD_0$	-
Interest rate (IR)	Bill Lending Rate	$IR_1\text{-}IR_0$	-
Inflation (INF)	Consumer Price Index (CPI)	$(CPI_1\text{-}CPI_0)/CPI_0$	-
Housing price index (HPI)	Housing Price Index	$(HPI_1\text{-}HPI_0)/HPI_0$	+
Unemployment (UR)	Unemployment Rate	$UR_1\text{-}UR_0$	+/-
Household income (HDI)	Household Disposable Income	$(HDI_1\text{-}HDI_0)/HDI_0$	+
Working age (WAP)	Working Age Population	$(WAP_1\text{-}WAP_0)/WAP_0$	+
Retiring age (RAP)	Retiring Age Population	$(RAP_1\text{-}RAP_0)/RAP_0$	+/-
Consumer Consumption (CC)	Gross Domestic Product (GDP)	$(GDP_1\text{-}GDP_0)/GDP$	+
Household savings (HS)	Household saving	$(HS_1\text{-}HS_0)/HS_0$	+/-

DATA AND METHODOLOGY

The investigation on household debt of five ASEAN countries which include Malaysia, Indonesia, Singapore, Philippines and Thailand is from 1990 to 2012. Time series secondary data was collected from Central Banks, Department of Statistics, World Bank (WDI), EIU Country Data, Global Market Information Database (GMID) and International Monetary Fund (IMF). The data series for each factor and their expected relation are shown in Table 1.

This study investigates the effects of macroeconomic as well as country related determinants on household debt as follows:

$$HHD_{it} = c + d_1IR_{it} + d_2INF_{it} + d_3HPI_{it} + d_4UR_{it} + d_5HDI_{it} + d_6WAP_{it} + d_7RAP_{it} + d_8CC_{it} + d_9HS_{it} + \lambda$$

In order to ensure that the variables exhibit stationarity so as to prevent the model from producing spurious regression results, the variables were transformed through the measure of computing the percentage changes. This study utilised the Augmented Dickey-Fuller (ADF) unit root tests to confirm that the time series applied in this study is stationary and the results are presented in Table 2. Variance Inflation Factor, White tests and Newey-West corrections were performed for any issue relating to multicollinearity, autocorrelation or heteroscedasticity.

Table 2: Unit Root Test for Five ASEAN Countries

VARIABLES	MALAYSIA	INDONESIA	THAILAND	PHILIPPINES	SINGAPORE
HHD	-3.150**	-3.513**	-5.287***	-3.565**	-3.360**
IR	-4.797***	-5.140***	-4.822***	-6.343***	-4.819**
INF	-6.673***	-5.049***	-5.319***	-7.575***	-4.586***
HPI	-2.657**	-3.739**	-5.073***	-3.365**	-5.376***
UR	-3.737***	-3.930***	-3.225***	-6.592***	-5.190***
HDI	-4.446***	-3.486**	-2.880**	-4.988***	-4.145***
WAP	-6.240***	-4.629***	-5.184***	-7.487***	-4.570***
RAP	-1.974	-3.366***	-5.183***	-4.523***	-2.714**
CC	-5.537***	-4.139***	-3.225**	-3.743***	-4.125***
HS	-3.828***	-4.669***	-6.269***	-4.262***	-3.079**

Note: ADF tests the time series with the null hypothesis that there exists a unit root and is not stationary. *, ** and *** denotes statistical significance at 10, 5 and 1%, respectively.

FINDINGS

The empirical evidence on the determinants of household debt for the group of ASEAN countries is provided in Table 3. Results for Malaysia indicate that disposable income and household savings have significant positive relation with household debt. When disposable income and household savings increase, households are in a better financial position to acquire assets, thus increasing the level of debt. In contrast, this study finds significant negative relation between consumer consumption and household debt where consumption falls when household debt increases. This may indicate that when

Table 3: Household Debt Results for ASEAN Countries

VARIABLES	MALAYSIA	INDONESIA	THAILAND	PHILIPPINES	SINGAPORE
IR	-0.043	0.212	0.032*	2.879*	0.001
INF	0.014	-1.667***	-0.022**	-37.177**	0.057
HPI	0.054	-0.387	0.032**	19.227	-0.474
UR	-	0.876	0.643**	-2.739	-0.256**
CC	-0.004*	-0.021	1.122	5.011	-0.369
HDI	0.160*	-	-0.021	12.467	-0.109
WAP	-2.516**	1.261	0.002	-6.297	-0.021
RAP	-0.001**	-5.411	-9.291	-110.462	-0.433
HS	0.276**	0.029**	-0.001	2.731	-0.124
C	-1.851**	0.590	0.544	4.650*	0.460**
Adj R^2	0.887	0.798	0.433	0.885	0.730
F Prob	0.002***	0.010***	0.062*	0.091*	0.025**

Note: p-value in parentheses; *** p<0.01, ** p<0.05, * p<0.1

households are facing difficulties, they need to reduce consumption and some may even resort to debt.

As for the evidence to support life-cycle hypothesis, retirement age population is found to be negatively related to household debt. When there are more people in retirement, there is less need for debt since they are depleting their savings during retirement with little need for additional borrowings. In contrast, it is interesting to note that the study also found negative relation between working population and household debt. As working age population increases, there is less household debt. This may be due to the inability to separate the working age population into younger newer families or middle age families which may have less need for debt. In summary, the results for Malaysia support the life cycle hypothesis with disposable income, savings, consumption as well as working and retiring age population significant in affecting household debt while macroeconomic factors including interest rate, inflation rate and house price index are not found to be significant.

The results for Indonesia indicate that inflation and household savings have significant relation to household debt. There is negative significant relation between inflation and household debt where higher inflation in this country reduces the households' ability to borrow which is in accordance with theoretical understanding (Debelle, 2004). On the other hand, higher level of savings increases household debt in Indonesia. Consistent with the results from Malaysia, higher savings level would enable households to acquire assets, some of which may be financed by borrowings, therefore resulting in higher household debt.

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relation between inflation and household debt where higher inflation in this country reduces the households' ability to borrow which is in accordance with theoretical understanding (Debelle, 2004). On the other hand, higher level of savings increases household debt in Indonesia. Consistent with the results from Malaysia, higher savings level would enable households to acquire assets, some of which may be financed by borrowings, therefore resulting in higher household debt.

Macroeconomic fundamentals appear to be driving household debt in Thailand. Household debt is significantly affected by interest rate in Thailand and the Philippines. Higher interest rate is correlated to more borrowings in these countries. This indicates that when the economy is performing well, interest rate and consumer spending increase, resulting in higher household debt. The macroeconomic theoretical understanding may be more relevant for developed countries on which most literature is based while it has a different effect on developing countries. Since these countries are achieving high rate of growth and income, development comes with higher cost of borrowing but households in these countries still need to borrow to finance mortgages for the general population, resulting in positive relation between interest rate, house price index and household debt.

In addition, there is also significant negative relation between inflation rate and household debt for Thailand and the Philippines, similar to the results in Indonesia. Moreover, house prices and unemployment rate are both positively related to debt in Thailand. Higher house prices and higher unemployment push households in Thailand to borrow more. This is especially true when house prices increase, mortgage value would increase in line with prices and households would have to secure a higher level of debt as found by Hurst and Stafford (2004). It is however, surprising to note that household debt continues to increase even with lower employment. It is surprising to note that for Singapore only unemployment is found to be significant in affecting household debt. The other macroeconomic and country specific factors are all not found to have significant relation to household debt in this country. Cultural factor plays a significant role in household borrowings where it is not the cultural practice of the majority of Singaporeans to borrow unnecessarily for consumer consumption. The life-cycle hypothesis for household debt is nevertheless not supported by results from Indonesia, Thailand, the Philippines and Singapore.

In summary, the majority of ASEAN countries' household debt level is significantly related to macroeconomic factors including interest, inflation and unemployment rate. Country specific determinants are only significant in Indonesia and Malaysia. Household savings and household disposable income are found to be significantly related to debt in a positive manner. The life-cycle hypothesis is only supported by the significant results in Malaysia but not in the others.

CONCLUSION

The rapid rise in household debt is an issue that needs to be seriously addressed globally. It has created tremendous problems for large and small economies and it can cause serious financial crisis that not only affects the country itself but it can be contagious to others too. Household debt has become a new challenge for ASEAN countries and it has become a regional problem that has drastic effects on the stability and sustainability of development for these economies. This study investigated household debt trends for ASEAN countries where Thailand and Malaysia recorded the highest percentages (155% and 124%) of household debt to GDP in 2014. These countries' alarming figures may indicate that households are borrowing more than what they earn and the lower income group is most at risk. The household debt level in these developing countries is related to macroeconomic factors including interest rate, house price index, inflation and unemployment rate. Meanwhile, household debt level is not so much affected by country specific factors including disposable income, consumption, working and retirement population and household savings, except for Malaysia.

It is important to address some limitations of the research where the availability of longer and more elaborate data would further enhance the reliability of the results. The study was also not able to separate the working age population group into early and late working age in order to clearly support the life cycle hypothesis, resulting in mixed results for some emerging countries. Future studies may be able to extend the research in some of these areas to provide comprehensive findings.

In essence, it is important to investigate factors that lead to the rise of household debt in each country. Better understanding of the determinants in this area with insight knowledge of the causes of unsustainability in household indebtedness is of great importance to policy makers and relevant authorities in these ASEAN countries. The appropriate authorities would be able to take necessary actions to influence and control household debt level before any drastic financial crisis sets in. Households must have the ability to manage and plan their financial expenditure effectively. Knowledge of how to plan household finance is important in order to ensure household debt is sustainable, thus reducing the burden in having to set aside large amounts of money to pay off debts, especially among youth.

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Understanding Your Money Personality

[1]K. Gunasegaran
[1]Wealth Street Sdn. Bhd.

INTRODUCTION

What is Money Personality and how does it affect you when it comes to achieving your financial goals? This article explains.

Pull-quote #1: We manage our finances based on our value system. Money is not evil. It has no emotions. It is just a tool. We are the ones who give meaning to money.

Pull-quote #2: Unlike financial planners, who focus on interest rates and specific investments, a money coach guides clients to look at underlying issues that influence how they make life decisions.

We've all heard of friends or relatives who experienced a sudden windfall, whether through an inheritance, winning the lottery ticket, or a job, just to have nothing to show for it after a short while. While this may seem puzzling to many, the inability to handle sudden wealth can actually be traced to that person's money personality, according to Deborah Price, a Money Coach (USA).

Every one of us has a money personality (or value system) that is formed within us through our life experiences. We manage our finances based on our value system. You see, money is not evil. It has no emotions. It is just a tool. We are the ones who give meaning to money. If a person uses that money for an evil purpose, that person is evil, not the money itself.

According to Deborah Price, most people fall into one or more of the 8 money types, much like Jungian archetypes or the enneagram, which define different personality types, this system offers a simple way to identify and evaluate your relationship with money. With this understanding, you will learn how to make conscious choices and as a result the money dynamic in your daily life will improve.

The Innocent

Innocents takes the ostrich approach to money matters. Innocents often live in denial, burying their heads in the sand so they won't have to see what is going on around them. Innocents are easily overwhelmed by Financial Information and rely heavily on the advice and opinion of others. The Innocent are perhaps the most trusting of all the money types because they do not see

[1]Corresponce: guna@wealth_street.com

people or situations for what they are. They are like children in the sense that they have not yet learned to judge or discern other people's motive and behaviour. We all start of our journey in life as Innocent; however, as we grow and develop, most of us shed the veil of Innocents and replace it with our experience in the real world. The Innocent's goal is safety at all cost. Studies show that they are more female Innocent's than male, although both exist. The Innocent must learn to claim their own power and find safety in their knowledge of their own capabilities.

CHARACTERISTICS OF THE INNOCENT TYPE	
Trusting	Financially dependant
Indecisive	Non confrontational
Happy-go-lucky (externally)	Feels powerless
Fearful or anxious	Represses feelings and belief
(internally)	Seeks security

The Warrior

The Warrior sets out to conquer the money world and is generally seen as successful in business and the financial world. Warriors are adept investor-focus, decisive and in control. Although Warriors will listen to advisors, they make their own decisions and rely on their instincts and resources to guide them. The world is filled with Warrior types from those who enjoy the sport of business and the skilful art of negotiating to those whose single- minded intent is simply to win at any cost. Warriors often have difficulty understanding the difference between an adversary and a worthy opponent. A worthy opponent presents an opportunity to put down the sword and embrace one's potential for growth and transformation. A worthy opponent is usually the person with whom you have greater conflict. When we are willing to recognize the lesson that this person has to teach, even when it is disguised as conflict, their presence is worthy of our attention. The primary fears of Warriors are dependence and loss of power. This means not knowing when and why to pick up the sword and when to put it down. We all need a bit of a healthy warrior inside of us because the warrior makes thing happen.

CHARACTERISTICS OF THE WARRIOR TYPE	
Powerful	Confident
Driven	Calculating
Loyal	Generous
Competitive	Rescuer
Disciplined	Wise
Goal oriented	Discerning
Financially successful	

The Fool

The Fool plays with a different set of rules altogether. A gambler by nature, the fool is always looking for a windfall of money by taking financial shortcuts. Fools often win because they are willing to throw the dice; they are willing to take chances. The Fool is really a combination of the Innocent and the Warrior. Like the Innocent, the Fool often has impact judgement and has difficulty seeing the truth about things. An adventurer at heart, the

Fool gets caught up in the enthusiasm of the moment, caring little for the details. The primary difference between Fools and Innocents is that Fools are relatively fearless in their endeavours and remain eternal optimists regardless of the circumstances. The Fool also sets out to conquer the world but is easily distracted and lacks the discipline of the Warrior. The Fool is much more interested in making money as a sport or form of recreation than as a serious endeavour. The Fool lives very much in the moment and is quite unattached to future outcome.

CHARACTERISTICS OF THE FOOL TYPE	
Restless	Overly generous
Undisciplined	Happy-go-lucky
Financially irresponsible	Adventurous
Impetuous	Lives for today
Optimistic	

The Victim

The Victim money types are prone to living in the past and blaming their financial woes on the external factor. Passive-aggressive (prone to express their feelings in in direct rather than direct ways). In nature, Victims often appear to be innocent because they seem so powerless and appear to want others to take care of them. However, this appearance is often either a conscious or sub-conscious ploy to get others to do for them what they refuse to do for themselves. Victims generally have a litany of excuses for why they are not more successful, and their excuses are all based on their historical mythology. More often than not, Victims have been abused, betrayed, or have suffered some great loss. The problem is that they have never processed their pain and so it has turned on them. Victims are always looking for someone to rescue them because they believe they have suffered enough. They carry a sense of entitlement: "I paid my dues, look at my battle scars. Where's my reward?".

CHARACTERISTICS OF THE VICTIM TYPE	
Prone to blaming others	Resentful
Highly emotional	Unforgiving
(melancholy or angry)	Addictive
Lives in the past	Lives out a self-fulfilling prophecy
Financially irresponsible	Feels powerless
Seeks to be rescued	

The Martyr

Martyrs are so busy taking care of others, that they often neglect their own needs. Financially speaking, Martyrs generally do more for others than they do for themselves. They often rescue others (such as a child, spouse, friend or relatives) from some life circumstances or crisis. However, Martyrs have strings attached and they are repeatedly let down when others fail to meet their expectation. The mark of the Martyr is an unconscious attachment to their own suffering. The Martyr moves between two distinctively different energies: one that seeks to be in control and is controlling of others and the other that feels wounded like a very needy child. Martyrs tend to be perfectionists and have high expectation of themselves and of others, which makes them quite incapable of realising their dreams because they put so much energy into being right.

CHARACTERISTICS OF THE MARTYR TYPE	
Controlling	Critical and judgemental
Manipulative	Perfectionist
Long-suffering	Resentful
Secretive	Passive-Aggressive
Caretaker	Compassionate
Self-sacrificing	Wise
Disappointed	

The Creator/Artist

Creators/Artists are on a spiritual or artistic path. They often find living in the material world difficult and frequently have a conflicted love or hate relationship with money. They love money for the freedom it buys them but have little or no desire to participate in the material world. Their negative beliefs about materialism only block them from the very freedom they so desire. Creators/Artists most fear being unauthentic or not being true to themselves. Rather, they are stuck in a belief system that sabotages their ability to manifest money. This money type most needs to accept the outer world and embrace its many dimensions.

CHARACTERISTICS OF THE CREATOR/ARTIST TYPE	
Highly artistic and or spiritual	Detached
Passive	Non materialistic
Internally motivated	Loner
	Seeker of truth

The Tyrant

Tyrants use money to control people, events and circumstances. The Tyrant hoards money, using it to manipulate and control others. Although Tyrants may have everything they need or desire, they never feel complete, comfortable or at peace. The Tyrant's greatest fear is loss of control. Tyrants are purely self-interested, want power and control for their own sake and will forsake other people if necessary to gain more of it. Tyrants emerge as rulers who dominate with no sign of remorse. For example, political leaders, business people and family figureheads who use whatever means necessary to win. The Tyrant is a master manipulator of both people and money.

CHARACTERISTICS OF THE TYRANT TYPE	
Controlling	Critical and judgement
Rigid	Aggressive
Manipulative	Unforgiving
Fearful	Secretive
Oppressive	Highly materialistic
Prompt to rage or violence	

The Magician

The Magician is the ideal money type. Using a new and ever changing set of dynamics both in the material and spiritual world, Magicians know how to transform and manifest their own financial reality. At our best, when we are willing to claim our own power, we are all Magicians. By understanding your own money mythology and the personal history behind your current money type, you will become conscious of patterns and behaviours that are preventing you from being a money Magician. Magicians are fully awake and aware of themselves and the world around them. Magicians know their ability to manifest lies with the higher power. They are infinitely connected.

CHARACTERISTICS OF THE MAGICIAN TYPE	
Spiritual	Powerful
Wise	Optimistic
Conscious	Confident
Vibrant	Compassionate
Trusting	Detached
Generous	Open to flow
Loving	Financially balanced
Fluid	Transforms reality
Lives in the present	Tells the truth

The good news is all this is just a part of our conditioning and can be reprogrammed. In these tough economic times, it is important to identify which money personality you have subconsciously adopted, so that you can get out of the vicious cycle if it is keeping you from achieving your financial goals. This is where a money coach comes in.

Money coaches help clients take a big picture approach to financial management and help them focus on their goals, and overcome their challenges towards achieving those goals. However, the money coaching industry is still relatively new globally.

Unlike financial planners, who focus on interest rates and specific investments, a money coach guides clients to look at underlying issues that influence how they make life decisions. These hidden issues or money personalities are the factors behind bad financial decisions and habits. Once clients recognise what they are and reprogramme them with the help of the coach, the transformation begins and the clients' chances of achieving their financial goals become brighter.

The 4Rs of a Money Coach

RECOGNISING - When the unexpected happens, it is normal for one's financial goals to disappear and emotions to appear. A money coach helps you to recognise this natural human reaction while validating your emotions.

REFLECTING - The money coach offers a safe place for you to voice out your concerns and reflect on what's going on. Are the goals still valid? Have your priorities changed? Are your fears rational?

REFRAMING - This is where you begin to accept what's happening and to see the bigger picture. Perhaps you can still achieve your financial goals in spite of events that have happened, but it may take a longer time or a different path. This realisation must come from within you and may take some time. The money coach's patience and tactfulness plays an important role here, too.

RESPONDING - You are now ready to respond to your financial objectives and changing priorities, and can continue working with your money coach on achieving these goals. ■

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The Impact of Interest Rate Cut on the Global Financial Planning Sector

[1]Leow Hon Wei
[1]SEGI International University

INTRODUCTION

The frontier of world economy, the US, experienced negative interest rate in the aftermath of the 2008 Global Financial Crisis. The recovery of the world economy remains suffocated in the competitive environment as globalization increases, inevitable for world financial planning industry. According to Thomson Reuters, on 16 February 2016, Bank of Japan launched negative interest rate as a stimulus plan to encourage banks to lend, businesses to invest and households to spend, reflecting Japan's lack of strategies to accelerate economic growth as global financial markets sputter. In addition, many countries also adjusted the interest rate as a radical plan. The following table shows the parity in interest rates as set by the central banks in global financial hubs.

Major Financial Hub Countries	Current Interest Rate	Previous Interest Rate	Last Change
Hong Kong	0.5%	1.5%	December 2008
United Kingdom	0.5%	0.5%	February 2016
Japan	-0.10%	0.10%	January 2016
US Federal Reserve	0.5%	0.5%	December 2015
Singapore	0.19%	0.65%	January 2016

Source: http://www.fxstreet.com/economic-calendar/world-interest-rates/ and http://www.tradingeconomics.com/country-list/interest-rate

The reduction in interest rate by the central bank is a common tool in most developed countries to accelerate the growth of economy. The challenge of financial planning is more crucial for individuals, businesses and as well as government. As it brings significant negative impact to the financial planning sector, the objective to achieve financial independence, business expansion and government budget planning through wealth accumulation will be affected.

In normal circumstances, the growth of interest rate is essential in financial planning. The interest rate is used and applied in life financial planning such as investment planning, retirement planning, education planning, cash flow planning, net worth analysis and so on. There are some impacts of low interest rate on global personal financial planning and industry.

Correspondence: lh_wai@hotmail.com

Insurance Plannning

Cash Flow Planning Net Worth Analysis → Investment Plannning → Education planning, Retirement planning, Estate planning

Tax Plannning

First and foremost, investment planning is defined as the management of financial resources for the purpose of accumulating funds to meet financial goals. When there is an interest rate risk, the worst scenario might be portfolio returns from the computation of investment portfolios will be diluted as the performance of single asset turns less attractive as interest rate decreases. For example, as the rate of return of fixed deposit decreases, this will cause the total interest received to reduce. For the longer period, the compounding effect of interest on interest will be diluted. The same implications apply to other investment assets as a whole. Therefore, the wealth accumulation based on the expected growth in investment planning will be affected.

Second, retirement planning is defined as the management of lifestyle choices immediately after the paid job ends. The primary sources of retirement funds come from EPF funds and various investments. If the interest rate declines, there is a high possibility that it will directly impact portfolio returns. In addition, if the interest rates do not improve in future, either the retirement age will need to be extended to an older age or there will be a need to a retain higher retirement fund needed during the retirement stage.

Third, tax planning involves reducing the tax liability by well-considered exemptions, exclusions, deductions and allowances. The impact of low interest rate on individual tax planning is relatively low unless government policies change. This is more significant for those companies with high debt ratio.

Fourth, estate planning is defined as the management of assets of a person's wealth and assets after his or her death. The impact of low interest rate on individual estate planning is irrelevant because interest rate plays no role in affecting the decision on how the next of kin or beneficiary inherit the assets or estates.

Fifth, education planning involves the management of planning for the future educational needs of the children. If a person has a new born child today, basically he will need to accumulate for 18 years of education cost; the funds are highly correlated with the investment planning, a long term investment plan. Therefore, either you have to allocate more funding for education cost today or tolerate a longer tenure for the same source of funding.

Sixth, cash flow planning and net worth analysis are the priority before other planning. For example, if a person with cash flow deficit or has no cash flow, it is not viable and advisable to consider investment or protection; it may create unforeseen problems to the client. Therefore, the impact of low interest rate on cash flow planning and net worth analysis is least important.

Seventh, insurance planning is the management of long-term care coverage and very crucial. We are more concerned about risk reduction rather than interest rate volatility. However, it will directly increase the interest rate risk but not influence the insurance planning. You still need coverage immaterial of the fluctuation of interest rate.

In addition, there are numerous spillover effects that arise from interest rate fluctuation. If the interest rate is too high, it may cause the cost of borrowing from a loan to increase. Meanwhile, if the interest rate is too low, it may cause no growth on investment. An equilibrium needs to be obtained and interest rate needs to be adjusted depending on the current situation of each country.

The financial planning industry faces many challenges because there is a need to propose some new strategies to solve the issue of low interest rate. For instance, which sector correlates negatively with low interest rate and which company has the least impact when interest rate risk increases. In a nutshell, interest rate should be more volatile in future due to higher uncertainties and a competitive environment. ■

Becoming Generation Flux: Why Traditional Career Planning is Dead: How to be Agile, Adapt to Ambiguity and Develop Resilience

James Oh Boon Tong

Title : Becoming Generation Flux: Why Traditional Career Planning is Dead: How to be Agile, Adapt to Ambiguity, and Develop Resilience (Volume 1)
Author : Miles Anthony Smith (2014)
Publisher : Kompelling Publishing (October 15, 2014)
No. pages : 188 pages
Price : USD 15.95
ISBN : 978-0-9884053-3-2

INTRODUCTION

We live in times of uncertainties, fear, doubts and challenges, learning and adapting to the environment at an unprecedented fast pace. It is truly a new experience. This book will provide you a new perspective and prepare you to obtain more technical or other skills that are hard to automate if you want to have a successful career.

This book is well crafted with powerful facts supported by statistics on the contemporary social issues encountered by people not only in the United States but also the rest of the world. It invites us to give these critical issues due consideration. On this note, Miles Anthony Smith does a magnificent and marvellous job of raising, nurturing and nourishing us to embrace Generation Flux so as to avoid unnecessary stress and pain.

I too subscribe to similar formulae given by the author without realising it i.e. seize the day in areas we control, cede stress in areas we have no control of, and have found it very fruitful. Relax and have fun to gain strength in every aspect, be it physical, mental or spiritual. Shaping ourselves to be adept and to accept the new environment is the surest way of obtaining success. Keep learning, unlearning and relearning to navigate our career path.

Miles Anthony Smith is a positive yet realistic author, illustrating compellingly and convincingly the numerous new trends and social issues caused by income inequality imbalances. In his

Correspondence: jamesoh32@gmail.com

doing so, we are able to see the entire scene through the appropriate lens without being side tracked by chaotic career complications.

"Becoming Generation Flux" is a timely book which dares to raise issues that people normally avoid discussing publicly. However, as for those who aspire to gain the highest, deepest and broadest perspective on how to live in the new world, then this book is a must for you. This book is not meant to persuade or dissuade you. It is meant to inform, instil and inspire you to gain appropriate and broad perspectives so that you are much better prepared to take the ride on the waves ahead.

The above book basically comprises four interesting and inspiring thoughts which will invite the readers to think deeply about the clouds surrounding today's world and in which many people are caught in the dark with much of the frustration and discouragement facing this generation, well reflected in the title of the book.

The author systematically paints the real scene with facts and figures before he shapes his convincing and compelling arguments. He then crafts the simple and certain approach in Part 1 prior to his sensible urge to stop education madness, a phenomenon in today's world. He raises several provoking thoughts as to why he says so. He makes an excellent analysis of how education, the workplace and career management are becoming much more fluid and unpredictable. The changing career landscape provokes the readers to take a relook at their career transition and what it takes to successfully navigate through their career journey.

Miles Anthony Smith ultimately offers the sensible yet feasible solution of embracing becoming General Flux before he closes with bright hopes, relaxing and having fun while charting a new path for your dream job. I adopted a similar formula when I was at my cross roads prior to reading his book and I must confess that it is truly workable.

It goes without saying, that one should accept and follow the new career flow as reflected in the title of the book. With this, I hope I have not disclosed too much of this significant book.

To have a much deeper understanding and to apply what he recommends, do pick up a copy of the book as soon as you can and read it. Please don't take my word for it. Apply the wisdom and know-how in the book wherever applicable for your own sake. Using this appropriate lens of viewing things around you, I can assure you that it will be easier for you to adopt this habit with ease. Cheers and enjoy your reading. ■

The Millionaire Next Door: The Surprising Secrets of America's Wealthy

[1]Yong Chu Eu
[1]Fin Freedom Sdn. Bhd.

Title : The Millionaire Next Door: The Surprising Secrets of America's Wealthy Boulder CO, USA
Author : Thomas J. Stanley, William D. Danko (2010).
Publisher : Taylor Trade Publishing
No. pages : 271 pages
Price : $17.02
ISBN : 978-1-58979-547-1

INTRODUCTION

The *Millionaire Next Door* is a bestselling statistical book on America's millionaires since 1996. This is an exceptional book by Stanley and Danko after 20 years of extensive interviews and research on more than 10,000 millionaires during that time. The content reflects the common values and practices of millionaires, which is still very practical today if you want to become one of them. The truth behind this study is beyond time and boundary.

Are you the millionaire next door? When we talk of "who are the millionaires", the first picture that appears in our mind is those who own assets valued more than 1 million, live in luxurious housing areas, drive fancy cars, wear branded clothing, have a high social profile and etc. Ironically, as per Stanley's findings, these are not the group who have net worth of 1 million and above. You will be surprised that the real millionaires were mostly first-generation rich, very low profile, and live well below their means. They are also proactive to any market opportunity and allocate their time, energy and money efficiently in creating their wealth. They are like average people, staying next door to us but we do not realize it.

Another concept in Chapter 1 is target net worth. The formula given is as follows:

$$\textbf{Target Net Worth} = (\textbf{Annual Income x Age})/10$$

Prodigious Accumulator of Wealth (PAW) refers to those who are the best in creating their wealth and have a net worth value at least double of

[1]**Correspondence:** ceyong@financialfreedom.com.my

target net worth. Let's look at one example. For a person aged 40 with an annual income of 120,000, the target net worth is equal to 480,000. He should have at least 960,000 net worth in order to qualify as Prodigious Accumulator of Wealth. If he has a net worth of 240,000 which is below target net worth, then he is **Under Accumulator of Wealth** (UAW); if his net worth is equal to target net worth, then he is just an **Average Accumulator of Wealth** (AAW). I find this indicator very useful to examine how efficiently we optimize our wealth excluding any inheritance or windfall received and applicable to whatever currency but this indicator also has its limitation, as it is only applicable to those who have worked for 10 years and above.

Chapter 2 looks at how these target millionaires were able to create their wealth successfully. They were very good at budgeting, controlling expenses, minimizing tax payment and making the full use of every cent they paid while at the same time getting the most value out of it. These few methods are solid fundamentals to financial planning which everyone should practise in their daily lives and therefore avoid falling into the dilemma of "high income but poor man" fake millionaire. Higher expenses require a higher income to make it more sustainable so it is wise to have a lifestyle that you want with very minimum expenses, and only then you will have more free money to save and invest to compound your wealth over the year. I remember what Warren Buffet said, "If you buy the things you don't need, very soon you have to sell the things you need". It seems that all the millionaires share the same value. Another things to add is, it is better to graduate early and then work (the earlier you start to save and invest), as you are utilizing the most out of the power of compounding over time. This really gave me a shock as I had always thought of working later, after completing obtaining a Master's and a PhD so that I could work for a shorter period.

We must realise that earning ability does not equal to the ability to manage money. The level of education has also nothing to do with wealth and some even say the ability to manage money [or having Financial Quotient (FQ) in today's jargon] is far more important for all. We should put more time and effort into planning our financial goals, keep ourselves aware of government policy, inflation and tax, and manage our financial instruments rather than waste so much time on luxury items. No matter how much you earn, living within our means is the steady and swift path towards financial independence. So, I have echoed what has been shared in Chapter 3: the efficient use of Time, energy, and money. Those who make full use of time, energy and money deserve the title of millionaire.

Chapter 4 tells us: You aren't what you drive. Do not invest in or waste too much money on a fancy car as a car is a depreciating asset. Get the best bargain from urgent seller or a good discount from car distributor. Prefer a second-hand but good quality car rather than a new car and do not buy a fancy car just to show off. Let me share a quote from Bill Gates to end my review of this chapter: "I want to make full use of every single cent that I spend, which will create value to me and my family'. Sounds good, right?

The title of Chapter 5 is "Economic outpatient care". This refers to financial help from parent to their kids. Like other parents, I want to give the best to my kids. But do bear in mind that we should not overdo this. This chapter reminds us that the more financial aid or gift we give to our children, the less they save. In other words, whatever financial help parents give their children will encourage their spending habit and will not help them attain financial freedom early. This reflects the popular saying, "Give a man a fish and you feed him for a day; show him how to catch fish, and you feed him for a lifetime".

When my son was two years old, I told him that your parents own the house you stay in now but it will become yours in the future. My wife disagreed with me. She said as parents we should not mention anything to our kids about how much we have and what we are going to do with our assets. Parents' assets should be separate from the children's assets and parent's assets are not to be an automatic inheritance for their children. I fully agreed with her only after I read Chapter 6: affirmative action, family style. This chapter gives us the ten rules for affluent parents to raise productive children. I think all parents should read this as a lot of family crises due to money can be avoided by following these rules.

The last two chapters tell us that we should know your career or position well. We must recognise the best opportunities and seize them when the time is right. All the careers connected with millionaires are given in this chapter. With the high chance of working with a millionaire, you will have the advantage of earning a very lucrative advisory fee and quality referrals (the rich will recommend the rich) from them. This is indeed a good reference point for our career planning in order to use less effort and gain more return (career position and advantage).

I wish everyone reads this book, and learns from these millionaires especially how they manage their wealth, family and career. I wish everyone a "millionaire" or "billionaire" mind and life! ■

About JWMFP

Journal of Wealth Management & Financial Planning is a peer-reviewed research and practitioner journal, which will be published once a year by Malaysian Financial Planning Council (MFPC). JWMFP – the official publication of MFPC is aimed at establishing an academic and practice guide for the fast growing Financial Services industry.

All articles will be blind-reviewed and publication decisions are the responsibility of the editor-in-chief and editorial board members.

The Journal provides research based benchmarks and studies for public, corporate and academic reference. The Journal covers the entire spectrum of the Financial Services industry i.e. Insurance, Unit Trusts, Stock Markets, Wealth Management, Banking, Macro Economy, Infrastructure and IT, Practice Management, etc. JWMFP will also published book reviews, news and views. JWMFP features original research and concepts of effective approaches to education and practice concerning all aspects of financial planning and management. Readers can expect to find detailed recommendations for education and practice. JWMFP will also feature book reviews, news and views.

Objective

JWMFP is a unique publication that captures the pulse of the emerging and promising Financial Planning Profession in Malaysia.

It provides a vibrant forum for discussion of issues of concern to various interest groups, a platform for cross-pollination of ideas and perspectives. The Journal also endeavours to bring together aspiring and practising Financial Planners on a common platform.

Editorial Criteria

JWMFP encourages submission of both normative and empirical research on topics including:

- Household Portfolio Choice
- Retirement Planning and Income Distribution
- Saving and Investment
- Wealth Creation and Distribution
- Individual Financial Decision Making
- Household Risk Management
- Life Cycle Consumption and Asset Allocation
- Investment Research Relevant To Individual Portfolios
- Household Credit Use and Debt Management
- Takaful, Zakat And Islamic Banking
- Tax and Estate Planning
- Professional Financial Advice and Its Regulation
- Behavioural Factors Related to Financial Decisions
- Financial Education, Literacy and Capability
- Other topics are of Interest to Scholars and Practitioners in the field of Personal and Family Finance
- Book reviews

Key Journal Audiences

- Academics
- Practicing Financial Planners

About JWMFP

MFPC is an independent body set up with the noble objective of promoting nationwide development and enhancement of the financial planning profession. MFPC provides an evolving set of Best Practice Standards and Code of Ethics that must be adhered to by Registered Financial Planner (RFP) and Shariah RFP designees. This requirement is aimed at ensuring that the public will be served with the highest quality of financial planning services. MFPC was registered on 10th of March, 2004 under the Societies Act, 1996.

- Financial Service Providers
- Insurance Advisors
- Other Securities Industry Professionals
- Financial Planning Consultants
- Regulators
- Educators

Review Process

Manuscripts are subject to double-blind peer review at the discretion of the Editor. Papers submitted to JWMFP must not have been published or submitted for publication elsewhere until an editorial decision is rendered on the submission. Successful authors will be required to submit final versions of their papers in MS word, and to assign copyright to the journal's publisher.

MFPC is an independent body set up with the noble objective of promoting nationwide development and enhancement of the financial planning profession. MFPC provides an evolving set of Best Practice Standards and Code of Ethics that must be adhered to by Registered Financial Planner (RFP) and Shariah RFP designees. This requirement is aimed at ensuring that the public will be served with the highest quality of financial planning services. MFPC was registered on 10th of March, 2004 under the Societies Act, 1996.

Registered Financial Planner (RFP)

The Registered Financial Planner (RFP) programme was introduced and launched by the former Governor of Bank Negara Malaysia, Y.Bhg. Tan Sri Dato' Sri Dr Zeti Akhtar Aziz in November 2002.

The RFP designation has been approved by Bank Negara Malaysia (BNM) in March 2005 as the prerequisite qualification for licensing applications.

The RFP designation has also been duly approved by Securities Commission for the application of the Capital Markets Services Licence (CMSL) in view of the introduction of the Capital Markets and Services Act 2007.

The RFP serves as a mechanism for the MFPC to help fulfil the national objectives of making Malaysia a Centre of Educational Excellence. The RFP signifies the twin pillars of professionalism in financial planning – Professional Education and Practice Excellence. Most importantly, the concept of the RFP is defined by Malaysians who understand our values and needs.

As of September 2012 RFP designees are also licensed Private Retirement Scheme (PRS) distributors/consultants. The Federation of

Investment Managers Malaysia (FIMM) which regulates PRS consultants grants RFP designees automatic recognition as PRS consultants.

Affiliate RFP

The Affiliate RFP designation was launched by Y.B. Dato' Mustapa bin Mohamed, Minister of International Trade and Industry on 6 December 2007. It was introduced in recognition of the commitment and diligent work of students undertaking the RFP programme.

Affiliate RFP designation is conferred to Members who have passed Module 1: Fundamentals of Financial Planning and one other module of RFP Programme. The Affiliate RFP serves as a measure to inject a new force of human capital into the industry.

RFP Programme (7 Modules)

- Module 1 : Fundamentals of Financial Planning
- Module 2 : Risk Management & Insurance Planning
- Module 3 : Investment Planning
- Module 4 : Zakat & Tax Planning
- Module 5 : Estate Planning
- Module 6 : Retirement Planning
- Module 7 : Applications in Financial Planning

Shariah Registered Financial Planner (Shariah RFP)

In line with the national agenda to make Malaysia an Islamic Financial Centre and to promote advancement in Islamic transactions and businesses, MFPC developed the Shariah RFP Programme as a practical professional programme for practitioners to equip themselves with Takaful and Islamic financial planning principles and knowledge. Y.B. Dato' Seri Mohamed Khaled Bin Nordin, Minister of Higher Education launched the Shariah RFP Programme on 21 August 2008.

Affiliate Shariah RFP

In response to the market demand and environment changes locally and internationally, MFPC introduced the Affiliate Shariah RFP designation to members who have passed Module 1: Fundamental of Shariah Financial Planning and one other module of the Shariah RFP Programme. Affiliate Shariah RFP aims to provide a pool of qualified practitioners to venture into the Shariah financial planning profession in Malaysia.

Shariah RFP Programme (7 Modules)

- Module 1 : Fundamentals of Shariah Financial Planning
- Module 2 : Risk & Takaful Planning
- Module 3 : Shariah Investment Planning
- Module 4 : Zakat & Tax Planning
- Module 5 : Shariah Estate Planning
- Module 6 : Retirement Planning
- Module 7 : Applications in Shariah Financial Planning

Paper Submission

Guidelines for Authors:

General

The manuscript sent to this journal must be original work that has not been published or accepted for publication in other journals. The paper should be written in English.

Manuscripts

Prepare the entire manuscript, including the text headings, references, tables, figures, and appendixes according to the most recent edition of the Publication Manual of the American Psychological Association (APA Style).

Order

- The order of the manuscript should be similar to:
  - Title page with title and three to five key words
  - Abstract (start on a separate page,
numbered page 2)
  - Text (start on a separate page, numbered page 3)
  - References (start on separate page)
  - Appendixes (start each on separate page)
  - Endnotes (list together starting on a separate page)
  - Acknowledgements (start on a separate page)
  - Tables (start each on a separate page)
  - Figures (start each on a separate page)

Manuscript

- 3000 to 8000 words or between 5 to 15 pages including an abstract, texts, tables, footnotes, and references.
- Title should not exceed 20 words, and abstracts should not exceed 250 words

Font

- The manuscript should be in MS Word format,
- Times New Roman
- 12 point font, and
- One and a half spacing.

Supportive Illustrative

- Authors are encouraged to provide supportive illustrative material with manuscript.
- Tables, graphs, maps and drawings should not be separate from the body of the text.
- For the presentation of quantitative data, graphs are preferred to tables because they contain more information and are easier to edit and reproduce.

References

The Journal of Wealth Management & Financial Planning (JWMFP) follows *The Publication Manual of the American Psychology Association (APA) (6th Ed.)* for style and format. The APA Manual is available in bookstores or from the

APA on-line at www.apa.org/books. Summaries of the APA style and format guidelines also are available from a variety of Internet sources. The following guidelines may be helpful for those who have used this formatting style.

Reference citations within the manuscript should read as:

"Smith (1999) reported that . . . . and Blarney and Jones (2001) concluded that . . . " Should Smith be cited again in this same paragraph, it would not be necessary to again to cite the 1999 date. "This problem has been studied previously (e.g., Black et al., 1998; Smith & James, 1999; Jones, Smith, & White, 2001)." The use the Black et al. reference would indicate that the complete list of authors has appeared previously in the manuscript.

References should appear at the end of the article as follows:

The list of references should appear at the end of the main text (after any appendices, but before tables and legends for figures). References should be one and a single space and listed in alphabetical order by author's name. Articles by the same author should be listed in descending order ranked by least current date and where applicable, alphabetized by the second author. Hanging indents should be used in the reference list. Selected examples follow, although the manual offers many examples of different print and media publications.

Book

Silva, F. (1993). Psychometric foundations and behavioural assessment. Thousands Oaks, CA: Sage.

Chapter in a Book

Roszkowski, M.J., Snelbecker, G.E., & Leimberg, S.R. (1993). Risk tolerance and risk aversion. In S.R. Leimberg, M.J. Satinsky, R.T. Leclair, & R.J. Doyle, Jr. (Eds.), *The tools and techniques of financial planning* (4th ed., pp. 213-226). Cincinnati, OH: National Underwriter.

Journals Paginated by Issue

Archuletta, KL., Grable, J.E., & Britt, S.L. (2013) Financial and relationship satisfaction as a function of harsh start-up and shared goals and values. *Journal of Financial Counselling and Planning,* 24 (1), 3-14.

Print Article Retrieved from an Internet Source

Garmaise, E. Long-run planning, short-term decisions: Taking the measure of the investor's evaluation period. Journal of Financial Planning, 19(7), 68-75. Retrieved August 23, 2007, from http://www.fpanet.org/journal/articles/2006_Issues/jfp0706-art8.cfm

Equation / Mathematical Sentences

All symbols or mathematical should follow the correct format. Mathematical equations have to be prepared using MathType. A single mathematical symbol can be done by inserting symbol in Ms-Word. Each mathematical sentence should begin at the first tab after skipping one line. If it is referred in the texts, the equation should be numbered in the bracket and right aligned.

Use of (. . .) Symbol

For indication "and so forth", particularly in mathematical sentences, use the conventional standard three dots (. . .) only. For example: The equation is true for x = 1, 2, 3, ... The fourth dot in this example which is of one space distance from the other three dots is the full stop.

Diagram / Illustration

The diagram or illustration should preferably be prepared in black and white only. If the diagram is reduced in size for publication purpose, it has to be clear and sharp so that it can be easily noticed.

Proofreading

Articles accepted for publication will be edited by the editorial board. Authors will only be required to ascertain the validity of facts in the proof. Two copies of the proof will be sent to the author. The author is required to sign his/her name on one of the proofs and return it to the editor after making sure that there is no factual error. JWMFP is the rightful owner of any article published.

Submission of Manuscript

Three copies of the complete manuscript (one original and two copies) should be sent to:

Editor-In-Chief (Journal of Wealth Management & Financial Planning)
Malaysian Financial Planning Council
Unit 22.7, Level 22, Menara One Mon't Kiara (1MK),
No. 1, Jalan Kiara, Mon't Kiara,
50480 Kuala Lumpur.
Email: mfpc@mfpc.org.my
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Manuscript should preferably be sent electronically via email. Manuscript should be sent in both Ms-Word and pdf format. Manuscript that contains complex equations and / or diagrams is advised to be submitted in printed as well as electronic versions.

News & Views

Guidelines for Authors

All persons writing and/or submitting articles or any other materials in any form (texts, illustrations, diagrams, statistics, etc) for publication in the *Journal of Wealth Management & Financial Planning (JWMFP)* and for storage in the MFPC publication database are required to adhere strictly to the following guidelines:

What Constitutes under the News and Views Column?

Topic Areas

The news and views column is a practitioner focused section covering Malaysian economy/ Asian economy and international business topics. This could include local financial news and issues that is timely to be shared with individuals in the financial landscape.

"News" could include any financial related news which comprises of any aspect of financial planning, wealth management, investment banking, and regulatory changes. "News" submitted should be something of general interest or an issue that is currently new in the marketplace. Eg: Clawing back of Commission from agents is a new issue in Malaysia.

Objectivity

"Views" could be an opinion piece detailing the practitioner's outlook to a particular issue. Any finance related issue which deals with Financial Planning would be accepted. The inclusion of the section News and Views is to deliver essential market information and views that is of good faith for Financial Planners. The focus of this article should help a financial planners better serve their clients and contribute to the common good of the Financial Planning industry.

Style

JWMFP places strong emphasis on the literary quality of submission under the News and Views column. All submission will be vetted through a committee made up of local and international academic practitioners. This column will have a more readable style compared to an academic article. Write the way you talk and Keep it Short and Simple (KISS)

Length

Articles for the news and views column should not exceed 3,000 words. Succinct introduction as a summary would help readers digest the content of the article.

Review

The review process normally takes 1-2 weeks and the MFPC will inform you if the submission will be printed. Authors are not allowed to submit their work elsewhere until an editorial decision is made. To ease the reviewing and editing of submission please follow the guidelines. The Editorial Board wil make necessary changes to ensure the readability and clarity of articles.

Referencing

If necessary when a source is cited, all referencing should be attached to the write up. The general accepted referencing style should follows The *Publication Manual of the American Psychology Association (APA) (6th Ed.)* for style and format. The APA Manual is available in bookstores or from the APA on-line at www.apa.org/books. Summaries of the APA style and format guidelines also are available from a variety of Internet sources.

Book Reviews

Author Guidelines

1. A book review for this journal should run one to three pages (font Times New Roman, size 12, single space; or roughly 500 to 1500 words) at most. Please contact the editor with any other questions.
2. The review should be submitted in typewritten copy and submit your review via e-mail attachment to mfpc@mfpc.org.my.
3. The heading for this review should include bibliographic information about the book, such as:

- Author
- Date of publication
- Title
- Edition (if any)
- Place of publication
- Publisher
- Number of pages
- Price (if applicable)

Example: Robert T. Kiyosaki (2012). *Retire Young Retire Rich: How to get Rick Quickly and Stay Rich Forever!* NY, USA, Warner Books, 376 pages. $9.73.

4. Write your review with two goals in mind, namely to report basic information about the book and more, importantly, to evaluate the book. Do not abstract the book, but be sure to indicate the range and nature of its contents. The exact information will vary according to the kind of book, but in all cases it includes the book's purpose or main theme, and the way in which the author(s) seeks to achieve the purpose or develop the theme. Summarize the book's main conclusion but be brief. Place the book in the perspective of related literature by comparing it with other books on similar topics. Tie together any issues raised in the review, and end with a concise comment on the book. If you like, you can offer advice for potential readers.
5. Avoid quoting long passages from the book you are reviewing Paraphrase when possible. Always give the page number of the quote in parenthesis.
6. Because Journal of Wealth & Financial Planning is an interdisciplinary publication, please avoid overly technical language understandable to only a few specialists.
7. Avoid using references and footnotes. If quotation from another work is absolutely necessary, please incorporate the reference into the text. The form of the reference should be: (Francine D. Blau, Marianne A. Ferber & Anne E. Winkler, *The Economics of Women, Men and Work*, Boston, NY: Prentice Hall, 2010)
8. We reserve the right to edit reviews for style, conciseness, and consistency.

Please send your completed review to:

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Please complete and sign the declaration form and sent it together with your papers. Thank you.

Declaration Form

Title of Paper

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Declaration Statement

The undersigned hereby represents and warrants that the paper is original and that he/she is the author of the work, except possibly for the material such as text passage, figure and data that are clearly identified as to the original source, with permission notices from the copyright owner where required. The undersigned also represents that he/she has the power and authority to make this statements. The main author after contacting other co-authors may sign and submit this form on their behalf. In this case only the main author's signature is required. All material submitted for publication is assumed to be exclusively for Journal of Wealth & Financial Planning (JWMFP) and not have been submitted for publication elsewhere.

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Unit 22.7, Level 22, Menara One Mon't Kiara (1MK)
No. 1, Jalan Kiara, Mon't Kiara
50480 Kuala Lumpur
Email: mfpc@mfpc.org.my
Tel: + (603) 6203 5899
Fax: + (603) 6201 2669

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Malaysian Financial Planning Council (Reg. No.: 0402-04-5)
Unit 22.7, Level 22,
Menara One Mon't Kiara, 50480 Kuala Lumpur
Tel: 03-6203 5899 Fax: 03-6201 2669
Email: mfpc@mfpc.org.my Website:www.mfpc.org.my