

Navigating Financial Challenges: Innovative Financial Planning Strategies Among the Fisheries Community in Tumpat, Kelantan

Azwan Abdullah^{1,2}, Muhammad Zulfaris Mohd Salleh¹, Siti Hanis Shamma¹,
Mohd Nazri Zakaria¹ and Hafizi Mohd Salleh²

¹Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan

²Institute for Poverty Research and Management (InsPeK), Universiti Malaysia Kelantan

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Abstract

Financial planning often receives limited attention in low-income neighbourhoods, where the primary focus is on meeting daily needs. This is primarily due to economic constraints and a lack of information about future financial planning. This study explores the financial planning practices of the fishing community in Tumpat district, Kelantan through a qualitative lens. This study utilizes Focus Group Discussions (FGDs) and the Nominal Group Technique (NGT) to explore financial planning practices. Eleven informants participated to provide in-depth insights. The findings reveal several innovative financial planning strategies among the fishermen, highlighting their ability to utilize human capital effectively to achieve financial sustainability in a resource-rich yet challenging environment. This research uniquely demonstrates that diversifying financial resources within these communities can reduce dependence on third parties for daily sustenance.

Keyword: Community, Fishery, Financial Planning

Introduction

Financial planning is a systematic process aimed at ensuring future financial stability and sufficiency (murari 2019). It encompasses multiple temporal dimensions, including short-term, medium-term, and long-term planning (antoni et al., 2021). It is also supported by sallah et al., (2024) Who stated that financial planning is crucial for achieving long-term stability, particularly in low-income communities where economic vulnerabilities are more pronounced. However, financial planning often receives less attention in low-income neighbourhoods due to economic constraints and the immediate need to satisfy daily necessities (murari, 2019). This lack of specialized financial planning stems from limited financial resources and a lack of information about the components of future financial planning.

Financial literacy plays a crucial role in shaping financial behaviours. Individuals with higher financial

literacy are more likely to set financial goals and plan their spending according to their financial capacities, while those with lower financial awareness tend to spend impulsively, prioritizing immediate needs over long-term ones (sachitra et al., 2019). The introduction of financial conveniences such as online banking and qr codes has further influenced spending behaviours, often leading to overspending (setiawan et al., 2022).

The fishing community in tumpat district, kelantan, represents a unique case for studying financial planning in low-income settings. Fishermen's incomes are highly variable, dependent on weather conditions and the success of their catch, making comprehensive financial planning challenging (abdullah et al., 2022). This study aims to explore the financial planning practices among the fishing community in tumpat, focusing on how they navigate economic pressures and manage their finances to achieve sustainability and prosperity.

By investigating these financial planning behaviours, the study seeks to uncover innovative strategies used by fishermen to achieve financial sustainability. It also aims to understand how human capital is leveraged to mitigate economic challenges. This research is particularly relevant as it addresses the broader issue of financial resilience in low-income communities, offering insights that could inform policies and initiatives aimed at enhancing financial literacy and stability.

Literature Review

The financial landscape encompasses the financial cycle, including opportunities, innovations, risks, and more. This study aims to understand and investigate the financial planning behaviours of individuals within this landscape. Financial planning is frequently defined as long-term financial management that ensures future financial well-being. It also describes how people allocate budgets, including spending and saving (gomes et al., 2021). Budget allocation involves meeting personal requirements by aligning generated income with priorities.

Financial Decision-Making

Making financial decisions is complex, interconnected, varied, and crucial for the financial system's functionality in aligning with personal interests. When designing financial plans, three goals must be considered: short-term, medium-term, and long-term (farooqi et al., 2022). Financial planning varies among individuals based on their financial goals at different life stages.

Financial Expenditure Trends

Malaysian household expenditure increased from rm 4,033 in 2016 to rm 4,534 in 2019. However, there was a documented decrease in spending on food, drink, housing, transportation, and apparel (department of statistics malaysia, 2019). This shift is attributed to growing awareness of long-term financial needs and education on prudent spending (li et al., 2020). While food and beverages are essential, this does not justify allocating the majority of income to them at once (bakhtiar et al., 2020). The financial shocks caused by

covid-19 led malaysians to focus more on long-term financial planning, such as savings and insurance, for resilience and stability (chen et al., 2021).

Income generation and Financial Literacy

Income generation is typically divided between saving and spending, based on individual needs. Individuals with high financial literacy set financial goals and plan their spending according to their financial capacities. Conversely, those with lower financial awareness tend to spend impulsively, prioritizing immediate needs over long-term ones (sachitra et al., 2019). Additionally, financial conveniences like online banking and qr codes can lead to overspending (setiawan et al., 2022).

Budgeting and Financial Stability

A common error in financial planning is altering budgets based on personal desires. Maturity in expenditure planning occurs when individuals adjust their purchasing needs within budget constraints. For instance, someone who can afford seafood once a month might consume it more frequently, leading to financial instability (sabri & alavi, 2019).

Savings and Financial Planning

Financial planning is closely linked to savings, which are current financial commitments aimed at enjoying future benefits (abdullah et al., 2023). Long-term savings include personal savings for emergencies and retirement savings for old age (susan, 2020). Both types are essential for protecting long-term financial stability against unforeseen risks and dangers.

Awareness and Saving Behaviours

Despite understanding the importance of saving, many fail to practice it. The employees provident fund (epf) reported that over two million malaysians have retirement savings of less than rm 1,000, posing a future risk if they become unable to work due to disability (epf, 2021). Awareness alone does not ensure a positive change in saving behaviour unless aligned with favourable financial attitudes.

Takaful and Insurance

According to the accounting, auditing, and governance standards for islamic financial institutions (aaoifi), takaful is an agreement among individuals to protect themselves from risk by forming a fund through contributions, which can be claimed if harm occurs (noor & zakaria, 2010). Essentially, insurance or takaful provides long-term financial protection, allowing individuals and families to cover expenses during unforeseen events, such as disability or death (bsn, 2022). However, the chairman of the malaysian takaful association (mta) noted that over 85% of malaysians do not have insurance or takaful protection plans (basaruddin, 2019).

Investment Behaviours

Investment involves current capital expenditures aimed at achieving long-term profitability (aladdin & ahmad, 2017). Bursa malaysia offers a variety of investment products and services, including equities and derivatives (bursa malaysia, 2022). Financial behaviour in investment refers to recognizing, researching, planning, and allocating budgets appropriately. Individuals' propensity to invest is influenced by specific financial behaviours. A high level of risk tolerance, for example, encourages investment as a means of generating passive income (department of statistics malaysia, 2020). However, without a solid understanding, enthusiasm for investing can lead to impulsive financial activities (aydemir & aren, 2017). By examining these aspects of financial planning, this study aims to provide a comprehensive understanding of how the fishing community in tumpat district, kelantan navigates financial planning amidst economic pressures.

Methodology

A qualitative approach was adopted to gain in-depth insights into the participants' experiences and perspectives. The following steps outline the methodology procedure:

This research focuses on kelantanese fishermen who are assumed to be the heads of families aged 25 and up. Because there is a sizable kelantanese community,

it was determined that data would be obtained through focus group discussion (fgd), consisting of adults who live near the tumpat fishing village in kelantan. While the informants were chosen, a snowball method was drawn through reference and advice. Semi-structured interview concepts were indicated and employed by using nominal group technique (ngt) study designs (boddy, 2012; søndergaard et al., 2018). Thus, 11 male and female informants with responsibility for personal financial planning were chosen using a snowball method.

A common nominal group technique (ngt) design has four phases: idea generation, concept presentation, idea discussion, and idea voting. In the first round of idea generation, informants were given 15 minutes to write down ideas on managing and budgeting their finances. The suggestions were then presented in the second step. Informants must communicate and present the ideas that have been identified and developed without interference from the researcher or other informants (mohajan, 2018). During this stage, the researcher must encourage the informant to talk openly because there is no right or incorrect answer. During the third part of the talk, the researcher acts as a moderator, challenging or highlighting a topic or issue that informants have neglected. The final phase, voting, requires information to vote to organise all the concepts properly.

The summary of methodology procedures is as follows:

Research Design

A qualitative research design was chosen to facilitate an in-depth understanding of financial planning behaviour among the fishermen. This approach is particularly useful for exploring complex issues in a natural setting and obtaining rich, detailed data.

Participant Selection

Participants were selected using a purposive sampling method to ensure that individuals with relevant experience and knowledge about financial planning within the fishing community were included. The criteria for selection included:

Age 25 and Above Heads of Families

Actively involved in fishing activities in tumpat, kelantan

A total of 11 informants, both male and female, were chosen based on referrals and recommendations (snowball sampling).

Data Collection

Data was collected using focus group discussions (fgds) and semi-structured interviews. The nominal group technique (ngt) was employed to facilitate structured group discussions. The ngt process included four phases:

Idea generation (phase 1): participants were given 15 minutes to write down their ideas on managing and budgeting their finances.

Concept presentation (phase 2): each participant presented their ideas without interruptions, allowing for a comprehensive sharing of perspectives.

Idea discussion (phase 3): the researcher moderated the discussion, encouraging participants to elaborate on their ideas and address any overlooked topics.

Idea voting (phase 4): participants voted on the most important ideas, prioritizing the concepts for further analysis.

Data Analysis

Thematic analysis was used to analyse the qualitative data. The procedure included the following steps:

Transcription: all fgds and interviews were transcribed verbatim.

Coding: initial codes were generated based on significant statements and ideas from the transcripts.

Theme development: codes were grouped into broader themes that represented the study's core findings.

Reviewing themes: themes were reviewed and refined to ensure they accurately reflected the data.

Defining and naming themes: clear definitions were developed for each theme, and appropriate names were assigned.

To enhance the validity and reliability of the study, the following measures were taken:

Triangulation: multiple data sources (fgds and interviews) were used to cross-verify the findings.

Member checking: participants were given the opportunity to review and confirm the accuracy of the transcriptions and interpretations.

Peer debriefing: the research findings were discussed with peers and experts in the field to ensure credibility and dependability.

By following these methodological steps, the study aimed to provide a comprehensive understanding of the financial planning practices among the fishing community in tumpat district, kelantan.

Analysis and Discussion

The outcomes of this study reveal certain discoveries on financial planning among fishermen in kelantan that have not been provided by other scholars. According to the study's findings, the fishing community's financial planning behaviour is founded on the notion of "preparing an umbrella before it rains." This is the study's first discovery. This is a financial habit passed down from past generations.

Among the methods employed is ensuring that the harvest obtained from maritime resources, such as fish, is not sold in entirety to wholesalers or purchasers. A portion of the fish harvest is utilized as stock to ensure that the fish supply does not run out during the monsoon season. The freezing procedure is carried out as thoroughly as possible to guarantee that stocks can be preserved and marketed throughout the monsoon season, which typically occurs from september to december in peninsular malaysia's east coast states.

This is a preliminary application of revenue production that may be used when fishermen are unable to conduct operations in the ocean due to the monsoon season. This activity has an indirect and significant impact on fishermen's financial ability to create revenue in the face of weather and climatic challenges. This can also immediately stabilize fish market prices and lessen the country's reliance on imported fish supplies. In other words, financial planning among fishermen occurs when sufficient sales stock is provided to confront the monsoon season so that sources of revenue are not impacted by seasonal circumstances that prevent fishermen from going out to sea.

The second finding deconstructs the action of empowering human capital in protecting fishermen's revenue sources. According to the findings of the study, the monsoon season provides a month of respite for fishermen. The lack of fishing operations during the monsoon season has been replaced by the activity of accepting salaries to repair fishery infrastructure and equipment such as repairing fishing boats, painting boats, mending broken nets, and other related tasks.

The revenue from this activity can be utilized to fund basic household costs. This directly demonstrates that fishermen with dual talents, specifically marine and carpentry skills, are able to save financial resources to the greatest extent feasible. In other words, financial planning occurs through enhancing fishermen's human capital potential to provide consistent revenue while minimizing reliance on other parties such as the government and non-governmental organizations.

The third research finding discovered that when fishermen receive optimistic sales results, they plan financial savings. According to *salleh et al., (2024)*, Savings are held in the bank, and some people take efforts to save in *tabung haji* in preparation for performing the *hajj* when the amount saved is adequate. The survey also discovered that there are fishermen who save to pay off debts with specific parties such as brothers, friends, and cooperative partners. However, the survey found that many are unaware of the need to allocate a certain amount of money for investing activities. This is due to a

lack of understanding and exposure to investment factors. In general, the financial savings made are only for household requirements to meet economic unpredictability due to seasonal fluctuations that make fishing activities at sea a challenge.

The study's final findings revealed that the majority of fishermen are aware of the components of asset inheritance planning. This is mostly about assets like fishing boats and fishing equipment like boat engines. Fishermen's heads have a clear strategy to leave the asset to children who are engaged in maritime activities that might create money for the family. The asset can indirectly create revenue for future generations. Although working as a fisherman is not a popular career nowadays, the assets that can be inherited by heirs with interest and ability are certainly capable of creating their own wealth in an unusual context such as being involved in entrepreneurial activities of downstream products based on ocean resources.

This study also discovered that the outcomes of ocean resources are not just from fresh fish sources, but also from downstream goods such as "budu" (a type of sauce created from anchovy essence), dried fish, and various forms of fish crackers. This implicitly demonstrates that fishermen's reliance is not just on sales of fresh fish, but also on innovation in manufacturing downstream items capable of generating various incomes. The revenue is the outcome of legacy planning done by the fishermen themselves.



Figure 3: Coastal atmosphere during the monsoon season

Sources: fieldwork study by researchers (2023)

In general, this study effectively uncovered four noteworthy findings among fishermen in the aforementioned areas of financial planning. Because many studies solely focus on issues of financial planning among high and moderate-income populations, this has rarely been addressed by academics.

Conclusion

Finally, despite various limitations such as knowledge, awareness, and resources, financial planning is seen as highly important among the fishing community. Financial planning is done on one's own initiative and with the aim of avoiding future problems. In general, the implementation of financial planning can preserve financial well-being for a more meaningful existence. However, the role of the government, non-governmental organizations, and community leaders is still required to improve financial literacy, such as community-based financial education programmes that could significantly enhance financial stability in low-income neighbourhoods. Interest in financial planning can thus be fostered in a more holistic and significant way with the Sustainable Development Goals (SDG) in the context of "No Poverty" among the fishing communities involved.

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