

# Study: Malaysia's Gen Y living on financial edge

**KUALA LUMPUR:** Malaysia's Gen Ys are experiencing significant financial stress early in their life with many living beyond their means and trapped in emotional spending, according to a new study by the Asian Institute of Finance (AIF).

The survey showed a majority of Gen Ys were relying on high cost borrowing, with 38% reported to be taking personal loans and 47% engaged in expensive credit card borrowings, while only 28% felt confident in their financial literacy.

It also showed that an alarming 75% of Gen Ys have at least one source of long-term debt such as car loans, education loans and mortgages, while 70% of those who own credit cards tended to pay the minimum monthly payment and 45% did not pay debt on time at some point.

The report said although making up the largest consumer pool and having high spending power, the Gen Ys were lacking confidence in financial literacy as the major-

ity of them (58%) rated themselves as having average financial knowledge.

"Despite being the most educated generation to date, Gen Ys are accruing debt at an earlier age and lack understanding when it comes to financial planning.

"Many of them are on the back foot when it comes to long-term financial security as they accrue debt before they even enter their professional careers," said AIF chief executive officer Dr Raymond Madden in a statement.

"Managing money well and making sound financial decisions are essential life skills that must be learned over a lifetime to ensure financial fitness in the future.

"With the ever-increasing complexity and diversity in financial products and markets, the Millennials are more likely to bear more financial risk than previous generations, pointing to a critical need for behavioural changes in money management," he said.

The AIF report, themed "Finance Matters:

Understanding Gen Y - Bridging the Knowledge Gap of Malaysias Millennials", surveyed over 1,000 young professionals aged between 20 and 33 years old.

The study also showed Malaysia's Millennials tend to be confident of their financial knowledge as compared to Gen Ys.

It said growing up in a Do-It-Yourself world with information at their fingertips and where technology is second nature, the Millennials were wary of seeking financial advice and preferred to do their own financial planning.

Only 37% who sought financial advice from a professional advisor/planner and 26% who dealt with a financial advisor said they trusted the advice they received.

The report said Gen Ys relied on their family, friends and co-workers as their primary source of financial information and advice.

"We hope our study will inspire policymakers and financial institutions to seek innovative approaches that will make mean-

ingful impact in the financial future of Gen Ys.

"Understanding the current financial literacy levels of Gen Ys can better equip organisations to understand this important demographic group," Madden added.

The study was undertaken to have a better understanding of Malaysian Gen Ys financial intelligence and their attitude towards finance, as well as to provide the financial services industry with a unique insight into the financial attitudes, knowledge and behaviour of this generation.

It was launched by Madden at the International Future Global Economics Development Conference held at Thailand's Chiang Mai University (CMU) on Oct 14.

The conference, aimed at examining current global economic issues, was organised by the Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia, in collaboration with the Supply Chain Economics Research Centre and CMU. — Bernama