



IN SUPPORT OF



The Value of  
Financial Planning

# CONSUMER FINANCIAL PLANNING AWARENESS SURVEY

# 2019



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# FOREWORD

This survey is a major initiative by the Financial Planning Association of Malaysia (FPAM) in realising its vision to establish financial planning as a recognised profession by promoting excellence in the sector for the benefit of all Malaysians. It fulfils FPAM's drive to promote financial literacy to Malaysians.

The Financial Planning Standards Board (FPSB) and FPAM initially conducted *The Value of Financial Planning: Consumer Financial Planning & Awareness of CFP Certification* survey in 2015.

The survey was repeated in 2019 to assess if there were changes in the areas highlighted in the 2015 survey. In 2019, FPAM surveyed 1,100 Malaysian consumers who were either the primary decision-maker or shared in household financial decision-making. The results of the survey, conducted during Q1 2019, provided the following key findings:

- Consumers, mainly in their 20s and 30s, are confident of achieving their financial goals. Over 90% want to build an emergency fund, support dependents and ensure a comfortable retirement. Other highly ranked priorities include paying for education and owning a home.
- Consumers are looking for licensed financial planners who are trustworthy, reputable and hold financial planning credentials. The major reasons for wanting to work with a licensed financial planner are because they are able to tailor a long-term financial plan to suit their needs, help simplify financial matters, research and recommend appropriate financial products, and help establish financial goals.

- Consumers agree that a financial plan is important and should not be put off until later. The main reasons for engaging a professional for financial planning and advice include managing large debt, surviving a major illness/health scare, becoming responsible for another's health and financial decisions (e.g. elderly relatives), family members engaging a financial planner, and wanting guidance and advice in managing one's financial resources.

- While family and friends remain the top source that respondents relied upon for financial matters and planning information, more are looking to professional financial planners for such knowledge. The 2019 survey reveals that financial planners have overtaken websites and social media as the second most preferred source for financial information.

- Financial planning services most in demand are insurance planning, cash and debt management, investment planning, retirement planning, and estate planning. Most (60%) consumers prefer to work with a fee-based financial planner compared with 13% for a commission-based financial planner.

It is our sincere hope that this study will benefit various stakeholders such as financial planning firms, the financial services industry, consumer associations, consumers and other relevant parties.

Let us strive to create a society where Malaysians can achieve their financial goals with a little help from their licensed financial planner.

**Ismitz Matthew De Alwis, CFP<sup>CERT</sup>™, IFP®**  
**President**



# EXECUTIVE SUMMARY

FPAM conducted the survey, *The Value of Financial Planning: Consumer Financial Planning & Awareness of CFP Certification*, which was first launched in 2015.

FPAM repeated this timely survey in 2019 to find out if Malaysian consumers have improved in the following areas:

- a) Financial behaviour
- b) Views on financial planners
- c) Provision of financial planning and advice, and
- d) Priorities regarding financial planning services.

The 2019 survey included additional profiles on ethnicity, marital status and location of respondents. This is to understand how they influence the financial behaviour of Malaysians. It is heartening to note while consumers worried a lot about their financial situation, a large majority were confident of achieving their financial goals.

The other focus of this research was to compare consumers' views on financial planners. The survey reveals that consumers know financial planners need to be licensed by the Securities Commission (2019 & 2015 – 70%). However, a marked improvement was noted in 2019 where more than half said they knew how to check whether a financial planner is licensed (54% in 2019 vs 29% in 2015).

Overall, knowing whom to trust is still a barrier to working with a licensed financial professional. When choosing a financial professional, the top factor was trustworthiness followed by having financial planning credentials. This is reinforced by consumer perceptions towards financial planning which includes knowing whom to trust, uncertainty on where to start, a confusing process, being too busy and having too much paperwork.

This survey looked to capture the provision of financial planning and advice. At least 93% of the respondents were involved in some way in financial decision-making. Consumers relied on qualified professionals such as financial planners (25% vs 21%), financial advisors (14% vs 20%), chartered financial analysts (12% vs 6%) and other similarly qualified professionals (9% vs 10%) for financial advice.

In terms of financial planning services, consumers placed importance on the following areas:

2019 – Insurance services and planning/risk management, cash flow and debt management, investment planning, retirement planning, estate planning, financial goal setting and tax planning;  
2015 – Planning for retirement, investment planning, cash flow and debt management, insurance services and planning.

The 2019 study was conducted using a self-administered online survey questionnaire. Approximately 1,100 completed surveys were collected nationwide. The 2015 study was also an online study and 1,001 respondents nationwide completed the survey. Key findings and comparisons on consumer financial behaviour and financial planning are outlined in the following pages.

With better understanding of consumer views, and changes through the years, the financial services industry can better prepare to address some of the misconceptions regarding financial planning activities with special focus on consumers in their 20s and 30s. This cohort stands to benefit the most from financial planning activities.

**Enjoy reading!**





## KEY FINDINGS

Majority of respondents considered themselves knowledgeable about financial matters and were confident they would achieve their life goals

Consumers agree that a financial plan is important and should not be put off until later



### KEY FINDINGS

Consumers are looking for licensed financial planners who are trustworthy, reputable and hold financial planning credentials

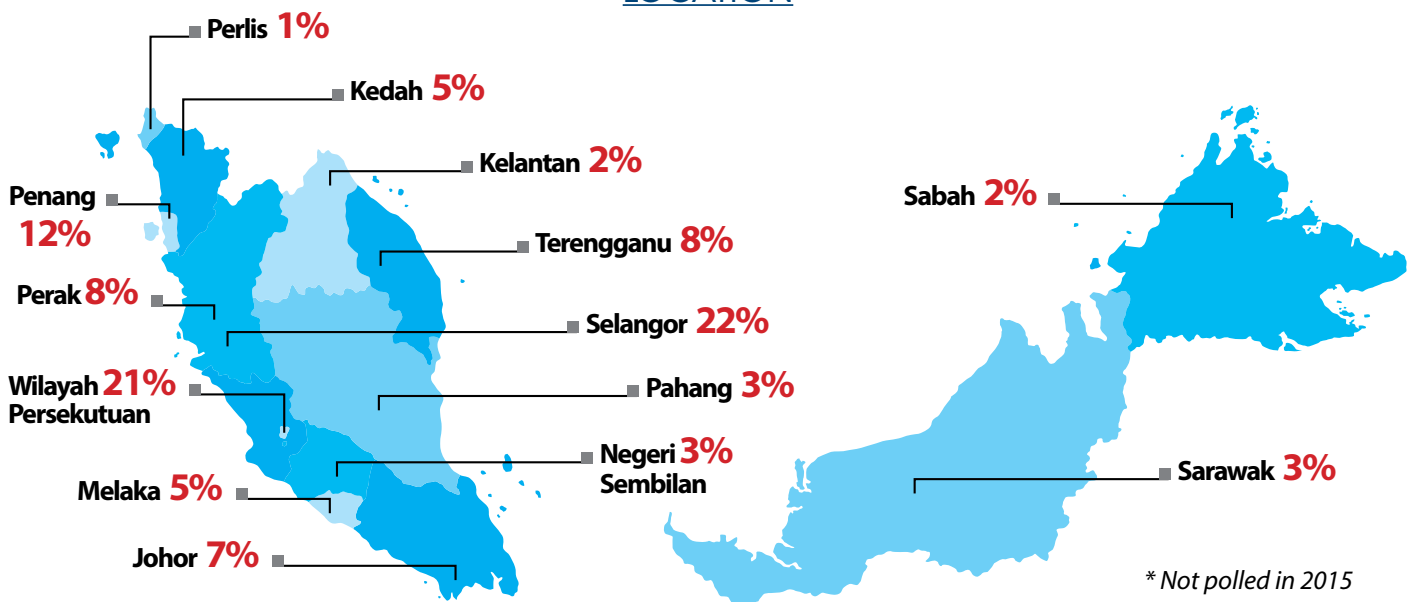
Financial planning services most in demand are insurance planning, cash and debt management, investment planning, retirement planning, and estate planning

# ABOUT THE RESPONDENTS

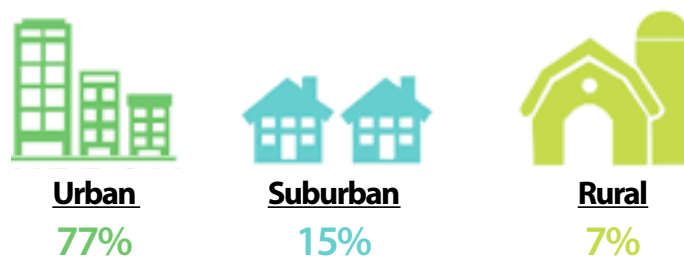
## TOTAL SAMPLE



## LOCATION



## BY AREA



# ABOUT THE RESPONDENTS

## AGE GROUP

**2019**

**18-27**  
67%

**28-37**  
21%

**38-47**  
6%

**48-57**  
3%

**> 58**  
3%



**2015**

**18-34**  
43%

**35-49**  
37%

**> 50**  
20%

## GENDER



**Male**

**2019**  
37%

**2015**  
53%

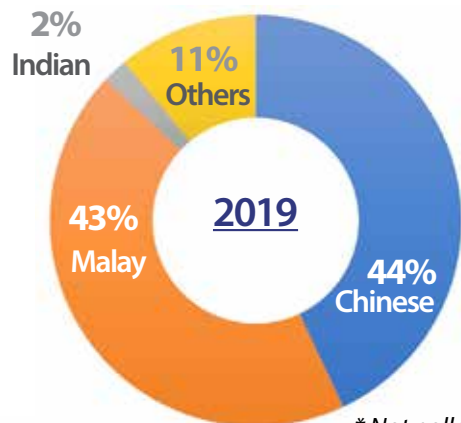
**Female**

**2019**  
63%

**2015**  
47%

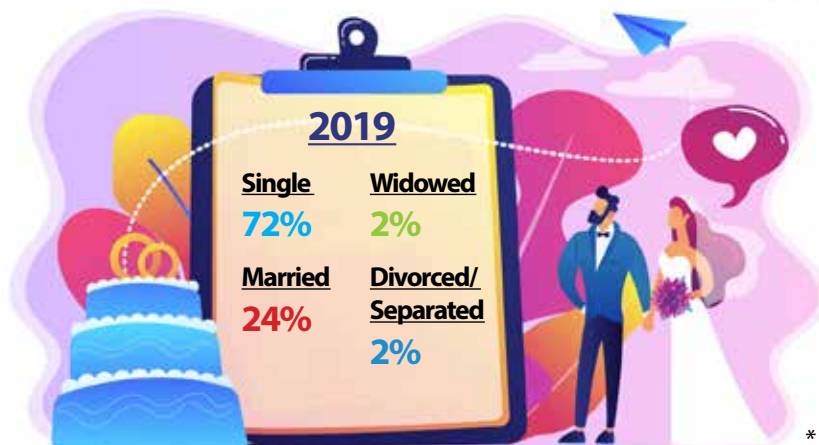


## ETHNICITY



\* Not polled in 2015

## MARITAL STATUS

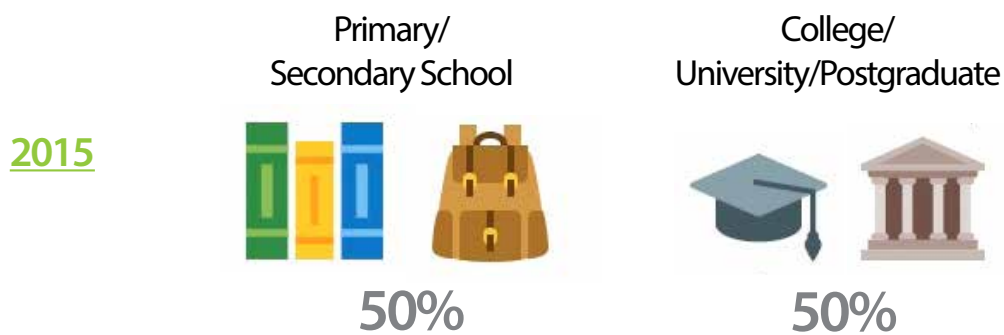
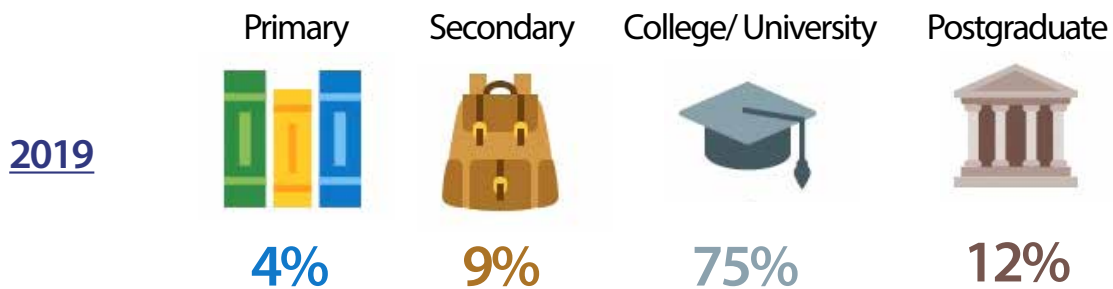


\* Not polled in 2015

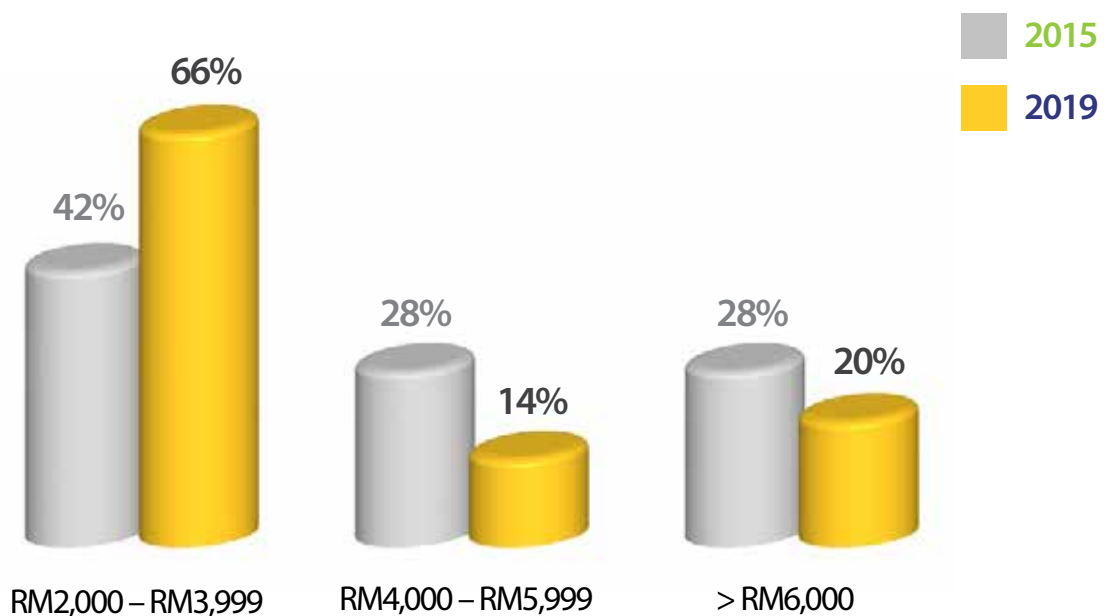


# ABOUT THE RESPONDENTS

## EDUCATION



## MONTHLY INCOME LEVEL





The following four sections are focused on the 2019 survey outcome, after which a comparison is made with the 2015 survey outcome.



# FINANCIAL BEHAVIOUR

Over 80% of respondents considered themselves knowledgeable about financial matters and were confident that they would achieve their life goals. These individuals were active in having a financial strategy to deal with major life events and to achieve life goals, and were successful in sticking with their financial strategies.

In assessing their priorities, 90% placed these as their top three financial planning activities:

- 1** Building an emergency fund
- 2** Supporting their dependents
- 3** Preparing for their ideal retirement

However, the activities that received the least attention included leaving a bequest, being free from consumer debt and finding ways to reduce the impact of taxes. Some 56% of those surveyed indicated that they have a comprehensive financial plan to meet their life goals.

Sources of financial information that this group of respondents, in their 20s and 30s (88%), relied mainly on were websites, social media and newspapers (27%), followed by family and friends (25%), and financial planners (21%).

Over 88% of consumers were satisfied with their primary financial planning professional. They found them to be attentive, honest, easily accessible, used plain language and understood their needs and goals.







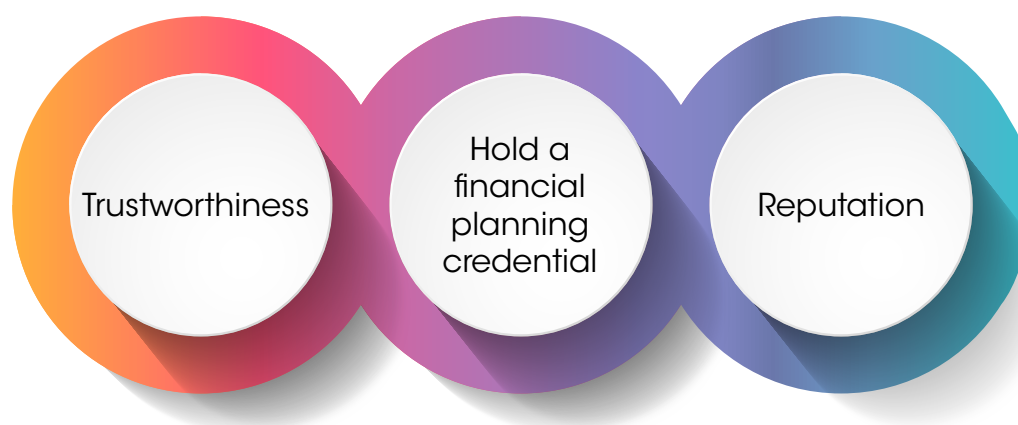
# WORKING WITH A LICENSED FINANCIAL PLANNER

Consumers are more open to working with financial planners. While 28% of respondents were unsure about payment for financial planning services, 60% of them said they prefer to work with a financial planner who charges a fee compared to just 13% who prefer commission-based services.

## The top five reasons to work with a licensed financial planner are to:

- 1 Create a long-term financial plan that is tailored to their needs
- 2 Help simplify financial matters
- 3 Research the market and recommend the most appropriate financial products
- 4 Help establish financial goals and formulate plans to achieve them
- 5 Save money by getting best-value financial products

## The top three factors consumers look for in a licensed financial planner are:



The main reasons that prompted consumers to seriously consider using a professional for financial planning and advice include:

- 1 Managing large debt
- 2 Surviving a major illness / health scare
- 3 Caring for financial dependents
- 4 Family members engage a financial professional
- 5 Guidance to manage personal finances

The areas that consumers found helpful were:

- Defining the relationship with clear explanations on fees and the decision-making process
- Monitoring the progress of financial recommendations, periodic reviews and making necessary adjustments.



## FINANCIAL PLANNING & ADVICE

In household financial planning activities, 30% of respondents indicated they were the primary decision-makers, 42% shared the decision-making process, and 21% were involved in decision-making while 7% were not involved.


The main perception among consumers regarding financial planning was that they did not know whom to trust or where to start. Despite this, most agreed that a financial plan is important and not something that should be put off until later in life.

In terms of financial advice, 61% of consumers relied on qualified professionals such as financial planners and other similarly qualified professionals.





# FINANCIAL PLANNING SERVICES



The top five financial planning services that consumers would like help in are:

**1**

Insurance services and planning / risk management

**2**

Budgeting / cash flow / debt management

**3**

Investment planning

**4**

Retirement planning

**5**

Estate planning

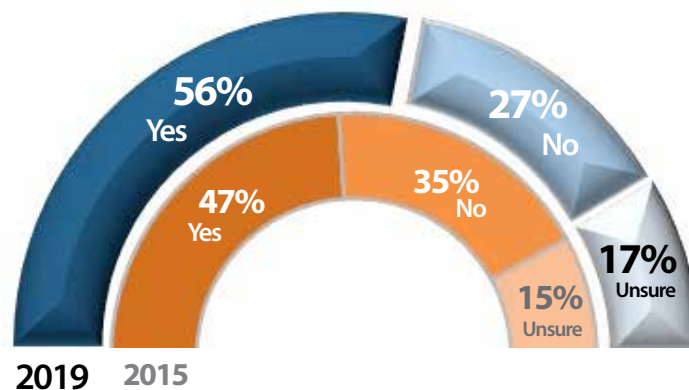


# MALAYSIA – MOVING THE NEEDLE

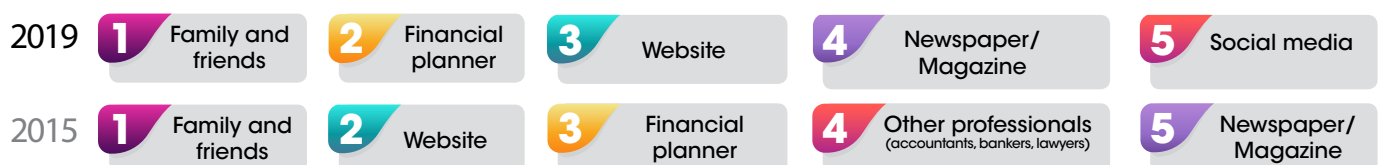
In comparison to a global survey\* conducted by the Financial Planning Standards Board (FPSB) in 2015, the Malaysian consumer has matured in the way they manage their finances – they are more financially literate and are more confident in achieving their financial goals.

The 2019 survey reveals that while family and friends remain the main source of information regarding financial matters and planning, financial planners have overtaken websites as the second preferred source.

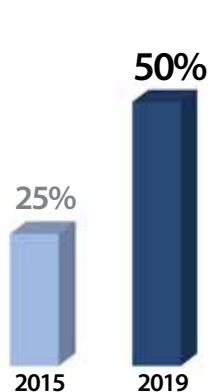
## Have a comprehensive written financial plan



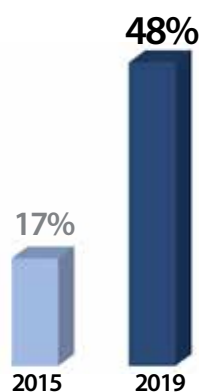
## Information sources relied on for financial matters and planning



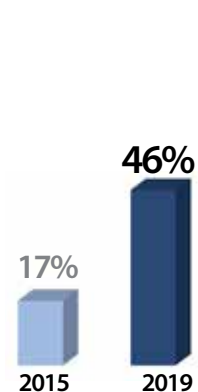
I am confident that I will achieve my financial life goals



I am successful in sticking with my financial strategies



I am knowledgeable about finance and financial matters



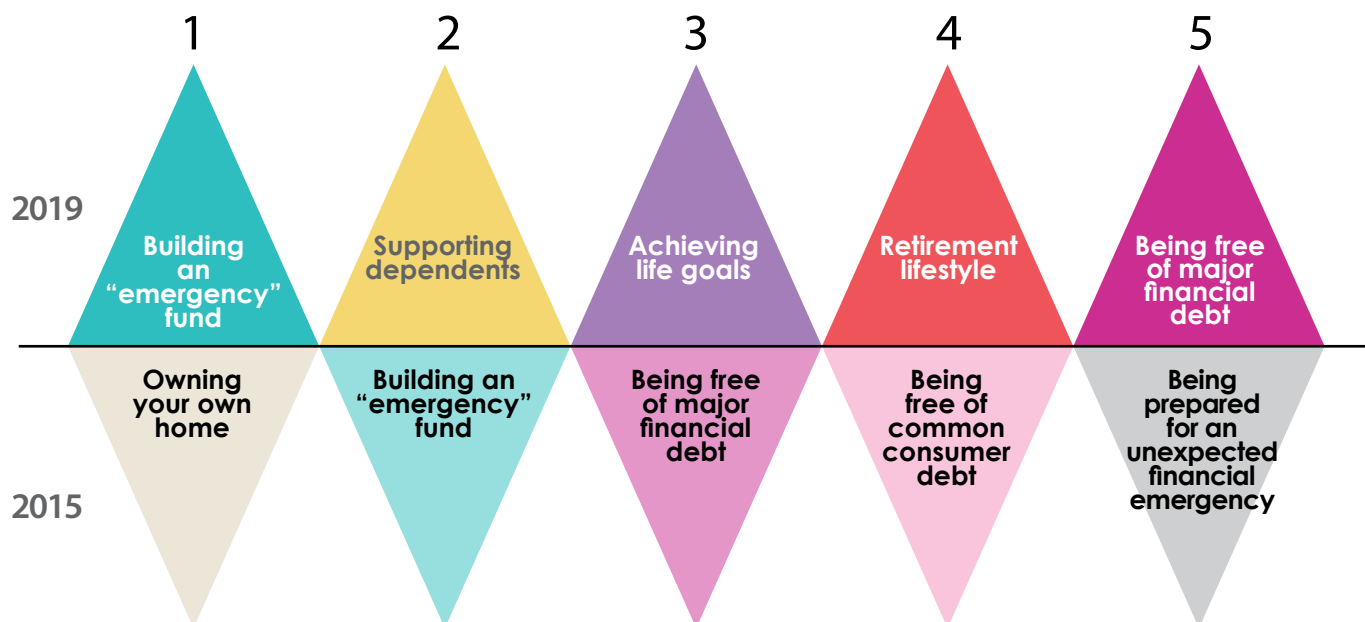
\*The Value of Financial Planning: A Global Consumer Financial Planning & Awareness of CFP Certification Survey

# MALAYSIA – MOVING THE NEEDLE

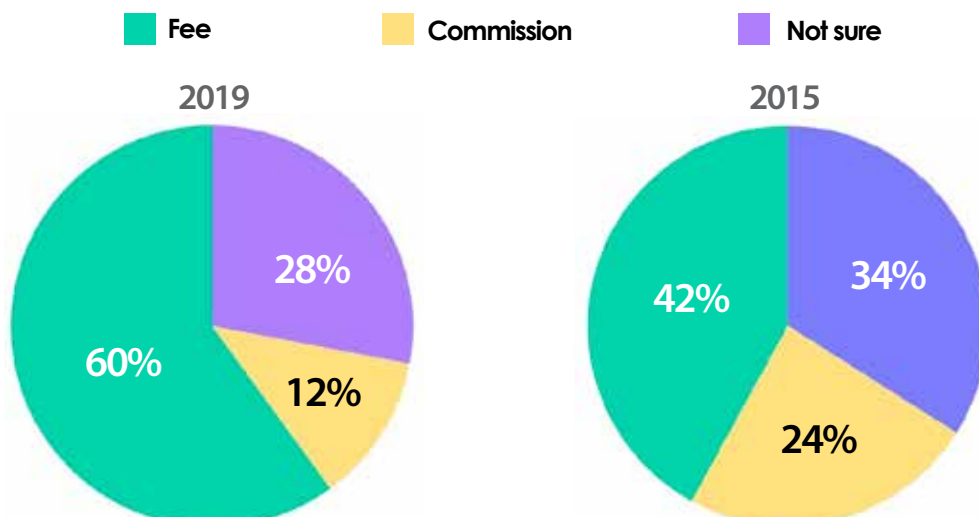
The participants in the 2019 survey have a different set of financial planning priorities compared to the previously surveyed respondents. With 88% below the age of 37 and 72% being single, their top financial planning priorities include emergency funds, supporting dependents and achieving life and retirement goals.

Today, more individuals are willing to pay to work with a financial advisor that charges a fee compared to 2015.

## Top 5 financial planning priorities



## Preference in paying for financial planning services



# MALAYSIA – MOVING THE NEEDLE

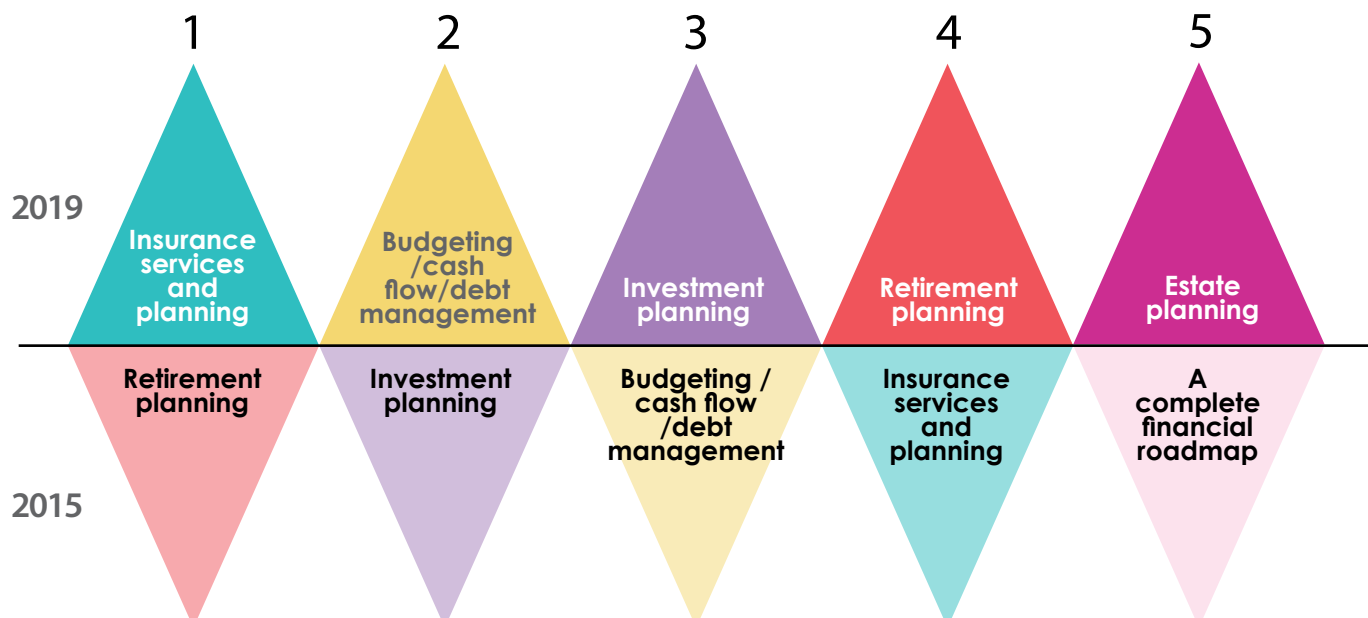
Some of the barriers to financial planning are unchanged such as 'whom to trust?', 'where to start?' and 'too much paperwork'. Today, fees and costs are not a significant barrier to financial planning.

## Top 5 barriers to engaging a financial planner



The types of financial planning services respondents were most interested in for 2019 may have changed in ranking but essentially remain within the top preferred services in 2015.

## Types of financial planning services which would be most helpful





# MALAYSIA – MOVING THE NEEDLE

While the rankings may differ, reasons for working with a financial planner remain consistent. Interventions by industry stakeholders over the years may have raised awareness on engaging a financial planner to help plan and achieve financial goals. This can be seen from the importance placed by respondents in working with financial planners to “help establish goals and formulate plans to achieve those goals” over “saving money by getting best-value financial products.”

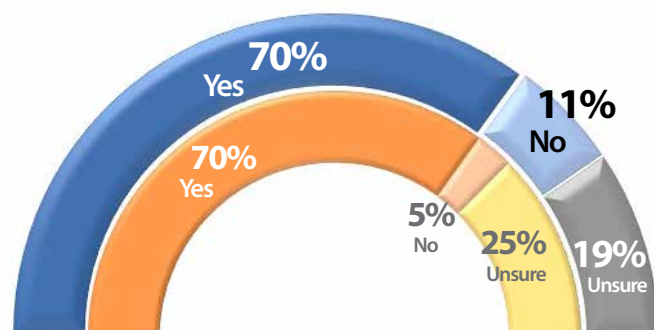
## Major reasons to work with licensed financial planner



While respondents surveyed were aware of the need for financial planners to be licensed by the Securities Commission, more today know how to check if a financial planner is licensed. This indicates that:

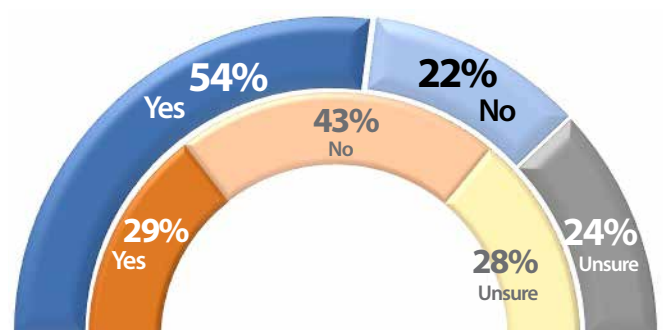
- a) Today's customers are savvy yet cautious
- b) Efforts by financial planning stakeholders, which include regulators, to educate the public have had positive results.

## Do financial planners have to be licensed by the Securities Commission for financial planning?



2019 2015

## Do you know how to check if your financial planner is licensed?



2019 2015



## CONCLUSION

Respondents for this survey are primarily (63%) female, and in their 20s and 30s (88%). A majority of respondents are single (72%) and earning below RM4,000 (66%) with a university/college qualification (87%), and living in the Klang Valley or urban areas.

In terms of financial behaviour, the archetypical respondent for this survey is successful in sticking with her financial strategies, knowledgeable about financial matters and confident in achieving her financial life goals.

It is heartening to note that consumers are aware of the importance of having a financial plan, but 'knowing whom to trust' is a barrier the industry needs to overcome, along with other pain points such as helping the consumer to the starting point, and addressing issues of confusion and affordability.

However, the silver lining is that compared to the previous survey in 2015, Malaysian consumers scored better in many areas of financial planning, improved their awareness of financial planning credentials and are more assured in their expectations of the services an accredited financial planner can provide.

This confirms that financial literacy interventions by all financial planning stakeholders over the years have shown positive results and should be continued. The formation of the Financial Education Network in 2019 is a timely initiative to set out the National Strategy aimed at improving the financial well-being of Malaysians by elevating their financial literacy.