

GREATER AWARENESS

Financial education crucial for managing money

KUALA LUMPUR

MALAYSIANS have become more aware of the importance of saving, especially in times of crisis, such as the Covid-19 pandemic.

National Higher Education Fund Corporation (PTPTN) chief executive officer Ahmad Dasuki Abdul Majid said the corporation saw a big increase in savings made via its National Education Savings Scheme (SSPN) last year.

"The total amount of SSPN-i deposits last year was RM1.99 billion, an increase of RM623.82 million, or 45.58 per cent, from RM1.37 billion in 2019," he said in an interview in conjunction with the Bank Negara Malaysia (BNM) Global Money Week 2021.

The amount, he said, had exceeded the corporation's RM1.5 billion target.

Based on a post-moratorium survey conducted by the Credit Counselling and Debt Management Agency in August, he said that 29 per cent of respondents used their loan moratorium money for savings purposes, which was supported by the increase in the percentage of

savings and deposits in SSPN, along with Tabung Haji, Bank Simpanan Nasional and Permodalan Nasional Bhd.

"It is crucial for parents to have good financial planning by saving in advance, including for further education, as no one can predict what the future holds.

"This is what PTPTN is looking at, to ensure that every household has at least one SSPN-i Plus account."

On Global Money Week 2021, Dasuki said it would increase public awareness about the importance of having good financial education and management, and boost their ability to handle financial matters and reduce the negative consequences of poor financial decisions.

"Malaysians need to be provided with financial knowledge so that they can manage their savings and expenses, invest wisely and borrow responsibly in line with their financial goals and circumstances, including for retirement.

"Financial education is crucial so that the public can protect themselves from falling victim to financial fraud and make wiser financial decisions."

He said improving financial education required a systematic, sustainable and coordinated approach, with a focus on creating long-term financial habits.

Asked about the reasons that saw many borrowers fail to pay back their loans, Dasuki said it was due to poor financial management, indebtedness and the economic crisis.

"In the context of PTPTN loans, borrowers may not pay back their loans due to unemployment, or they may lack a sense of responsibility."

He added that all parties needed to ensure that financial literacy programmes were accessible to all, including minorities.

"In Malaysia, we have financial education programmes run by gov-



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Ahmad Dasuki Abdul Majid

ernment and private agencies, as well as non-governmental organisations.

"These are aimed at increasing the financial literacy of Malaysians."

He urged loan defaulters to cooperate with the corporation and repay their loans.

"This is to ensure that future borrowers have a chance to get a better education, and subsequently, no students will get left behind from entering higher learning institutions due to financial problems."

On PTPTN's SSPN, Dasuki said there were two products: SSPN-i and SSPN-i Plus.

SSPN-i offers privileges, including tax exemptions up to RM8,000 a

year, competitive dividend distribution, free takaful protection-for ringgit-to-ringgit deposits from RM1,000 and above, as well as a matching grant of up to RM10,000. Account holders will be eligible to apply for PTPTN loans.

For SSPN-i Plus, he said it came in six packages, from as low as RM30 or RM1 a day.

"Through SSPN-i Plus, people can enjoy all the benefits of SSPN-i, except the matching grant and ringgit-to-ringgit takaful benefit as the plan is complete with savings and takaful."

Earlier this year, PTPTN announced a four per cent annual dividend for 2020 for 4.82 million SSPN account holders, amounting to RM201.3 million.