

Addressing Financial Challenges in Malaysia and Enhancing Digital Financial Literacy: Insights from Practitioners

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ABSTRACT

Financial literacy is an essential skill for individuals to manage their finances effectively. It involves understanding how to plan, organize, act, and control money to meet one's needs. In today's digital era, digital financial literacy is becoming increasingly important. It refers to the ability to manage financial resources using technology and digital platforms. Like other countries worldwide, Malaysia is undergoing a digital transformation. Enhancing digital financial literacy and addressing the current financial challenges Malaysians face is crucial. The aim of this study is to provide insights into these challenges and the role of digital financial literacy in addressing them. This study was conducted through a focus group discussion interview method that involved twelve participants from various financial backgrounds, including bankers, financial advisors, financial education trainers, fintech company staff, and NGO representatives. The Atlas.ti 24 software was utilized to analyze the data using thematic analysis. The study highlights the financial challenges Malaysians face, such as limited access to banking services, insufficient financial literacy, and a lack of awareness of digital financial products. The findings suggest that digital financial literacy is crucial for promoting responsible financial behaviors, empowering individuals to manage their finances effectively, and ensuring financial well-being in a digitally driven economy. Digital financial literacy also facilitates more accessible access to banking services, which is essential in a cashless society. It emphasizes the significance of understanding financial literacy knowledge to protect individuals from online fraud, identity theft, and other digital risks associated with financial transactions. The findings offer effective insights from industry professionals to improve digital financial literacy, overcome the obstacles that Malaysians face, and help policymakers and practitioners develop effective strategies to promote digital financial literacy and improve financial well-being in the country.

Keywords: digital financial literacy, financial challenges, digital finance, financial planning, financial problem

INTRODUCTION

As Malaysia moves through the digital era, the importance of digital financial literacy grows. Digital financial literacy (DFL) is effectively managing financial resources using technology and digital technologies. Since the world is shifting towards cashless transactions, DFL can benefit from examining the value of understanding various digital payment methods, including peer-to-peer transactions, internet banking, and mobile wallets. Currently, there are indicators of technological breakthroughs that can empower individuals in the digital economy, allowing them to investigate how DFL allows people to make better financial decisions, gain access to a broader range of financial services, and engage more actively in the digital economy (Hasan et al., 2023). Furthermore, Liu et al. (2021) emphasized the significance of DFL in reaching economic inclusion by eliminating obstacles and providing formerly deprived people with access to financial services.

According to Corallo et al. (2022), the industrial sector is also moving toward the Industrial Internet of Things (IIoT) paradigm, often known as the Industrial Internet. It is a concept that connects an increasing number of devices to the internet to increase the productivity and efficiency of corporate and business processes. Consequently, there is an increasing trend in cybersecurity responsiveness. Previous studies have shown that financial constraints confronting DFL include limited access to banking services, insufficient financial literacy, and a lack of awareness of digital financial products. Other challenges to DFL include safety and security issues.

As a result, it is critical to highlight the significance of understanding cybersecurity in preserving individuals from online fraud, identity theft, and other digital risks associated with financial transactions (Corradini & Corradini et al., 2021; Reegard et al., 2019).

The growing importance and relevance of digital investing platforms are also affected, as is the requirement for individuals to know both the risks and benefits of digital investment. According to Sotnyk et al. (2020), it is imperative to get insights into the importance of tracking the efficacy of DFL projects and recommendations for implementing broad measurement tools in order to assess effects and make data-driven improvements. Besides the requirement to measure the success of DFL projects, ideas for developing comprehensive measurement tools are crucial to evaluating the impact and making data-driven adjustments (Reegard et al., 2019).

Creating successful financial literacy in society would require extensive knowledge of the current environment. Thus, a complete investigation of Malaysia's existing state of DFL, focusing on the essentials of specialized informative initiatives, is needed to close the knowledge gap between established financial practices and modern digital technologies. This paper explores practitioners' perspectives to gain insight into the financial challenges and obstacles that Malaysians confront and the need for DFL.

BACKGROUND OF THE STUDY

Financial Literacy

The Organization for Economic Co-operation and Development (OECD) defined financial literacy as follows: "A combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing." It is an essential skill to manage finances in a way that satisfies the four management ideas of planning, organizing, acting, and controlling so that the process of bringing in and spending money can correspond with their needs. Financial literacy in this context is intended to help people manage their assets more sensibly and intelligently so that they can offer helpful feedback in assisting people's finances in the short and long term (Sihaloho, 2023). Furthermore, people must acquire the knowledge and skills that will improve their financial resilience and well-being due to several factors, for instance, changes to the pension system, the complexity of financial instruments (including new instruments like crypto assets), inflation, and increased risks such as war and climate change (Lusardi & Messy, 2023).

Accordingly, to make effective decisions in various financial contexts, enhance the financial well-being of individuals and society, and facilitate participation in the economy, both knowledge and financial behavior are reflected in financial literacy (Lusardi, 2019). A person who engages in and practices good financial planning will be able to recognize and rank the necessities that need to be met financially at different points in time. With this capacity, people may balance income and expenses according to their demands in order of importance, ensuring no negative effects when managing their finances. It is suggested that as financial literacy rises, people will be able to steer clear of issues like poor credit, excessive debt, and cash flow problems toward the end of the month (Sihaloho, 2023).

Thus far, scholarly research has focused on the relationship between religiosity and financial literacy and management practices. For example, efforts to enhance Islamic financial literacy (IFL) through community awareness campaigns and identifying factors influencing IFL are necessary for every Muslim to achieve genuine prosperity in this life and the hereafter (Osman et al., 2024). Hence, good financial judgment is necessary for Islamic financial management, and most Muslims who practice it are well-off individuals who feel morally compelled to do so. Effective Islamic financial management requires prudent money management and ethical behavior in financial dealings (Godfrey, 2005) that can make life more balanced, successful in other endeavors, and money-wise (Osman et al., 2024).

In their study, Santacruz (2014) and Bruce (2011) utilized qualitative methods to understand financial planners' value propositions and professionalism. Similarly, the impact of digital transformation in financial management was found to be particularly relevant in the context of digital financial planning (Avira, 2023), where the experience of digital financial services is influenced by lifestyle and familiarity (Bapat, 2021). Lizovskaya (2020) has also explored the customer experience and interaction in the banking sector, emphasizing the need for a customer journey map and identification of significant digital services. However, very few studies have explored DFL from the industry or practitioner's point of view.

Financial Challenges and Problems

According to a report by the Credit Counselling and Debt Management Agency (AKPK), up until December 2022, 41.8% of individuals aged between 30 and 40 in Malaysia encountered financial challenges and problems due to insufficient knowledge of financial management. In addition, lacking financial literacy can lead to mistakes in

financial decisions, such as financial fraud, get-rich-quick schemes, and unproductive loans. The digital platform currently represents one of the ways through which individuals may fall victim to financial scams. As argued by Ameera Ismail et al. (2023), factors contributing to love scams include the growing use of social media. For example, during the previous COVID-19 pandemic, the challenges were primarily related to living in isolation, affecting both personal and professional aspects of life (Samah, N. A., 2021).

On another note, financial difficulties have also been found to significantly impact the academic performance of university students (Norazlan, Yusuf, & Al-Majdoub, 2020). As education is an expensive social service, lacking financial support can result in poor academic performance (Dang & Bulus, 2015). Students often find it challenging to make ends meet due to the high cost of living, especially those from underprivileged families. These financial issues can negatively impact their education. Addressing financial issues is crucial as they affect academic performance and lead to health problems (Norazlan et al., 2020). In another related study, Sharizan (2021) highlights the barriers to financial inclusion, including high living costs, communication issues, and lack of financial education. Additionally, financial problems and challenges arise due to insufficient income, particularly among urban poor youth (Mohamad et al., 2017).

The Digitalization of Financial Industry

As with other countries worldwide, Malaysia is adapting to the digital revolution in its economy. Digitization has significantly impacted the financial industry, providing new opportunities for businesses, customers, and the economy and changing it to a dynamic landscape of opportunities and challenges. In their study, Hasan et al. (2023) have discussed how digital transformation allows financial institutions to create personalized and seamless interactions with consumers via intuitive interfaces powered by AI insights and 24-hour accessibility. Today, most banks offer their products and services through multiple Internet channels. However, in his study, Jain (2023) found that several clients in both public and private banks lack awareness of E-Banking and continue accessing traditional banking services. Thus, banks need to inform their consumers of the availability of financial services via an automated teller machine (ATM), Internet banking, Mobile Banking, short messaging service (SMS), and Phone Banking (Jain, 2023). It is undeniable, however, that digitalization helps banks streamline operations, minimizes operational costs, and boosts efficiency for financial institutions, resulting in increased profitability.

Another advantage of digitalizing the financial industry is that financial organizations can benefit from exploring the potential offered by data analytics and artificial intelligence by making better decisions, managing risks more effectively, and developing focused marketing strategies (Hatamimi & Krisnawati, 2018). Customers as end-users would benefit from this, allowing them to control and manage their finances more effectively through tailored budgeting apps, investment platforms, and automated financial advisory services (Sotnyk et al., 2020). Furthermore, how digitalization makes credit and investment options more accessible to individuals can be examined, thus levelling the playing field and achieving accessible financial services.

Within the financial industry, two bodies help to manage the financial system; RegTech and FinTech. Regtech or regulatory technology refers to applying information technology to improve compliance and regulatory procedures and prioritize regulatory compliance, monitoring, and reporting. It seeks to standardize regulatory procedures, increase transparency, eliminate ambiguity from rules, and produce higher-quality results at a reduced cost. On the other hand, financial technology or Fintech refers to the integration of cutting-edge technologies with financial industry goods and services encompassing a broad range of technology developments, such as digital payment systems, robo-advisors, mobile banking, online lending platforms, and blockchain-based products like cryptocurrency. Startups and well-established financial and technology organizations are included in the fintech space, which aims to enhance, supplement, or replace traditional financial services.

In his study, Anagnospoulos (2018) examines the potential impact of RegTech on simplifying compliance processes, enhancing regulatory reporting, and improving overall risk management for financial institutions. The results showed that RegTech is a constantly evolving technology that uses digital tools and processes to aid companies in managing their expanding regulatory compliance obligations. In a related study, Butler & Obrien (2019). found that RegTEch impacts accessible banking in terms of increasing competition, innovation, and collaboration within the banking sector and providing consumers with additional options and personalized services. However, Golden & Cordie (2022) argued that research and analysis of the individuals and communities that most need financial education is a crucial area for development related to FinTech.

The primary function of FinTech is to unbundle offerings from these firms and create new markets for them. Today, digital payments and e-wallets lead the way in Malaysian fintech, supporting emerging trends and developments like artificial intelligence, machine learning, digital transfers, cryptocurrency, crowdfunding, and

other financial innovations. The advancement of technology has created unique opportunities for strategic financial planning in the digital economy.

As mentioned earlier, Malaysia's financial industry is experiencing a rapid shift towards digitalization. During this transition, there are bound to be challenges and issues that need to be addressed, including financial literacy. Access to accurate and timely information is crucial for making informed financial decisions (Levchaev, 2020). Moreover, financial education is now more important than ever, particularly in the digital age, where online platforms significantly promote responsible financial behavior (Sabau, 2022).

This study primarily employs a qualitative research approach as it can provide a deeper understanding of financial behaviors, decision-making processes, and the impact of various factors on financial outcomes (Burton, 2007). Qualitative research is essential in financial planning studies because it allows for a deeper understanding of the complex reasoning behind financial decisions. Therefore, this study aims to explore financial practitioners' perspectives on digital financial literacy. Two research questions were developed: Firstly, what are the financial challenges and current issues faced by Malaysian society? Secondly, why is there a need for digital financial literacy?

METHOD

This study employs an exploratory research approach by utilizing focus group discussions to explore financial practitioners' perspectives on digital financial literacy and the financial challenges and current financial issues in society. In a qualitative method, the researcher frequently bases knowledge claims on constructivist viewpoints, which include depictions of the various interpretations that a single experience might have and interpretations that are socially and historically built to create a theory or pattern (Creswell, 2003). Therefore, this research approach is aligned with the objectives of this study. In contrast, valuable insights and experiences from industry practitioners are needed to understand the financial issues within society. Table 1 lists the interview participants, which included three bankers, three financial advisers, three trainers for financial education, two representatives from fintech companies, and one representative from a non-governmental organization (NGO) involved in financial training.

Table 1: Number of participants

Participants	Numbers	Code
Bankers	3	P1-P3
Financial advisers	3	P4-P6
Financial education trainers	3	P7-P9
Fintech company staffs	2	P10-11
NGO	1	P12
Total Participants	12	

A thematic analysis was performed on the data obtained from the in-depth interviews using the Atlas.ti 24 software. As reflected in Figure 1, thematic analysis is used to identify patterns or themes within the data, which could then be linked to broader theoretical or conceptual issues (Braun & Clark, 2012). Firstly, the data (transcripts) must be assessed thoroughly to understand its content, context, and structure. Key points, patterns, or significant information must be documented and identified. Next, initial codes would be generated, leading to the next step, which is searching for the themes. After identifying the potential themes, reviewing them is recommended to assess their coherence, relevance, and significance. This involves critically evaluating whether the themes accurately represent the underlying data. Subsequently, the identified themes are refined based on their applicability and meaningful contribution. Finally, the results of the data analysis are documented, including the identified themes, their definitions, and supporting evidence from the data.

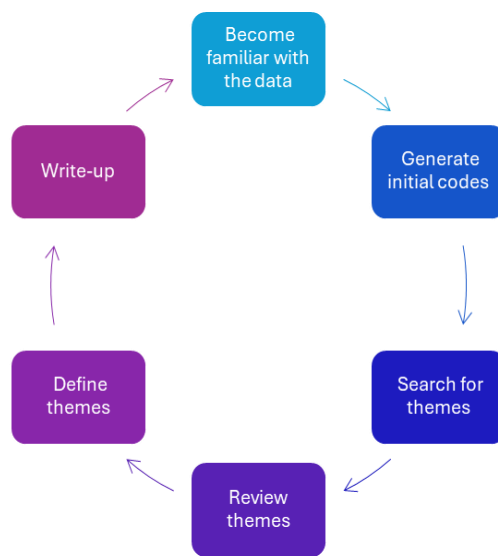


Figure 1: Steps in Thematic Analysis

Source: Braun & Clarke (2006)

Data Collection and Ethical Considerations

This study used focus group discussions to gather insights from the twelve participants regarding the research topic. The focus group discussions were held over two days in two separate sessions using the Microsoft Teams software. The twelve participants were organized into four groups of three based on their expertise and industries. Two groups were interviewed on the first day and the other two groups on the second day. These interviews were conducted online predominantly in English with the occasional Malay phrases used. Each session lasts approximately 2-3 hours. The interviews were led by the academicians involved in the research, with enumerators assisting by taking notes. All interviews were recorded and transcribed as needed. The interview process was to get approval from the university ethical approval committee (USIM/JKEP/2022-231). To protect the participants, securely encrypted using a code (P) to represent participants and maintain anonymity.

RESULT AND ANALYSIS

The data obtained in this study was thematically analyzed. Thematic analysis is one technique for discovering, examining, and interpreting patterns of meaning across qualitative data. According to Clarke and Braun (2016), despite its simplicity, thematic analysis requires a rigorous and systematic approach to qualitative research data analysis. Castleberry and Nolen (2018) add that the following five steps should be included during the analysis: compiling, disassembling, reassembling, interpreting, and concluding. The findings in this study are presented based on the *two* research questions.

Research Question 1: Financial Challenges and Current Issues in Society

The first research question identifies the financial challenges being faced by Malaysian society based on the participants' responses. Five key themes have been established from these interviews: financial literacy, financial planning, economic impact, financial wellness and overconfidence, and financial knowledge.

Theme 1: Financial literacy,

Financial literacy refers to the ability of a person to manage their wealth efficiently by making practical and sound financial decisions. The main problem shared by the participants in this study is a deficiency of financial literacy among individuals; as expressed by P10 and P11, they do not understand how financial planning and cash flow are managed.

“When mentioning the issue of lack from the point of view of financial literacy. Saving is common for people.... They know the awareness of building this emergency saving. So basically, we were taught to understand his cash flow first and know first what kind of wealth status he was. So that before he invests anywhere, he knows what is more important for him to do before investing...” (P6)

“..the reason is the lack of financial literacy, meaning that people are not able to know how to manage their cash flow, to manage their portfolio, their expenses and so on and so forth..” (P1)

“... It's more about how you manage your finances, sometimes there's the B40, it's no secret, even the 800-ringgit salary can live, people with a salary of 20,000 ringgit can't live. It is more to how you spend your money, and how you manage your money. So, it can be anybody from lower class to the high class..” (P11)

The lack of financial literacy also contributes to inadequate financial planning, leading individuals to overestimate their financial wellness. This overconfidence and poor financial planning result in multiple borrowings and high credit spending behaviors.

Theme 2: Financial planning

The study reveals that society does not have adequate knowledge of financial planning. Thus, these financial planning programs are needed to address financial literacy and increase individuals' financial knowledge. The younger generation, especially youths, faces financial distress due to a lack of financial literacy. The following excerpt illustrates this point;

“A lot of people cannot manage money because they don't have a financial plan. OK, they don't actually plan. Then, we wanted to say they thought they actually knew. They are overconfident to say, you know, I am a good planner of my money. OK, and I can manage my money. But actually, when you go a little bit deeper then you will find more financial issues....” (P7).

“..So basically, we were taught to understand his cash flow first and know first what kind of wealth status he was. So that before he invests anywhere, he knows what is more important for him to do before investing...” (P6)

“...The kind of credit card he is like his personal loan which people say unsecured loan which is interest is a bit high and some can help their family and then there are also those who do not have plan what to do with the savings and no idea why they withdrew the moratorium in the first place...” (P9).

Theme 3: Economic Impact

Due to the economic impact, Malaysia's financial challenges affect different groups. These challenges include issues such as lack of financial literacy, planning, well-being, and overconfidence. Groups affected range from low-income clients and small and medium-sized enterprises to high-end customers. The COVID-19 pandemic and the resulting Movement Control Order (MCO) have exacerbated these problems, especially for large projects (P1, P2, and P3).

“B40 clients, which are companies that roll up, who can't continue the business. Usually, this SME is based on the report among the most affected sectors during the MCO 2 years. Specific for SMEs that have the business. It's affected...” (P1).

“...Some people are suffering due to loss of income due to the pandemic. Stimulus a government stimulus package had been offered whereby the lights of EPS withdrawal. The lights of assistance from the government. in a way, it shows that we are not ready for the financial impact due to due to the pandemic. For the past few years, with the impact of the pandemic, the issue of legacy planning...” (P8)

“..I was taught when I met people to sell products, so I was not taught how to help customers or outsiders or the community out there to design. But slowly I was taught also about the financial pyramid. The reason for me the most important foundation is the financial pyramid. Since 2012, if the government or BNM emphasizes more on services..”(P4)

Theme 4: Financial Wellness and Overconfidence

Financial advisors often prioritize selling products over helping customers design a realistic financial plan. Misunderstandings about government stimulus packages and unnecessary financial planning formulas have also contributed to financial problems.

“The financial problem is very open, so it's not related one systematic dimension overall...and the reason is to the lack of the financial literacy, so meaning that people are not able to know how to manage their cash flow, to manage their portfolio, their expenses and so forth. But more importantly, as mentioned the people that are exposed most are the younger generation especially them, To justify many card holders especially credit cards, people with credit have been no one better. It contribute to the many bankrupt case and many financial distress due to the improper management of money.... (P10)

“..The people who have financial problems...actually we can't expect, it can be anybody, it can be any class of demographic, the B40, that's of course there's a financial problem, and some in the T20 category actually has a financial problem..(P11)

“My program involves not only Muslim Malay youth but also Chinese and Indians. So, if I'm involved in NGOs or while running these programs, I see financially, the financial problems for these youths are one that I see is underexposure, especially our Muslim Malay youth, indeed very underexposure. we do financial planning programs for youths aged 25 and older, and we find that many youths still don't have financial planning. They see no need for them to have financial planning until they start working or getting married and family because from there they just look, so we see that the problem is awareness. indeed, that happens among Muslim Malay youth...” (P12)

Theme 5: Financial knowledge

The main issue is the need for more capital and financial literacy, which leads to an inadequate understanding of financial planning and cash flow management. Financial advisors often prioritize selling products over helping customers design a realistic financial plan. Misunderstandings about government stimulus packages and unnecessary financial planning formulas have also contributed to financial problems. The younger generation, especially youths, faces financial distress due to a lack of financial literacy. Financial planning programs are needed to address this issue and educate youths about financial planning to increase individuals' financial knowledge.

“..So in summary, yes, it is open, especially for those who lack financial literacy and are not well educated, for that reason basically need initiative from the analysis from the government. Yeah, this is actually some kind of fact. That here's the financial literacy in the country is still low...”(P10).

“..I see financially, the financial problems for these youths are one that I see is underexposure, especially our Muslim Malay youth, indeed very underexposure. we do financial planning programs for youths aged 25 and older, and we find that many youths still don't have financial planning. They see no need for them to have financial planning until they start working or getting married and family because from there they just look, so we see that the problem is awareness. indeed, that happens among Muslim Malay youth...”(P12)

Research Question 2: The Need for Digital Financial Literacy (DFL)

The second research question explores the reasons why there is a need for DFL based on the responses from the participants in this study. Four themes were identified: digitalization, adaptation, community, and quality control.

Theme 1: Digitalization

The data from this study revealed that DFL is crucial, facilitating more accessible and convenient access to banking services, especially during situations like the Movement Control Order (MCO). For instance, participants P1, P2, and P3 pointed out the current trend of the financial industry is toward digitalization. It allows for seamless online banking, reducing the need for physical visits to banks and making financial transactions more efficient.

“..When BNM wants to reduce the use of cheques. So that's when the user has to use an electronic platform. So, when it comes to the MCO, we start to get involved really in digital

banking. Which is a customer who doesn't even need to come to a bank and can open an account from home...”(P1)

“...we did go to the businesses in the market, use the FT, the Financial Terminal, directly into their account. So, they don't have to go to the bank, pay bills and stuff. The other one, like the Islamic bank, if the customer wants to reach, use social media only. If you want to open an account, it's all online only...” (P2)

“...For individuals is a financial advisory system where an artificial intelligence feature that allows people to key in their salary then it will automatically calculate everything and then help them to make decisions. We also came out with the program URUS where we come out with one platform to create a financial decision through a system that we developed...”(P9)

Theme 2: Adaptation

The importance of digital literacy suggests helping individuals adapt to changes in digital financial services and making them feel more at ease when using the services. However, participants pointed out that there are still concerns among individuals when it comes to adopting digital products or dealing with digital services. Individuals should understand why they choose to use these services, such as credit products since they are easily accessible online.

“...So other than that, I do believe that they must be consistent and continuous ... uh finance, financial literacy?... Talk about the email and or opening the credit card alone. OK, we also talk about the application or credit card. They must be at an advantage and disadvantage, and we don't disregard credit cards 100%..”(P8)

“...so, it still low that why it even recommendations to put the financial literacy program in ...in the low level of education. To inform them to understand how to manage their wealth, how to manage their financial... kind of consensus due to incompetency in the management of their expenses (P10)

Theme 3: Community

The theme of community highlights the impact and efficiency of digital financial literacy for a community using digital financial services. While the community may encourage individuals to use digital services, educating the community to reduce judgmental behavior and prevent individuals from making wrong financial decisions to meet community expectations is also essential. With easy access to financial products and various services provided by financial institutions, such as digital banks, it is essential to educate the entire community on financial knowledge.

“...So that's what led to digitalization actually, following the trend now...Join the...trend now. The business of people who lack education background la, such as parents. They don't know what to do. So, the need to educate customers is indeed difficult. Need to teach one-on-one. We have a little difficulty. Because now this is all made on the website or ATM machine...”(P3)

“.. There's a community factor that wants to verify what they're getting. Because now people are good at judging, it's good for every educator to make sure they're well equipped. He must know that, and he has to follow the flow, so he can provide a solution to the community. We really want to educate people so that instead of just knowing the theory, they're learning the theory, but when they apply to their finances, they don't realize. So that awareness needs to go hand in hand with the current action..” (P6).

“...So how to make sure that, uh, the.. Caring for well-being is sustainable not only for the environment for the social, but also its financial OK...”(P8)

“...a need digitally and needs to be disseminated. It's not just that we're talking online, the information we get that we do digitally also needs to be disseminated as an example of being easily disseminated in WhatsApp groups, about financial information..”(P12)

Theme 4: Quality Control

Even in the digital era, it is important to be careful when making financial decisions. Digital financial literacy is crucial as it helps individuals ensure the quality of the knowledge they gain. Verifying the authenticity of information is essential to avoid falling victim to scams, which are prevalent in the digital landscape, and to prevent potential financial problems that can arise from misinformation. By being digitally literate, individuals can make informed decisions, protect their financial well-being, and confidently manage their finances in an increasingly digital world.

"..When it comes to a level everyone understands. But the important part is how we look in terms of how to handle digitalize it in terms of quality. Because of the thing I'm most afraid of... another one I like to say digitalizing, a world without borders...So things are so important to look deeper"(P4).

"...So that awareness needs to go hand in hand with the current action. So digital trends are good, just need to be on the quality of delivery that's what's going on with the present. Because now everyone wants to be quick, because if it's too late, the scammers will come in..."(P6)

"...Okay, the trend, I can admit there's an improvement, it's just troubling, is which source they get, where they can get it, how it can improve, that knowledge, that's where they get it. The improvement is there, but we don't know if it's genuine or not. That's all that's troubling..."(P11)

DISCUSSION

The five themes that emerged from this study on the financial challenges and current societal issues are consistent with the findings from Lusardi and Messy (2023). Both studies reveal that financial literacy is low and often insufficient to make the right financial decisions in a complex financial landscape nowadays. This applies to vulnerable groups such as women and individuals with low income or educational attainment. This study has revealed that the majority of Malaysians lack sufficient financial planning knowledge. Thus, more financial planning programs are needed to improve people's financial literacy and awareness, as a lack of financial knowledge puts the younger generation in financial difficulties. Later financial literacy positively affects financial decision-making (Lusardi & Messy, 2023). Different groups are affected by Malaysia's financial issues due to their economic impact. They include high-end consumers, small and medium-sized businesses, and people with the lowest incomes. The recent pandemic has made these issues worse, particularly for major projects. In general, financial literacy could improve financial well-being.

According to Vilhena & Navas (2023), The pandemic has led to a significant increase in the usage of digital banking platforms, such as online banking, mobile banking, and digital payments. Nonetheless, the bankers, financial advisors, and financial educators in this study discovered that those with low levels of education would want assistance comprehending digital financial processes. Therefore, there are worries about maintaining quality and managing the shift even while digitalization brings potential advantages and risks. It demonstrates how financial services are being simplified and improved for convenience in adapting to digitization. The fifth theme in exploring the society's financial challenges reveals that some Malaysians lack knowledge and awareness of the importance of DFL but appear to be underexposed to any financial planning. Some sections of society go through their adult life with very limited financial literacy.

In a related study, Mohamad et al. (2023) found that perceived usefulness, ease of use, and trust significantly influence the intention to use digital banking. Thus, This study reveals that some participants have raised concerns about adopting digitalization with caution. Based on the feedback from the financial education trainers and advisors in this study, it is important to control the quality of any financial literacy programs so that the information provided is accurate and reliable when distributed. Any financial education provided to the community must be trustworthy and reliable, particularly in DFL education. In addition, the results revealed that DFL knowledge is crucial in helping communities develop current financial knowledge for the digitalization era. It also enables financial providers to efficiently manage clients and prepare for their future needs and prospects. Therefore, communities need access to DFL education since some groups must focus on improving their DFL skills and understanding associated risks (Rahim et al.,2022). The need for DFL suggests including students who may have advanced financial knowledge but need more digital financial literacy. Keller et al. (2015) have identified libraries as key community institutions providing financial literacy education, explicitly emphasizing digital literacy skills. Therefore, while digitalization has potential benefits and threats, there are concerns about ensuring quality and managing the transition. In terms of adapting to digitalization, financial services are being streamlined and innovated for convenience.

The financial industry's transition to digitization encompasses various aspects, such as the rise of digital banking and the increasing trend of banks interacting with clients through online platforms. This shift reflects a growing demand for DFL resulting from the continued expansion of digital technologies. The COVID-19 pandemic notably accelerated the adoption of these technologies, prompting a rapid integration of digital solutions within the financial sector. Furthermore, there is an agreement among industry participants that the banking sector is indisputably heading towards a more digitized future.

LIMITATION OF STUDY

As this study utilizes a qualitative approach, the limited number of participants probed may restrict the generalizability of the findings to a broader population. *In addition, since* there is a lack of comprehensive research on this topic, the depth of the study's analysis may be affected. These limitations should be considered when interpreting the results and drawing conclusions from the study.

CONCLUSION AND RECOMMENDATIONS

In conclusion, this paper has thoroughly examined the relevant data and presented comprehensive insights into the understanding of financial challenges and issues also the importance of digital financial literacy from the points of view of financial practitioners. Five key themes have been identified related to societal financial challenges: financial literacy, financial planning, economic impact, financial wellness: overconfidence, and knowledge. This study highlights that financial literacy positively influences financial decision-making, reducing susceptibility to framing, improving information comprehension, and facilitating the use of basic financial tools, thereby generally enhancing financial wellness. This study's findings reveal that society faces financial challenges and issues, highlighting the need for digital financial literacy. All participants in the study emphasized the impact of the digital era on the financial industry, which requires a greater focus on services and effective management of society. As digitalization continues to expand, there will be more challenges in the future that all service providers will need to address. Digital financial literacy is important in four key areas, namely digitalization, community, quality control, and adaptation, which were found in this study.

Further research could be conducted to explore how financial behavior may shape digital financial literacy in society. It is important to delve into the potential implications in greater depth based on the evidence and analysis. Additionally, it is advisable to consider the adoption of different methodologies to enhance the robustness of future studies. The recommendations outlined herein aim to contribute to advancing knowledge in the field, foster an environment conducive to scholarly discourse and exploration of digital financial literacy research, and contribute to the improvements of financial providers, educators, and governments in preparing future digital financial policies and frameworks.

IMPLICATION OF STUDY

The study of DFL has significant implications for both theoretical understanding and government policy. From the theoretical perspective, the study provides insights into why individuals use FinTech and how it affects their access to financial services. It helps understand the role of trust, service quality, and perceived security in promoting the utilization of FinTech services. Besides, the study evaluates the resolving function of digital financial literacy in the pathway from FinTech use to financial inclusion. It highlights the crucial role of digital financial literacy in FinTech-enabled financial inclusion.

In terms of the government policy implications, the findings help policymakers recognize the importance of demand-side financial inclusion and digital financial literacy in promoting financial well-being. This can be achieved through robust financial and digital literacy programs. The research suggests that perceived regulatory support may influence the relationship between FinTech and financial inclusion. This suggests that government policies and regulations play a crucial role in successfully implementing FinTech services. In conclusion, studying digital financial literacy is crucial in shaping theoretical frameworks and government policies. It enhances understanding of financial behavior and digital literacy and guides government policies towards promoting financial inclusion and well-being.

AUTHOR CONTRIBUTION

All authors contributed equally to the writing of the paper, data collection, and analysis, as well as to reviewing and finalizing the article for journal publication.

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CONFLICT OF INTEREST

The authors declare no conflict of interest.

DECLARATION STATEMENT

We declare that the article is an original contribution and that all the statements presented as facts are from the authors' research.

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