

The Crucial of Financial Literacy Towards Financial Wellbeing of Persons with Disabilities in Malaysia

Muhammad Ashraf Anuar^{1,2}, Norlia Mat Norwani^{1*}, Rusliza Yahaya¹

¹Faculty of Management and Economics, Universiti Pendidikan Sultan Idris, 35900 Tanjung Malim, Perak

²Faculty of Business and Finance, Universiti Tunku Abdul Rahman, 31900 Kampar, Perak

*Corresponding Author

DOI: <https://dx.doi.org/10.47772/IJRISS.2024.ICAME2418>

Received: 06 December 2024; Accepted: 10 December 2024; Published: 26 December 2024

ABSTRACT

Most people in both developed and developing countries, are reported to be illiterate. Researchers and governments have a great concern on how students, individuals, households, and employees manage their financial matters. Persons with disabilities face serious challenges as the majority do not have adequate financial knowledge and decent financial wellbeing. A lot of times they do not have access on financial literacy program and are always neglected in that aspect. As a result, most of the persons with disabilities live below the poverty line. Thus, this paper aims to present a conceptual framework of the proposed study and synthesize the literature regarding financial literacy to determine the established link between financial literacy and financial wellbeing of persons with disabilities in Malaysia. Self-administered questionnaire data will be applied to empirically validate the proposed conceptual framework. In conclusion, this study will contribute to the literature on the financial literacy and financial wellbeing of persons with disability in Malaysia.

Keywords: Financial Literacy, Financial Wellbeing, Persons with Disabilities

INTRODUCTION

The importance of financial literacy and the necessity for financial knowledge and education has been underlined by the global financial crisis. Financial literacy has become a necessary skill for everyone all around the world. As a consequence of the global economy's volatility, individuals are faced with more complicated financial decisions as a result of the expanding range of financial goods and services. Moreover, financial literacy helps people develop a positive financial approach that leads to financial wellbeing. Most of the studies for financial literacy only focus on those are able to manage their self, fortunate to finish their school days and easily enter to work force (Alshebami and Aldhyani, 2022; Devi, Garcia, 2021, Febrian, Effendi, and Anwar, 2020). Few studies conducted on the unfortunate population group which is persons with disabilities (PWDs) (Thohari and Rizky, 2021; Caniglia and Michali, 2018; Xiao and O'Neill, 2016). PWDs are so exposed to poverty, they usually face difficulties acquiring financial products and services, particularly in the banking sectors (Berie, Kidd, and Wolbring 2024; Yeo and Moore, 2003).

Numbers of low-income individuals are increasing due to the decline in their financial literacy and a decrease towards the accessibility suitable financial products such as, insurance, bank account and credit (Carbo, Gardener, and Molyneux, 2007). Those with disabilities (PWDs) are five times more likely to be poor than those who do not have a disability (McDonald, Conroy, and Morris, 2015). This means that the impacts of

this growing economic marginalization are considerably more obvious among PWDs than they are among people without disabilities.

Moreover, Acton (1981) found that the different sorts of legislation established in nations across the world, it is said that PWDs are always the last to be recruited and the first to be dismissed. A study by Ty Ramiro (2010) stressed that increases in customized and supported employment will benefit not just PWDs, but also the workforce and society as a whole, because hiring PWDs has a beneficial influence on companies. Unfortunately, persons with disabilities are employed at lower rates than those without disabilities across the world, and those who are working are frequently in protected settings.

PWDs face additional institutional and structural hurdles, such as restrictions on asset accumulation (Kaye, 2010). These barriers are in addition to limited financial knowledge and poor access to financial products and services. The options available to these individuals are typically restricted, making it difficult for them to save money, ensure that payments are consistent, and navigate unexpected economic downturns. PWDs are also deprived of their right to education, work, public transportation, public amenities, commercial premises, and social or religious places due to the absence of accessibility to structures (Rahim et al. 2014).

Furthermore, Islam (2015) stated due to population ageing, significant increases in chronic disease, and advancements in disability monitoring systems, the number of PWDs will rise. He has also proposed a new model of disability as a process of social exclusion that encompasses the family, society, and community levels, as well as institutional and state levels, in order to greatly increase public awareness of disability-related issues. Jani et al., (2020) in their study in Malaysia found that the respondents for physical PWDs scored lower mean in most of the domain and items for the education and quality of life. They concluded that more support should be given to this PWDs category to improve their quality of life.

Many people are socially uninformed about disability-related issues since they are not part of the disability group, therefore recent developments on the study of financial literacy and financial wellbeing towards PWDs in Malaysia are still very low. Most people are unaware that they may become disabled as a result of a disease or an accident at some point in their lives (Heled, 2022). Islam (2015) stated that one of the most overlooked development goals is that of government and non-government entities. They have long been seen of as people who should only be provided charity, protection, and assistance. Further, whereas studies on financial literacy have shown important results for financial planning, very limited to no data from PWDs available on the relation financial literacy and financial wellbeing.

Persons With Disabilities in Malaysia

It is estimated that forty percent of the entire population of the entire world is comprised of individuals who are disabled or old. Statistics have showed that the number of persons with disabilities and elderly people in Asia and the Pacific area is quickly expanding (Asiaah, Samad and Rahim, 2015). According to the Persons with Disabilities Act 2008 is defined as “Persons with individuals who suffer from long-term physical, mental, intellectual, or sensory impairments, impeding their full and effective involvement in society when faced with challenges”. The Act guarantees handicapped people have access to public facilities, public transportation, and recreation, leisure, and sport services. Building bylaws were changed as part of the act, making it mandatory for buildings to provide handicapped persons with access and services. Existing structures were given three years to make the required changes to meet the new standards. However, PWDs, in fact, have restricted or no access to the social environment, jobs opportunities, product and services, resulting in stigma and a lack of training (Islam, 2015).

Additionally, the objective of the Persons with Disabilities Act of 2008 is to encourage the betterment of the lives of people with disabilities. However, it was discovered that the Act lacks any explicit remedy for persons with disabilities whose rights under the Persons with Disabilities Act 2008 had been breached (Abdullah and Hanafi, 2017).

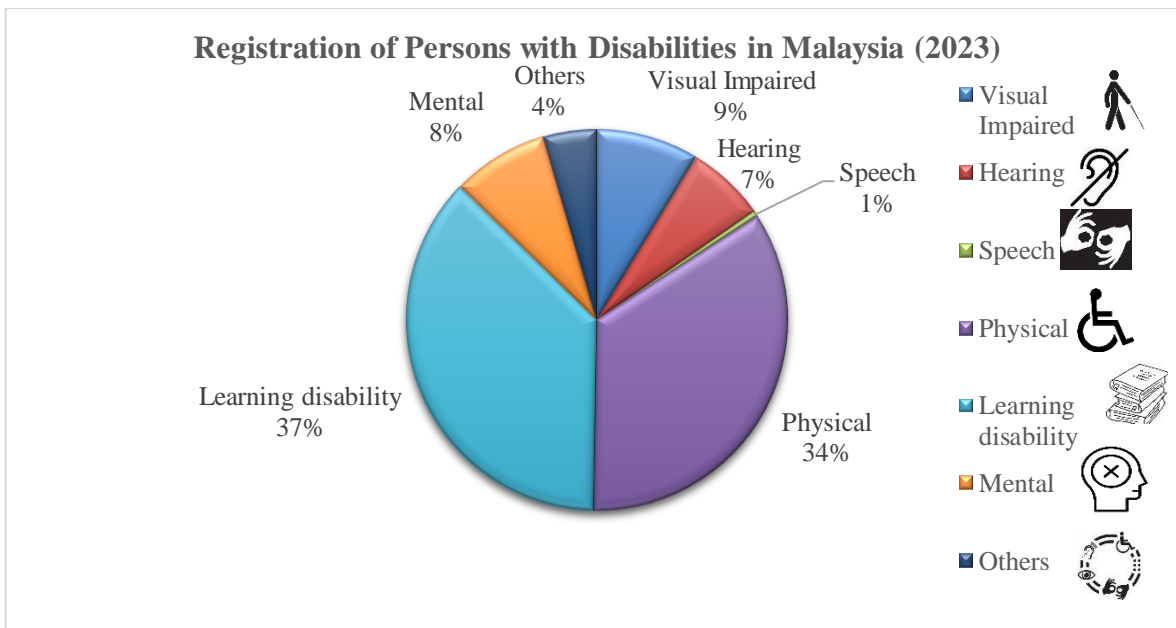


Figure 1: Percentage of registration of Persons with Disabilities (PWDs) by category of disabilities, Malaysia, 2023

Source: Department of Social Welfare, Malaysia

In 2023, the Department of Social Welfare in Malaysia reported that there were 637, 537 registered PWDs. The numbers of registration are unable to reflect the total numbers of PWDs in Malaysia, as the registration for PWDs is not compulsory. The highest recorded categories were learning disability 37 percent and followed by the second highest categories which is physical disability 34 Percent and followed by visually impaired category which was 9 percent. The lowest disability recorded was speech which was 1 percent (See Figure 1).

Financial Literacy

Financial literacy is a tools and application that are needed for financial knowledge and can help to make better financial decisions. When developing a financial literacy test instrument, it is critical to assess not only whether a person knows the material but also if he or she can apply it appropriately (Huston, 2010). Other factors that influence financial literacy and wellbeing include behavioral/cognitive biases, familial, peer, self-control issues, economic, institutional pressures and community. As a results from these additional factors, a person who is financially literate may not display anticipated behaviors or gains in financial wellbeing (Huston, 2010).

Financial literacy inspires individuals to handle their own money better. As a result, financial literacy is essential in our everyday lives. Failure to manage personal finances properly might have long-term consequences (Thohari and Rizky, 2021). When consumers lack financial knowledge, there will be negative consequences for both individuals and society (Hwang and Park, 2023). Once customers are misled or make poor financial decisions, such as defaulting on a loan, these costs must be bear by them in the form of higher interest rates (Perry and Morris, 2005) . Chang and Hanna (1992) stressed that providing additional information to customers is just one step in a larger educational endeavor of helping them comprehend the information and persuade them to utilize it. In order to enhance consumers' wellbeing, information disclosure must be supported with government funding for consumer education programmes. Financial literacy may help people feel more confident and secure about their future, especially as they get older and have fewer opportunity to control financial mistakes (Bennett et al. 2012).

In addition, Mbarire and Ali (2014) stated that considering the instruments that consumers use and their degree of financial literacy, it is clear that financial advice impacts financial decision-making in the direction of better saving and investing decisions. It is also worth noting that demographic and socioeconomic characteristics that have a direct influence on financial literacy levels can have an indirect impact on the choice of financial advisers and information sources (Cupak, Fessler, Silgoner and Ulbrich, 2021).

There are various factors that influence the financial literacy among individuals have been studied by researchers; the factors taken for this study are financial behavior, financial knowledge and financial socialization to investigate the relationship between financial wellbeing among PWDs in Malaysia. The proposed conceptual framework is shown in Figure 2.

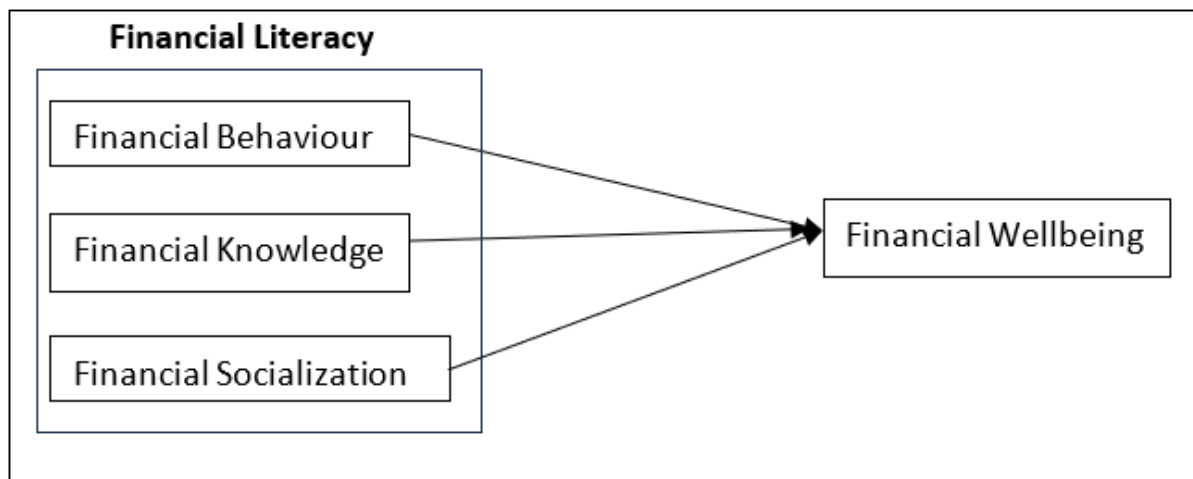


Figure 2: Proposed conceptual framework

Financial Behavior

Financial behavior has the potential to play a fundamental role in the wellbeing of individuals, including households, societies, and nations. This is because financial behavior may have an impact on the wellbeing of individuals (Rahman, Isa, Masud, Sarker and Chowdury, 2021). According to Xiao (2008), the acts of human activities related to money management including credit, cash and saving are considered as financial behavior. In addition, in today's economic development and rapid economic advancement, all the related financial management activities must be executed wisely (Safryani, Aziz, and Triwahyuningtyas, 2020). Younas et al. (2019) added that, to have a long life, individuals must achieve both financial and emotional health and a vital to achieve financial wellbeing. Those individuals who can practice competent financial behavior management are in the way to achieve financial wellbeing. This is because they are able to efficiently manage their expenditure and income and they are avoiding to spend on unnecessary spending and they are always consider about saving and investing for their future (Respati et al. 2023).

Financial Knowledge

The term "financial knowledge" and "financial literacy" are frequent used synonymously by researchers and media; it is important to note that these concepts are not entirely interchangeable (Thomas and Subahashree, 2020). According to Huston (2010), financial knowledge is characterized by the theoretical understanding of financial concepts. However, financial literacy encompasses of two aspects: theory (the comprehension of financial principles) and application (the utilization of information that are finance related). Previous study by Mishra (2022) on the financial literacy and financial wellbeing on Indian household suggest that financial knowledge is one of the factors to determine financial wellbeing. It is essential to enhance financial knowledge to effectively address current financial difficulties and achieve financial wellbeing (Dewi, 2023).

Financial Socialization

Danes (1994) defines financial socialization as a process that entails the acquisition and promotion of beliefs, knowledge, norms, standards, attitudes, and behaviours that improve financial viability and individual wellbeing. Financial literacy not only involve on the money management, but it also includes value, norms, the formation of standards and attitude that can hinder or facilitate the capability of individuals and improves overall financial wellbeing (Ullah and Yusheng, 2022). A study by Jorgensen et al. (2016) on the impact of financial socialization towards financial decision making found that individuals that have more opportunities to observe and interact with financial socialization agents tend to do better on their financial management.

Financial Wellbeing

Previous research studies have drawn the definition of financial wellbeing from one of the areas of wellbeing. Financial wellbeing is a broad term used to describe a person's or a family's financial status (Mokhtar et al. 2015). People who are financially literate are able to make sound financial decisions and, as a result, they are able to attain their financial objectives and protect themselves from economic shocks leading to financial wellbeing (Philippas and Avdoulas, 2020). Porter and Thomas Garman (1993) describe financial literacy as happiness or overall satisfaction with one's financial condition.

The financial wellbeing of PWDs is lower among specific categories, including as women, single parents with children who are financially dependent, and those who are unemployed. In addition, it varies according to the amount of deprivation; PWDs who live in the most deprived area have the lowest financial wellbeing (Ali and Hang, 2024). Looking at that the majority of households in the United States are dependent on employment for money, it should not come as a surprise that persons with disabilities confront challenges in the labour market (Jablonska-Porzuczek and Kalinowski, 2018). In fact, those who are employed tend to hold low wages positions and most of the job is temporary (Consumer Financial Protection Bureau, 2019). The recent study by Kim and Lee (2024) found that respondents with disabilities reported lower levels of financial wellbeing compared to their counterparts who did not have disabilities. They are also highlighted the importance oof family-oriented financial education and personal financial knowledge in improving the financial wellbeing of PWDs.

RESEARCH METHODOLOGY

This conceptual study aims to investigate the assessment of the literature to determine the established link between financial literacy and financial wellbeing of PWDs in Malaysia. From this study, the researcher is expected to identify the most significant factors affecting the financial wellbeing of PWDs.

The current registration for PWDs in Malaysia by 2023 is 637, 537 people (Department of Social Welfare, 2023). The targeted respondents for this study are PWDs from the physical category. The physical disability category is chosen because of this category recorded the second highest number of registrations of PWDs in Malaysia and most suitable category to answer the survey. The population size of registered PWDs is more than 10, 000, therefore, the estimated sample size suggested by Krejcie and Morgan (1970) is 384. Thus, 400 questionnaires will be then distributed via quota sampling techniques to four states in Peninsular Malaysia which are Perak, Kedah, Selangor and Johor where these four states recorded higher numbers of PWDs registrations in 2023.

This study will be then developed and evaluated using a quantitative technique and carry out using self-administered questionnaires The items and constructs were adapted and adopted from validated questions and extensive literature review using 5-points Likert scale and were modified to suit the objectives of this current study. The instruments validity and reliability testing will be then carried out for the rectification of the instruments and to assess the reliability of the items before the distribution of the questionnaires. Two methods

will be employed to collect the survey questionnaire: the first is an online survey by using Google Forms, and the second method is face-to-face invitation to the targeted respondents.

CONCLUSION

It is found that there a number of definitions derived for financial literacy and financial wellbeing. Since there are so many diverse definitions of financial literacy, different measures have been employed by different researchers, with conflicting findings. Although there are numerous studies on the financial literacy and financial wellbeing, limited study can be found for PWDs group particularly in Malaysia. Through this proposed conceptual model framework, further study can be carried out to this unfortunate group to extend the knowledge on the financial literacy and financial wellbeing.

REFERENCES

1. Abdullah, N., & Hanafi, H. (2017). The rights of persons with disabilities in Malaysia: The underlying reasons for ineffectiveness of persons with disabilities act 2008. *International Journal for Studies on Children, Women, Elderly And Disabled*, 1(1), 127–134.
2. Ali, A., Hang, Le., (2024). Report on disabilities, long-term illnesses and financial wellbeing. Money & Pensions Services
3. Alshebami, A. S., & Aldhyani, T. H. (2022). The interplay of social influence, financial literacy, and saving behaviour among Saudi youth and the moderating effect of self-control. *Sustainability*, 14(14), 8780.
4. Acton, N. (1981). The developing world. *The World Television Industry*, 156–157. <https://doi.org/10.4324/9780203721766-17>
5. Asiah, A. R., Samad, N. A. A., & Rahim, C. R. C. (2015). Overview of universal design application and accessibility in major cities of ASEAN countries. Paper presented at the 2nd International Conference on ASEAN Community 2015. Kuala Lumpur
6. Bennett, J. S., Boyle, P. A., James, B. D., & Bennett, D. A. (2012). Correlates of health and financial literacy in older adults without dementia. *BMC Geriatrics*, 12. <https://doi.org/10.1186/1471-2318-12-30>
7. Berie, T., Kidd, S. A., & Wolbring, G. (2024). Poverty (number 1 goal of the SDG) of Disabled people through disability studies and ability studies senses: A Scoping Review. *Sustainability*, 16(13), 5814.
8. Carbo, S., Gardener, E. P., & Molyneux, P. (2007). Financial exclusion in Europe. *Public Money and Management*, 27, 21–27
9. Chang, Y. R., & Hanna, S. (1992). Consumer credit search behaviour. *Journal of Consumer Studies & Home Economics*, 16(3), 207–227.
10. Consumer Financial Protection Bureau. (2019). Your money, your goals focus on people with disabilities A companion guide to empower the disability community. Retrieved October 28, 2024, from https://nyhousingresourcecenter.starchapter.com/images/cfpb_ymyg_focus-on-people-with-disabilities.pdf
11. Cupak, A., Fessler, P., Silgoner, M., & Ulbrich, E. (2021). Exploring differences in financial literacy across countries: the role of individual characteristics and institutions. *Social Indicators Research*, 158(2), 409-438.
12. Danes, S. M. (1994). Parental perceptions of children's financial socialization. *J. Financ. Couns. Plan.* 5, 27–146.
13. Dewi, V., Febrian, E., Effendi, N., & Anwar, M. (2020). Financial literacy among the millennial generation: Relationships between knowledge, skills, attitude, and behavior. *Australasian Accounting, Business and Finance Journal*, 14(4), 24-37.
14. Dewi, P. S. S., Leon, F. M., & Purba, Y. E. (2023). Factors that affect financial well-being in master program students. *International Journal of Management Studies and Social Science Research*, 05(01), 163–174.

15. García Mata, O. (2021). The effect of financial literacy and gender on retirement planning among young adults. *International Journal of Bank Marketing*, 39(7), 1068-1090.
16. Heled, E. (2022). Chronic illness and disability in psychoanalysis: A theoretical review of structural characteristics. *Psychoanalytic Psychology*, 39(2), 135.
17. Huston, S. J. (2010). Measuring Financial Literacy. *Journal of Consumer Affairs*, 44(2), 296–316.
18. Hwang, H., & Park, H. I. (2023). The relationships of financial literacy with both financial behavior and financial well-being: Meta-analyses based on the selective literature review. *Journal of Consumer Affairs*, 57(1), 222-244.
19. Islam, M. R. (2015). Rights of the people with disabilities and social exclusion in Malaysia. *International Journal of Social Science and Humanity*, 5(2), 171–177.
20. Jablonska-Porzuczek L. Z., Kalinowski S. (2018) Analysis of the labor market situation of people with disabilities. *Acta Universitatis Lodziensis Folia Oeconomica*, 4(336), 157–172.
21. Jani, R., Alias, A. A., & Tumin, M. (2020). Persons with disabilities' education and quality of life: evidence from Malaysia. *International Journal of Inclusive Education*, 1–13.
22. Kaye, S. (2010). 'The impact of the 2007–09 recession on workers with disabilities'. *Monthly Labor Review*, 133 (10): 19–30.
23. Kim, K. T., & Lee, J. (2024). Unlocking financial well-being for people with disabilities: The importance of financial knowledge and socialization within the family context. *SAGE Open*, 14(2),
24. Krejcie, R.V. & Morgan, D.W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30, 607-610
25. Mbarire, T. T. & Ali, A. I. (2014). Determinants of financial literacy levels among employees Of Kenya ports authority in Kenya. *Research Journal of Finance and Accounting*, 5(16), 44–52.
26. McDonald, K., Conroy, N., Morris, M., & Jennings, E. (2015). Banking status and financial behaviors of adults with disabilities: Findings from the 2013 FDIC National Survey of Unbanked and Underbanked Households. Washington, DC: National Disability Institute
27. Mishra, R. (2022). Financial literacy and financial wellbeing among Indian households. *International Journal of Business and Management*, 17(4), 98.
28. Mokhtar, N., Husniyah, A. R., Sabri, M. F., & Abu Talib, M. (2015). Financial well-being among public employees in Malaysia: A preliminary study. *Asian Social Science*, 11(18), 49–54.
29. Perry, V. G., & Morris, M. D. (2005). Who is in control? the role of self-perception, knowledge, and income in explaining consumer financial behavior. *Journal of Consumer Affairs*, 39(2), 299–313.
30. Philippas, N. D., & Avdoulas, C. (2020). Financial literacy and financial well-being among generation-Z university students: Evidence from Greece. *European Journal of Finance*, 26(4–5), 360–381.
31. Porter, N. M., & Thomas Garman, E. (1993). Testing a conceptual model of financial well-being. *Journal of Financial Counseling and Planning*, 4(803), 135–164.
32. Rahim, A. A., Zen, I., Samad, N. A. A., & Rahim, C. R. C. (2014). Universal design and accessibility: Towards sustainable built environment in Malaysia. *Assistive Technology Research Series*, 35
33. Rahman, M., Isa, C. R., Masud, M. M., Sarker, M., & Chowdhury, N. T. (2021). The role of financial behaviour, financial literacy, and financial stress in explaining the financial well-being of B40 group in Malaysia. *Future Business Journal*, 7, 1-18.
34. Respati, D. K., Widyastuti, U., Nuryati, T., Musyaffi, A. M., Handayani, B. D., & Ali, N. R. (2023). How do students' digital financial literacy and financial confidence influence their financial behavior and financial well-being?. *Nurture*, 17(2), 40-50.
35. Safryani, U., Aziz, A., & Triwahyuningtyas, N. (2020). Analysis of financial literacy, financial behavior, and income on investment decisions. *Unitary Accounting Scientific Journal*, 8(3), 319–332.
36. Thohari, S., & Rizky, U. F. (2021). Persons with disabilities' financial literacy and access to financial services. *Jurnal Ekonomi Dan Bisnis*, 24(1), 47–64.
37. Thomas, B., & Subhashree, P. (2020). Factors that influence the financial literacy among engineering students. *Procedia Computer Science*, 172, 480-487.
38. Ty Ramiro, R. P. (2010). Employment of people with disabilities. *Braddom's Rehabilitation Care: A*

Clinical Handbook, December, 34-38.e3.

39. Xiao JJ (2008) Applying behavior theories to financial behavior. In: Xiao JJ (ed) Handbook of consumer finance research (pp 69–81). Springer, New York.
40. Yeo, R., & Moore, K. (2003). Including disabled people in poverty reduction work: “nothing about us, without us.” *World Development*, 31(3), 571–590.
41. Younas, W., Javed, T., Kalimuthu, K. R., Farooq, M., Khalil-ur-Rehman, F., & Raju, V. (2019). Impact of self-control, financial literacy and financial behavior on financial well-being. *The Journal of Social Sciences Research*, 5(1), 211-218.