



Suruhanjaya Sekuriti
Securities Commission
Malaysia

YOUTH CAPITAL MARKET SURVEY

A MALAYSIAN PERSPECTIVE

2022



Securities Commission Malaysia

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Unless stated otherwise, all diagrams, tables and charts are sourced by The Nielsen Company.

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INTRODUCTION

The Securities Commission Malaysia (SC) leverages behavioral insights to improve its regulatory outcomes, policy adjustments, and investor empowerment initiatives. Currently, there is a perceived lack of participation by Malaysian youths in the capital market. Thus, the current research was conducted to provide the required insight into youths' participation in the capital market and will be used to guide the SC's direction moving forward.

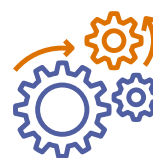
Objectives of the research include



Gain insights on the youth's financial/ investment literacy and awareness of the capital market



Understand the behavioural attitudes of existing and potential youth investors



Explore the perception of youth investors in relation to investments in the capital market



Facilitate the SC in identifying issues faced by youth investors and to come up with the required interventions



Identify areas of improvement in relation to the investing experience for youth investors in order to increase retail participation in the capital market



Provide feedback and suggestions to better serve this demographic group

Both qualitative and quantitative studies were conducted starting with focus group interviews. From the findings, questionnaires were developed for the quantitative phase. Quantitative phase were conducted using face-to-face, door-to-door, computer assisted (CAPI) random interviews, with a total sample size of 1,003 nationwide covering market center, urban and rural populations. The SC validated its survey findings by interviewing 10 industry experts locally from various fields to seek their insights on youths' participation in the capital market. The representative sample of Malaysian youth ranges from age 18 to 40 years.

KEY OBSERVATIONS AND FINDINGS

INVESTOR BEHAVIOUR

1

Majority of Malaysian youths' income is spent on food, household expenses, and debt repayment leaving them with not much balance left for savings or investment.

- *This causes anxiety among youth.*
- *Part of this stems from a lack of financial literacy.*

2

The pressure to keep up with appearance is apparent across segments. Controlling their expenses, e.g. putting a limit on eating out, shopping, and travel makes them feel that they are unable to enjoy the fruits of their labour.

3

The lower-income segment feels financially stressed. They feel that they do not have sufficient surplus for investment after they have set aside cash for emergencies. Conversely, those with a higher income feel more inclined to invest their additional funds.

4

Respondents prioritise setting aside their income for emergencies and for expenses on children/family.

- *This shows that Malaysian youth prefer to save for emergencies over investing. They tend to only focus on saving for retirement later in their life.*

5

Youth generally are unable to manage their finances well.

6

Before deciding to invest, respondents will consider if they have sufficient money at their disposal. Other considerations are advice/recommendations from friends and family/colleagues.

FINANCIAL GOALS AND ASPIRATIONS

1

The respondents with low knowledge of the capital market and its products aspire to achieve financial freedom through investing, however, claim that the tools and resources to achieve this are inaccessible to them. They feel intimidated by the world of investments; and feel that they need a large amount of money to start investing, which is actually not the case. This led them to stick with what they know and is easy i.e., keeping their monies in the savings account.

2

Those with higher knowledge of the capital market and its products begin their long-term financial goal early in life and begin saving for retirement from a younger age. This, in turn, gives them certain assurances for their financial future, which in turn reduces anxiety during financial uncertainty.

FINANCIAL LITERACY AND CAPITAL MARKET KNOWLEDGE

1

Malaysian youth have low knowledge of the capital market products. Respondents appeared to be more aware of banking products and services. Among the capital market products, respondents generally were more aware of the unit trust.

- *Unit trust is popular because there is greater awareness and access driven by agents such as unit trust consultants and financial planners.*

3

The idea of investment is generally understood, the mechanics of the different products are mostly understood in principle, even among the high knowledge segments.

2

Besides unit trust, respondents are aware of bonds and private retirement schemes (PRS), however, these products showed a very low take-up rate.

4

Respondents with low capital market knowledge are not familiar with the term 'capital market' and have a general misconception about the amount needed to invest and the risk that comes along with it.

RISK APPETITE

1

Generally, respondents perceived the capital market to be high risk.

2

Respondents have low-risk appetite. Among the capital market products, respondents viewed PRS and Unit Trust/ Amanah Saham Bumiputera (ASB) as low risk.

3

Listed shares and equity crowdfunding (ECF) were deemed to be higher-risk products.

SOURCE OF INFORMATION

1

Generally, respondents prefer seeking information offline compared to online.

2

Of those who prefer offline, their trusted source are friends/relatives/ colleagues, followed by consultants and financial professionals.

3

Financial investment talks are also seen as a trusted source of information.

4

The younger segment is more proactive in knowing more about capital market investment by attending courses.

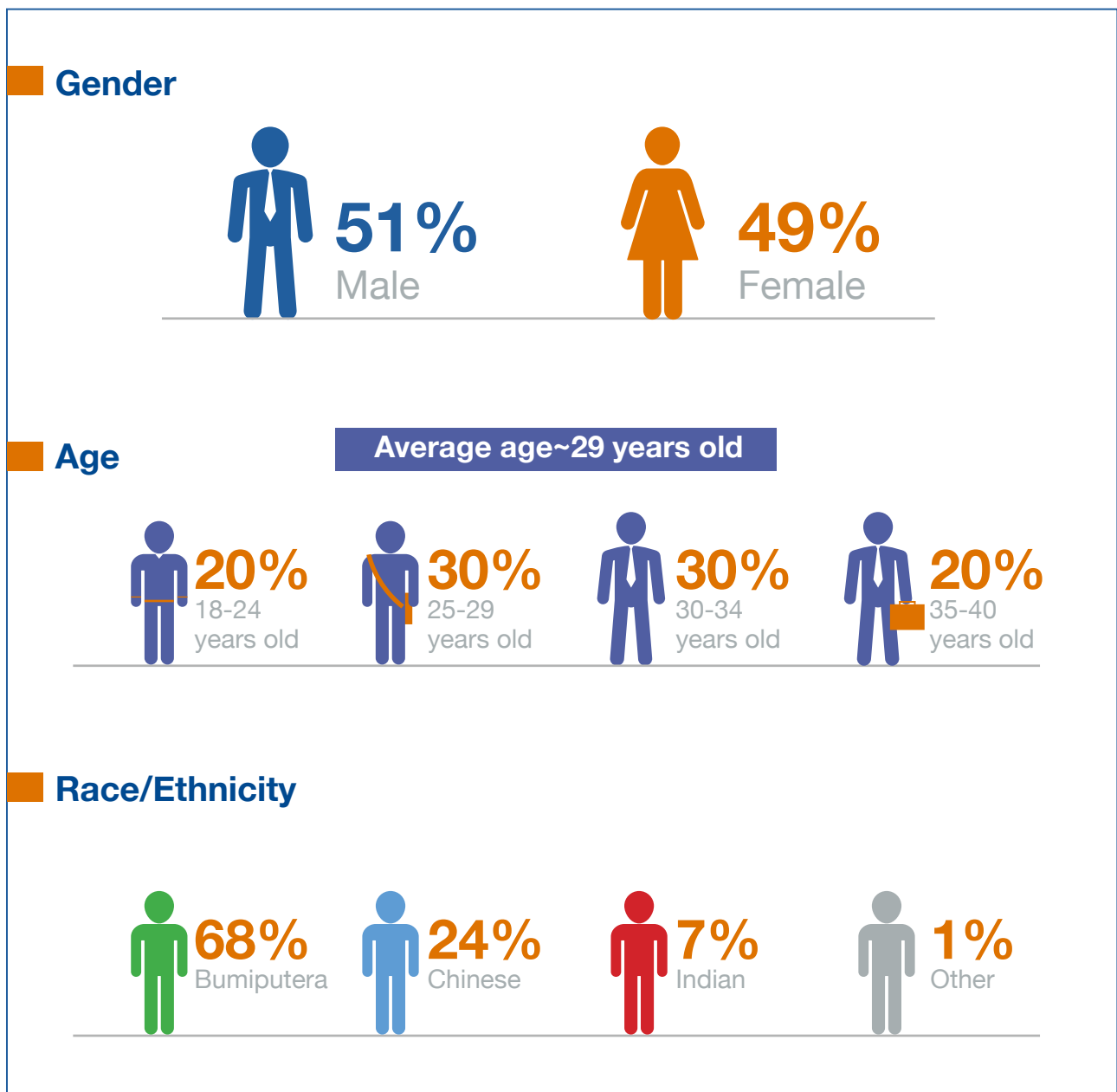
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There is a high reliance on agents and advisors when it comes to handling an investment portfolio of individuals. Many will trust the recommendation by the agent based on the information provided.

STUDY BACKGROUND AND DESIGN

QUANTITATIVE

To achieve a representative sample of the Malaysian population, the following demographic samples were chosen:



Region

23%

North region: Kedah,
Perlis, Penang,
Perlis

17%

South region:
Melaka, Johor

22%

Central region: Selangor,
WP Kuala Lumpur, Negeri
Sembilan

16%

East region: Kelantan,
Terengganu, Pahang

21%

East Malaysia:
Sabah, Sarawak

Monthly Household Income



29%

(RM2,000-
RM2,999)



35%

(RM3,000-
RM4,999)



17%

(RM5,000-
RM6,999)



19%

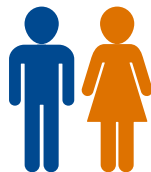
(RM7,000
and above)

Household Composition and Marital Status



45%

Single



7%

Married without
children



1%

Divorced/Widowed
with/without children



47%

Married with
children

01 FINANCIAL LITERACY AND CAPITAL MARKET KNOWLEDGE

PERCEPTION AND ATTITUDES TOWARDS INVESTMENT IN GENERAL

Investment is seen as something that requires a lot of money and know-how, with many feeling somewhat intimidated by it.

WHAT DO THE MALAYSIAN YOUTH SAY ABOUT INVESTMENT?

"You need a lot of money to invest. I don't think I have enough to be able to make that kind of commitment, knowing that it's not easy for me to access the funds if I have an emergency."

[Low knowledge, 18 - 25, low-mid income]

"You must have courage when it comes to investing. This gave me the confidence to take up the wealth management course."

[High knowledge, 18 - 25, mid-high income]

The three main channels of general investment shared by the Malaysian youth (regardless of knowledge level) were:



Property

- Top of mind when investment was mentioned;
- Attainable via bank loans;
- Seen as guaranteed good returns; and
- Traditionally seen as a milestone for success in society.



Capital Market

- Only those with high knowledge have a better idea of capital market;
- Low knowledge groups find it intimidating and perceive it to require large amounts of cash to invest; and
- Fear of having savings stored in investments that are difficult to access and liquidate.



Gold

- While not so many invest in gold anymore, it is still considered a good investment;
- Many feel it is a good substitute for cash and is easy to liquidate; and
- Gold is seen as an investment that is less volatile in value.

DEFINING FINANCIAL LITERACY

A series of multiple-choice and true/false questions were asked to gather comparable information that can be used to create scores to indicate the youth's level of financial literacy.

The questions were adopted from the Organisation for Economic Co-operation and Development (OECD) definition of financial literacy that captured respondents' financial knowledge, behaviour, and attitude.

From this, **38%** of the respondents answered five out of six correctly and were considered to have **high financial literacy**.

62% of respondents answered less than five questions correctly and were considered to have **low financial literacy**. This result indicated that there was a low level of financial literacy among Malaysian youth. When compared among the demographics, it was noted that:

Among those who have high financial literacy, **45%** of them are **Chinese**

Among those within the income bracket of **RM6,000 and above** **47%** had high financial literacy

45% **Diploma/Degree** holders and **61%** **post-graduates** scored high in financial literacy

Among those **working full-time for government** agencies, **56%** had high financial literacy. Those who invest in the capital market were more likely to have high financial literacy, compared to non-investors

DEFINING CAPITAL MARKET KNOWLEDGE

Similarly, a series of true/false questions were asked to gather comparable information on capital market knowledge, the questions were then used to create scores indicating the youth's level of capital market knowledge.

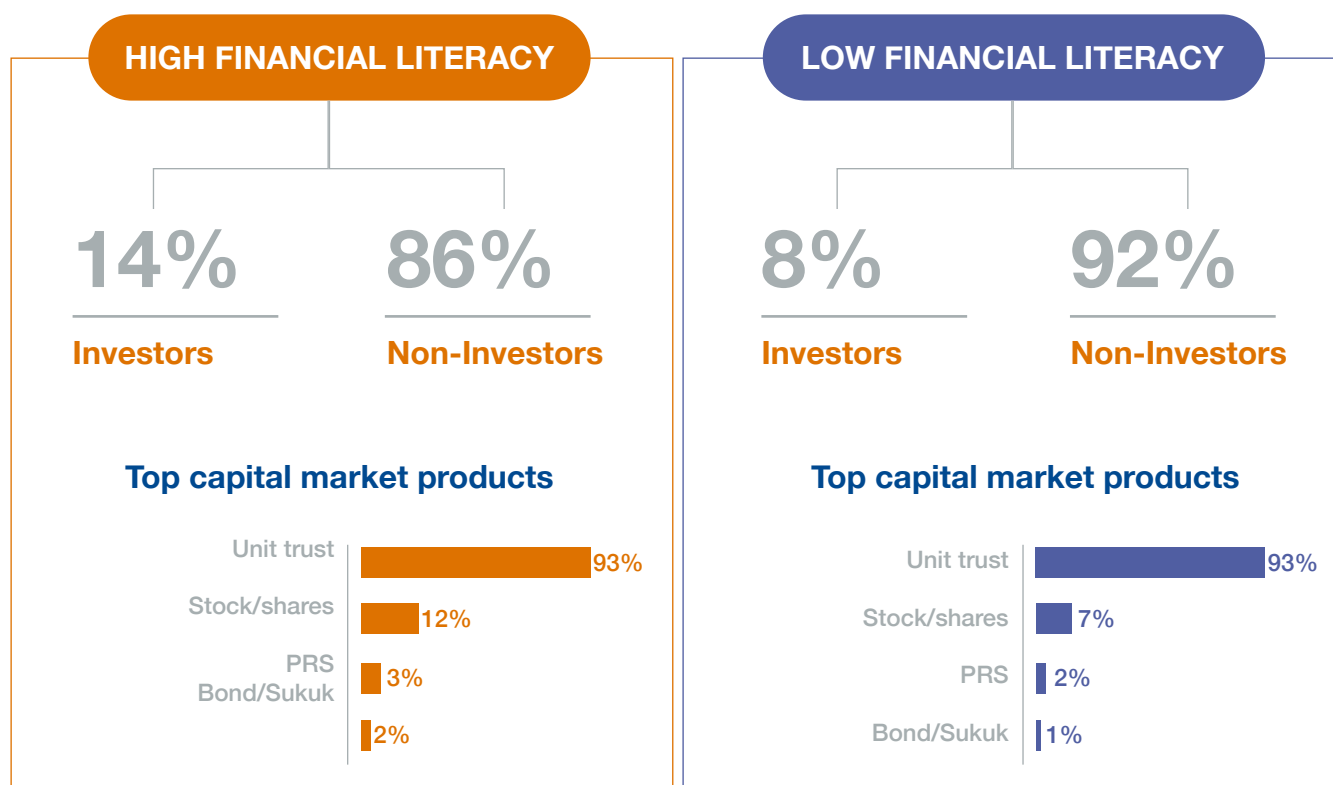
From this, **35%** of the respondents answered five out of six correctly and were considered to have **high capital market knowledge**.

65% of the respondents answered less than five questions correctly and were considered to have **low capital market knowledge**.

The results indicated that respondents whom had low financial literacy also scored poorly on capital market knowledge.

In the next section, it will explore the reasons by looking into behavioural differences between the two groups- those with high financial literacy or capital market knowledge, and those with low financial literacy or capital market knowledge.

INVESTMENT IN CAPITAL MARKET PRODUCTS



14% of those with high financial literacy were investors in the capital market, compared to only **8%** of those with low financial literacy.

The majority of investors prefer to invest in the unit trust which includes ASB. Whereas, other products such as stocks/shares were less preferred at only 12% for high and 7% for low financial literacy investors.

There are several reasons why respondents are not willing to invest in the capital market products such as:



**Difference in awareness
between different capital
market products**



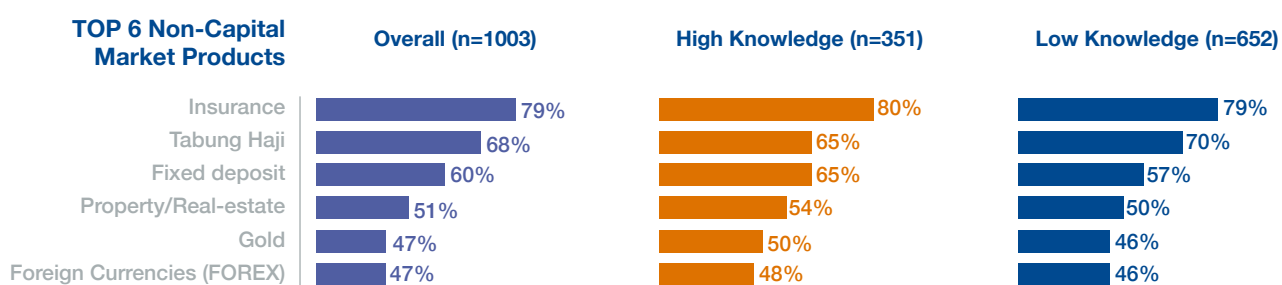
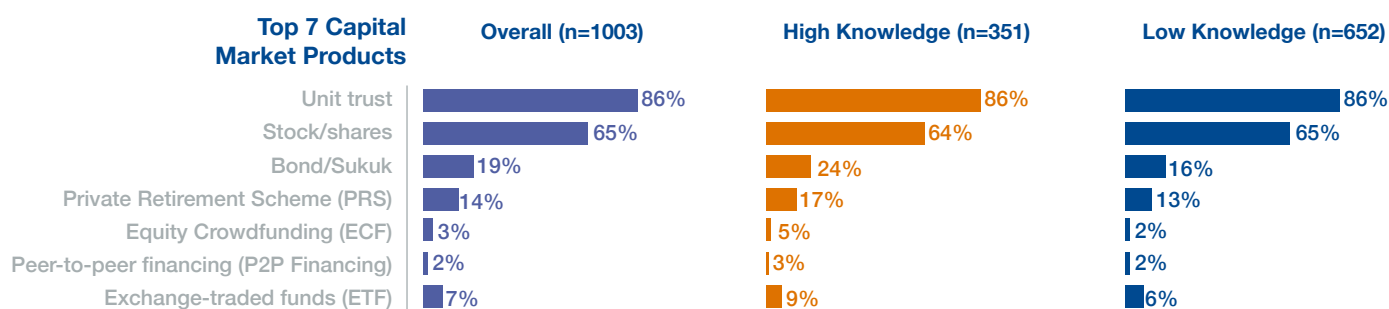
**Personal investment
priorities and financial goals**



Perceived financial security

REASON 1

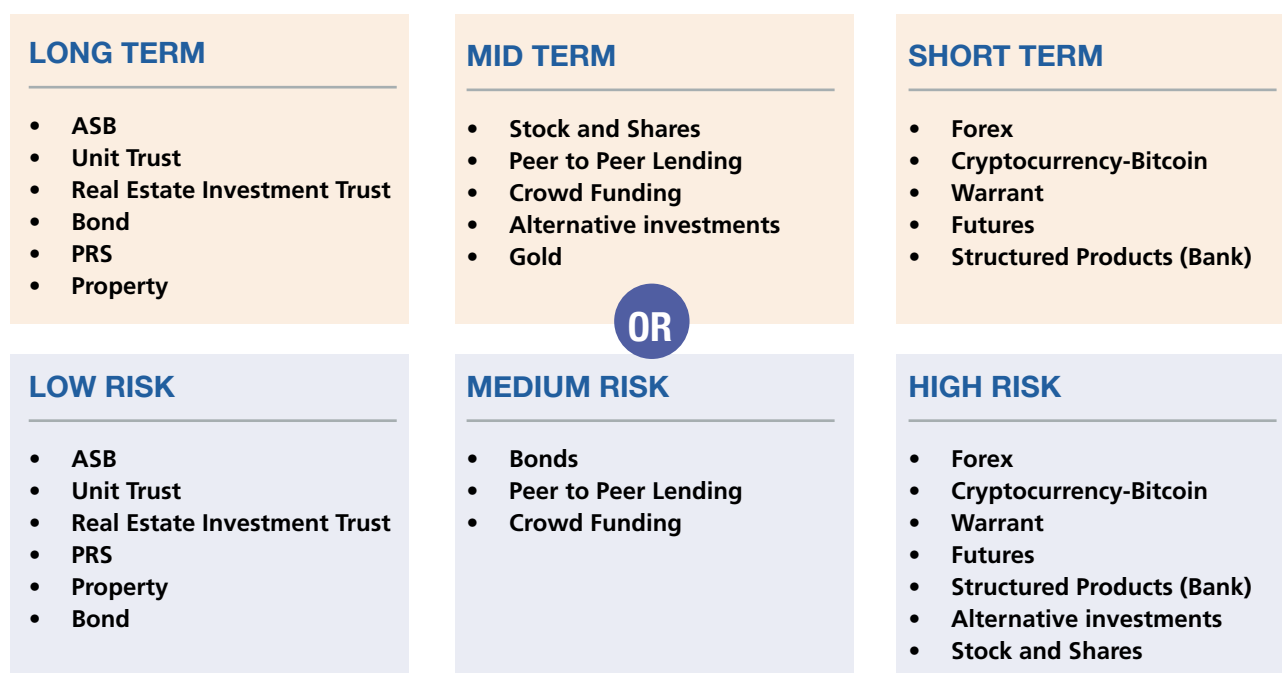
DIFFERENCES IN AWARENESS BETWEEN PRODUCTS



To assess the level of awareness of capital market and non-capital market products, respondents were given a product list to select the products they were aware of. The results showed a greater level of awareness of non-capital market products and services compared to capital market products. Unit trust was the most popular and widespread among the capital market products with an overall 86% of the respondents. The study also established a correlation between awareness and knowledge of a product and consequently the product's take-up rate. This supported the proposition that educated investors were in a better position to select products that fit their needs.

Findings gathered from the focus group discussion also revealed that in the respondents' minds, investment products were categorised either in terms of risk level or tenure. They do not instinctively segment investment products by capital market vs non-capital market investments.

The following investment products were spontaneously mentioned and segmented based on their awareness, knowledge, and perceptions:



Qualitative Findings

In addition, respondents also shared their views and understanding of capital market products that they know of such as stocks/shares, bonds, unit trusts, PRS, ETF, and cryptocurrencies. Their understanding and perception were from their basic knowledge of trading concepts involved in capital market products. It is important to note that the mechanics behind most of the investment products were not clearly understood as those who were investing tend to rely heavily on their wealth advisors or agents. A more detailed breakdown of the products is shown below:

UNIT TRUST	STOCKS/SHARES, BONDS	PRS
Most were familiar with this, though those who invest in this product always go through a wealth advisor, who handles everything.	Better understanding with high knowledge individuals, some of whom have invested in these. Seen as a product that requires high engagement and understanding of the market forces.	High knowledge segment skew – they invest as they feel the Employees Provident Fund (EPF) is not enough and want to take advantage of the tax incentive that comes along with investing in this product.
ECF, P2P FINANCING, ETF, CRYPTOCURRENCY, DIGITAL INVESTMENT MANAGEMENT		
Low familiarity with these capital market products although, many have heard of Bitcoin. But generally, it was assumed that if it is new and less familiar, it might be a high-risk product. The high knowledge segment showed interest in ETFs, though there was still skepticism over investing in digital assets such as Bitcoin.		

The market experts who were interviewed were mostly aligned where they believe that unit trust was still relatively popular among youths. However, experts noticed that many youths nowadays are enticed by a new age of investments. The quick rise and fall of the market entice youths to go for higher risk investments with higher rewards. Their interest in investment products has slowly risen compared to previous years, but a concern about the low levels of financial literacy would backfire on youths in their investment journey.



02 INVESTOR BEHAVIOUR

REASON 2

INVESTOR GOALS AND PRIORITIES

The Malaysian youth want to work towards more financial freedom, financial security and passive income, which cumulatively points towards their aspirations of having more financial security for the future. Despite this, there were differing levels of knowledge among consumers regarding capital market investments in approach and confidence towards reaching financial goals. They can be divided into two groups, the Low knowledge and High knowledge groups, the characteristics of which are listed below:

LOW KNOWLEDGE

- Approach goal setting in stages, starting with short-term goals, acquiring fixed assets and then begin to think about investments and retirement later in life.
- Have little confidence in their own financial management skills and are fearful of setting goals for fear of not achieving them.
- Their approach towards investments is that they are 'for the future' and 'something they will look at once they turn 30'.
- While there was concern over their retirement plan, the focus was still on the health of the family unit and the education of their children for the future.
- The younger segment without children was currently focused on more short-term goals. Their savings were generally for the long term.
- Those married with children based their goal setting on the current needs of the family unit.

HIGH KNOWLEDGE

- They had both short-term and long-term goals running concurrently, as they have taken a more proactive stance in their financial planning, basing their choices on their long-term goals.
- Finances were approached with confidence with an active attitude towards investment.
- Even though they had short-term goals for their life stages, this group started thinking about investments at an early stage in their career with their long-term goals clearly set in their minds.

Across the segments, the key differences observed between the low knowledge and high knowledge consumers were their approach to achieving their goals and levels of confidence which differed by their levels of knowledge in investments and financial management savviness. However, all of them especially the younger segments, generally had some anxiety about their ability to achieve these goals due to the following concerns:



Ability to control one's own impulse and spending and needing to 'keep up appearances'



Inflation – the rising cost of living that is not balanced out with increased income



Uncertainty of the economy, particularly since COVID-19



Increase in expenses, especially for those with kids



Property investment that is becoming impossible to achieve due to the increase in prices



Not knowing how to invest their monies to get the best returns

Experts agreed that the Malaysian youth mostly struggle financially, and they believe that there are many contributing factors to this. However, some provided a different take on this:



Financial stress is subjective and varied depending on their surroundings, behaviour, and mindset



Financial difficulties at home were commonly due to the responsibility to support family members financially



The financial status and image they wish to portray



Their habit to overspend more than they earn by indulging themselves

We further explored the experts' analysis of the youth's mentality on financial habits where low levels of financial literacy and lack of experience among many youth today are due to their surroundings.

1 You Only Live Once (YOLO Mentality)

In term of **Lifestyle**:

Treating financial freedom too literally.
Tendency to spend to impress others.

In term of **Investing**:

High risk, high reward pay off mentality
mainly seen among single youths and males.
Centers around the rush and thrill of
investing. Mostly gambling on high return.

3 Herd Mentality

Fear of missing out:

Easily influenced by media. Youth getting
into stock investing after hearing
Gamestop's and TopGlove rise.

2 Spend Now Save Later

Consumer Debt Culture

Heavily influenced by debt culture, as media
represents that debt is alright i.e. payments being
done by cards linked to daily expenditure,
encourage youths to use credit cards more often.

No Future Concern

Tend to worry about now rather than later.
Financial struggles tend to cloud savings for future
retirement.

4 Low Self-Control/Awareness

The need for Retail Therapy

Many youth today spend vigorously shopping as
they see it as a form of entertainment and self
indulgence. With online shopping making it even
to spend impulsively.



ATTITUDE TOWARDS RETIREMENT

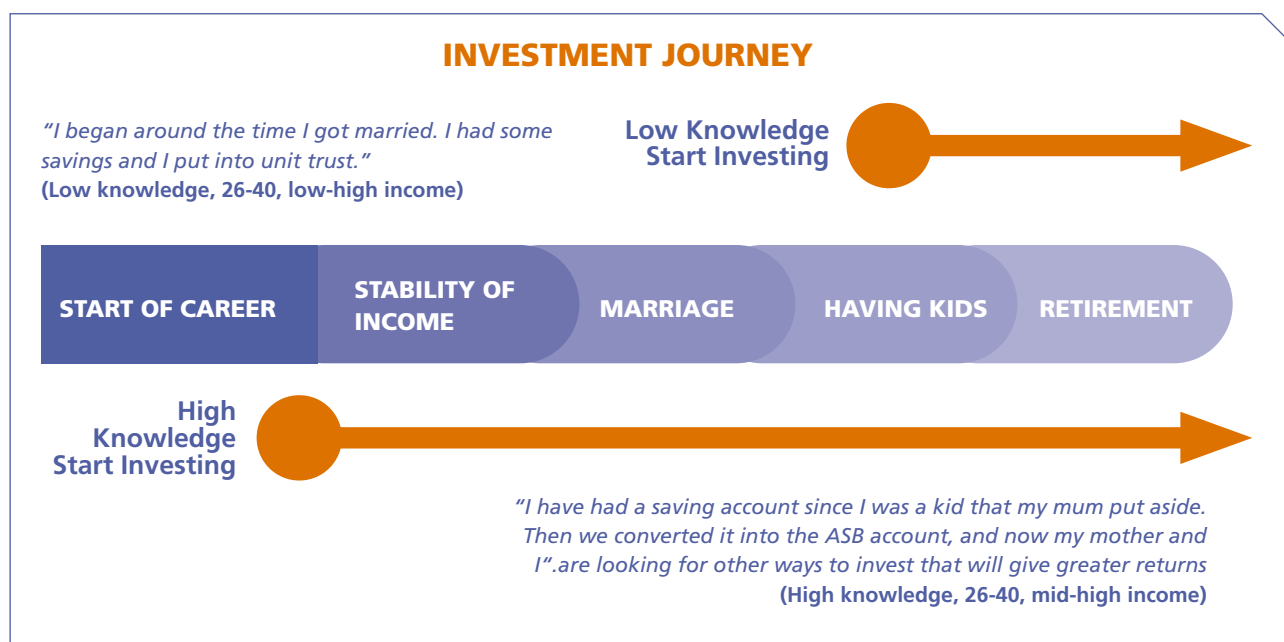
Early retirement is the aspiration for the youth. They will start thinking about being able to enjoy life later and having the means to do so. Most of them have EPF contributions, and some have PRS as additional income for retirement. Retirement funds were seen as a combination of savings, EPF, PRS and other investment products, including property (latent income from the rental of additional property). Typically, retirement comes to the forefront of priorities as they progress in life.

Those with a lower knowledge and exposure to capital markets mainly rely on their EPF, savings and investments in property for income in retirement. For this segment, they only thought about retirement in their 30s, as the younger segment feels that their focus is trying to understand their own spending patterns and gaining the know-how of managing their finances, which are centered on the present, enjoying their income and achieving their short-term lifestyle goals (travel, shopping, entertainment etc.).

HOW THEIR INVESTMENT JOURNEY START?

The high knowledge segment started saving for retirement early. This segment generally started investing small amounts since the beginning of their career. They set aside what they can to achieve financial freedom. Low knowledge segment began investing around age 30, when they feel they have enough savings already.

Another important factor to assess is what motivates the youth to invest in the capital markets. The following are key triggers noted for investing:



However, even those who invest feel that they need to understand the products that they will be investing in, but to do so they face a challenge to source reliable information on the said products.



Friends who are agents/advisors that they trust who persuade them to invest



Parents encourage them to invest and share the same agent



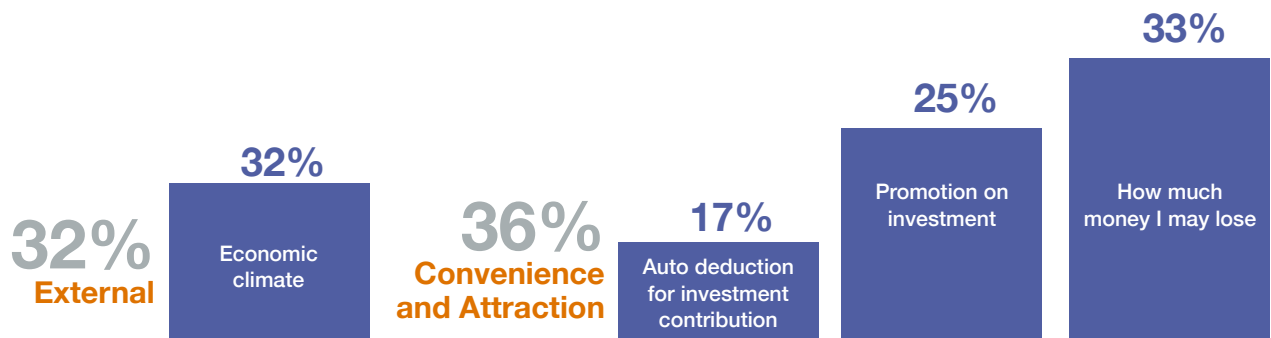
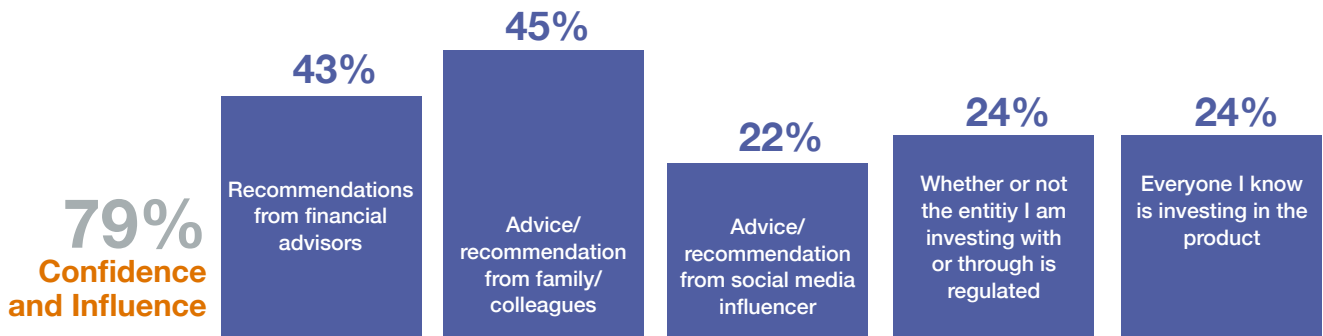
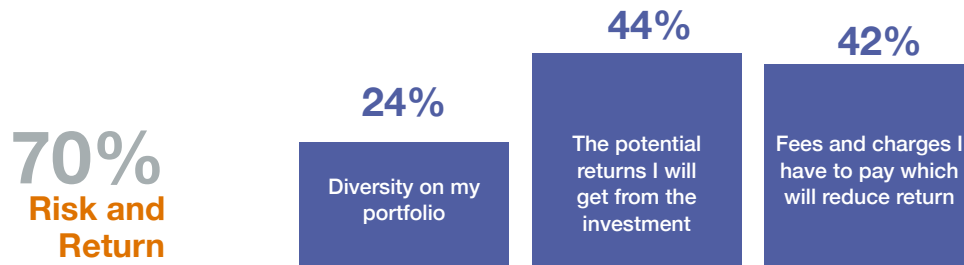
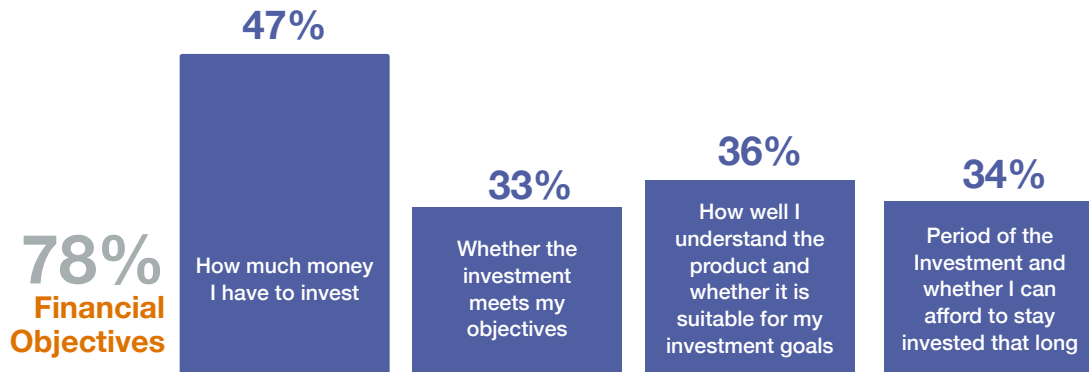
Some follow global market trends out of interest and took advantage of a dip in the stock market to make a small investment



Attending a wealth management course gives the confidence to invest

Confidence, influence from outside sources as well as personal financial objectives are the factors considered before deciding to invest.

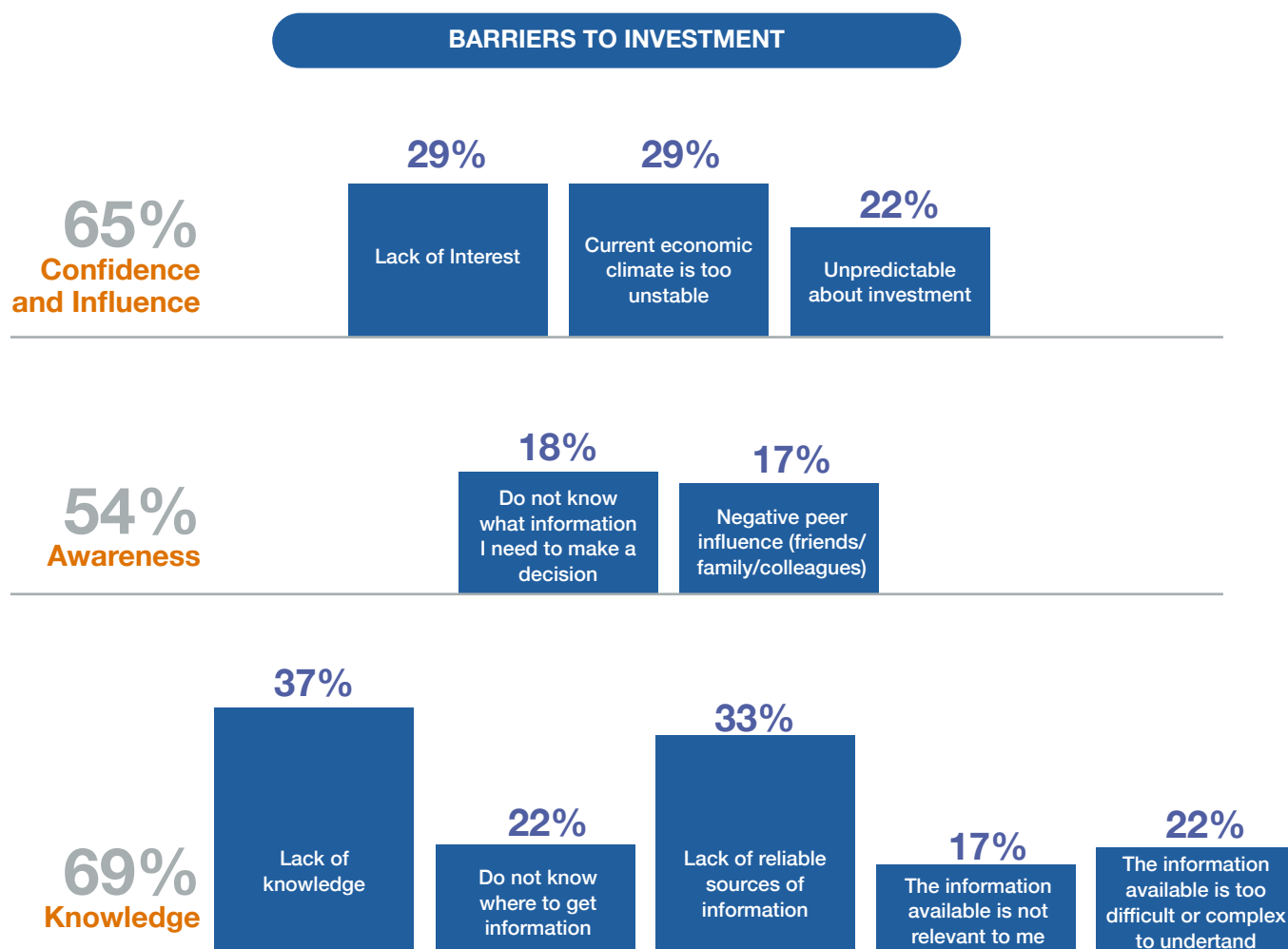
FACTORS CONSIDERED BEFORE INVESTING



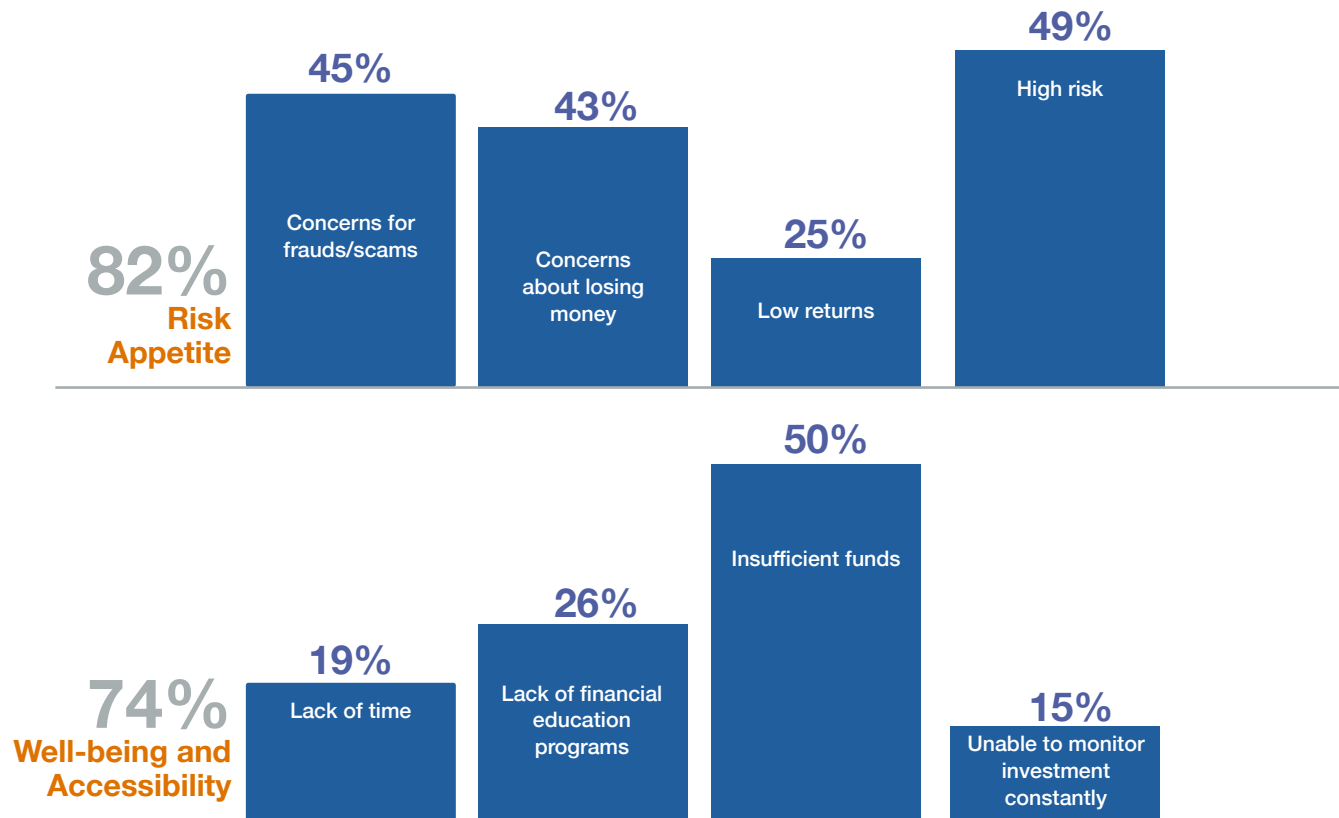
Recommendations and advice from family, friends, colleagues and professional financial advisers were taken into consideration by almost half of the respondents. This implied that by providing those interested with the right advice and insight, they can be encouraged to invest in capital market products. In the qualitative study, we also found that most youth feel they either know too little or not enough to decide on investments without a trustworthy advisor/agent. Agents are key even among current active investors with high knowledge of capital markets. This lends a face to the product; a trusted advisor they can go to for questions and queries, who can provide advice to them.

Another factor considered was the **amount of money they have to invest**. Those with less disposable funds would find it more difficult to set aside money for investment, especially when paired with the risks associated with investment: the potential returns or losses, or the fees and charges associated.

The respondents also highlighted that they needed some form of validation from the SC or Bank Negara Malaysia on the products or the entity offering the product. This is due to concerns about scams either through personal experience, or stories they have heard from friends.



BARRIERS TO INVESTMENT *Cont..*



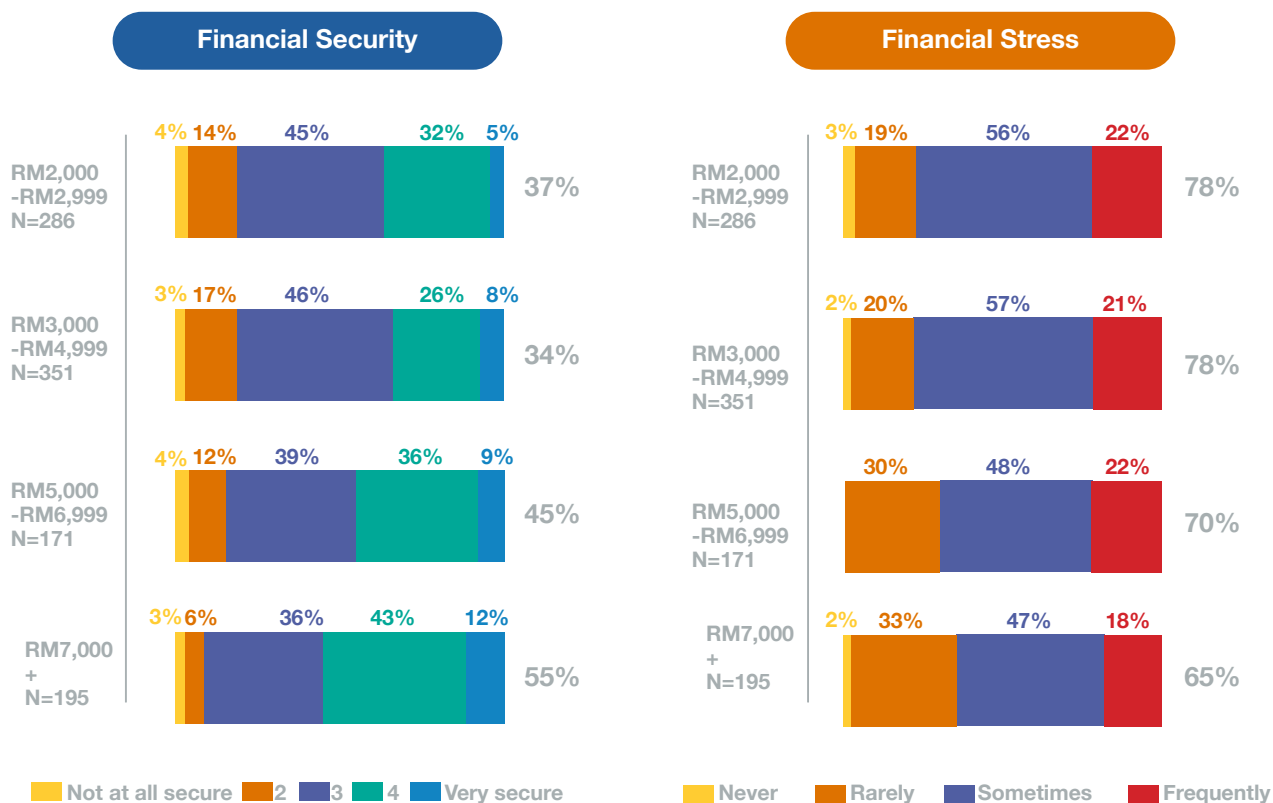
Insufficient funds or the notion that investment requires a large amount of money is the greatest barrier to investment. This is followed by the perception that investment is of high risk and concerns about frauds and scams. Respondents were worried that they may suffer losses due to the inherent risk of investment or the possibility that they may be cheated or scammed.

However, such perception may also be associated with a lack of knowledge about the capital market and investment.

REASON 3

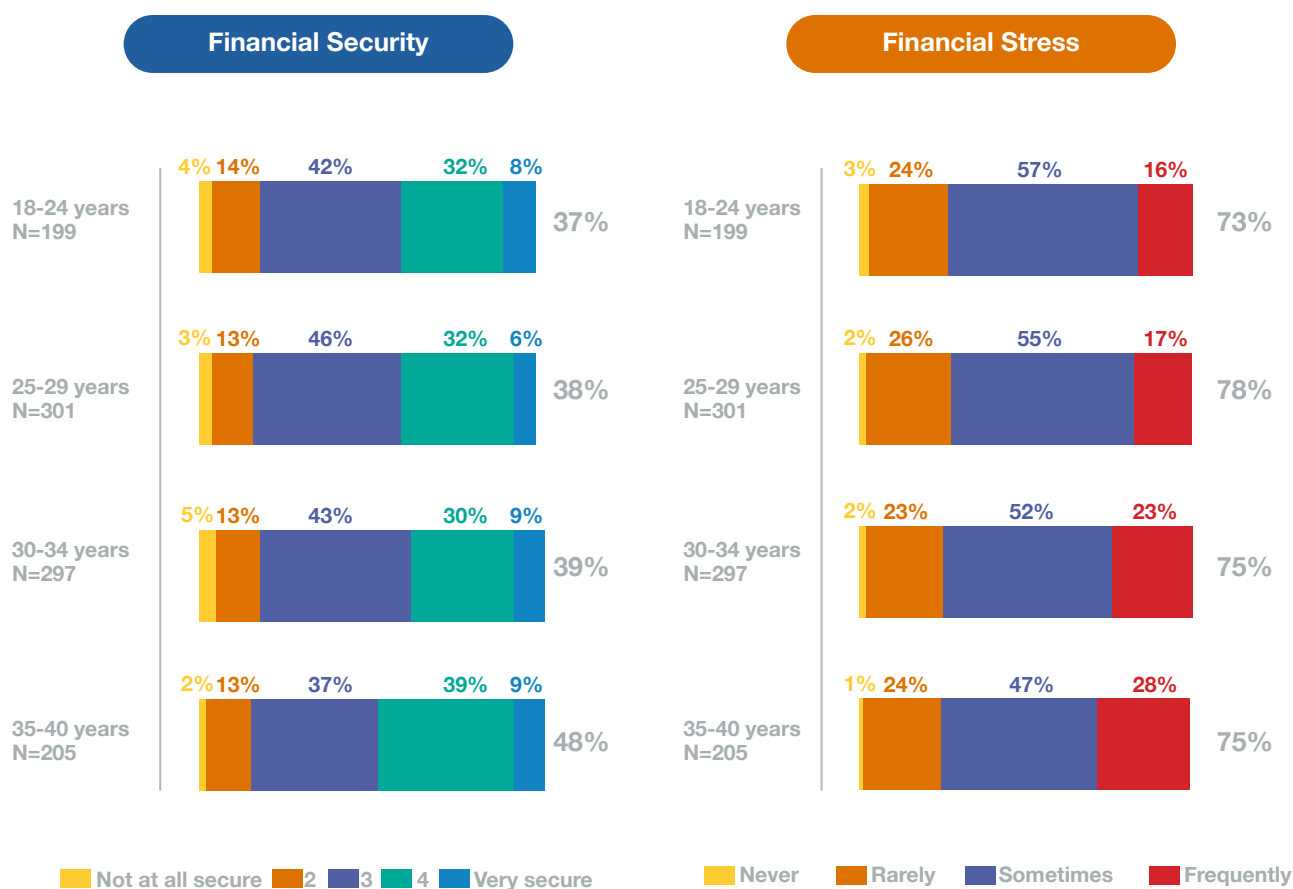
LACK OF FINANCIAL SECURITY

The sense of financial security was correlated with the monthly household income. The more they earned, the greater their feelings of financial security, and consequently lower financial stress.



As seen from the demographic breakdown of investors vs. non-investors, those with higher income were also more likely to have higher financial literacy, and more likely to invest in the capital market.

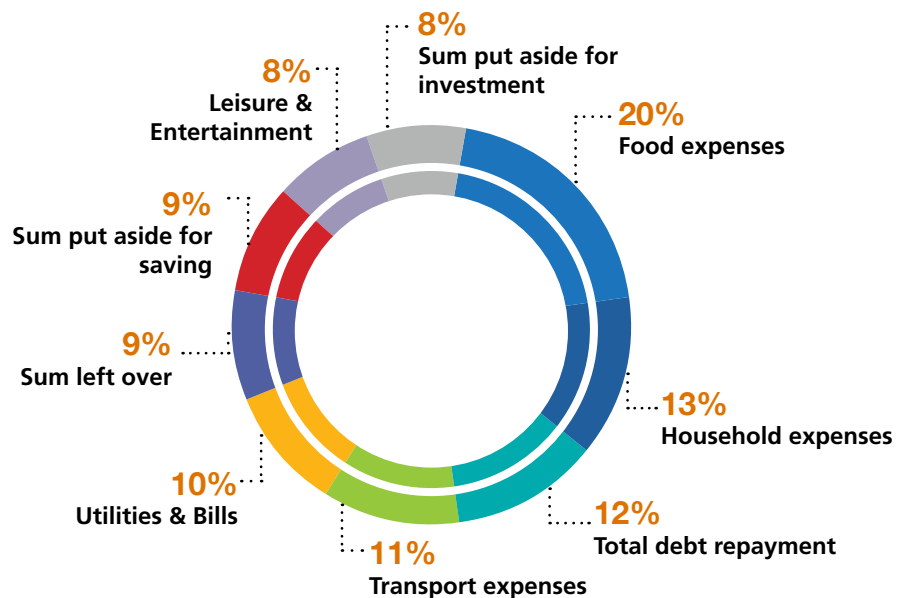
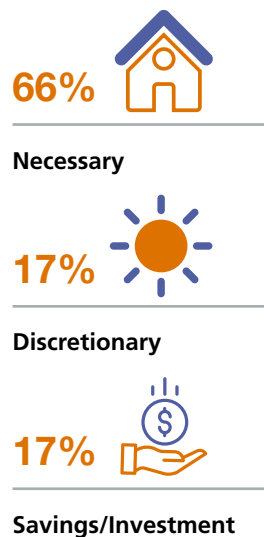
Respondents in the age group of 35 years and above were also more likely to feel more financially secure. However, they also feel more financially stressed, likely due to having to support children or family members.



TOP PRIORITIES	%
Have enough monies set aside for emergency purposes	69
Have enough savings to support children/family	68
Pay off existing debts/loans	55
Starting my own business	37
Building wealth/investments	35
Buying assets (e.g. properties for own stay/investment)	34
Saving for my education	32
Building up a retirement fund	27
Have enough monies for leisure (e.g. vacation/travel, buying desired items)	24
Early retirement	21

Aside from worries about financial stability, respondents' top priorities were also assessed. Building wealth and investment was only a priority for one third of the sampled population. Many were more worried about having enough money for emergency and to be able to support their children and family, as well as to pay off existing debts and loans.

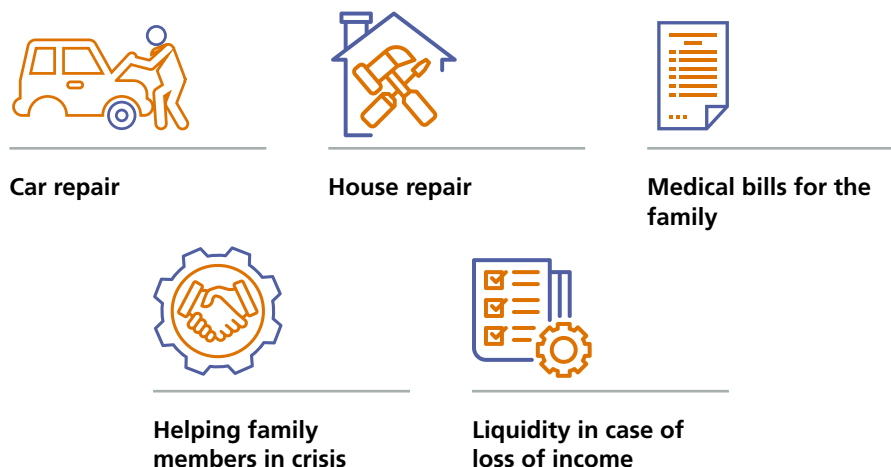
SPENDING CATEGORIES



Overall, two-thirds of current expenditures are being allocated towards necessary payments, such as food expenses, household expenses, utilities and bills, and repayment of debts. On average, only 17% is being set aside for savings and investment; of this only 8% is set aside specifically for investment purposes.

This reinforces the point that the Malaysian youth do not consider investment to be their top priority, or that they do not have sufficient funds to be able to allocate more for investment.

The respondents viewed that liquidity is important. There is a need to have easily accessible emergency funds which can be used for:



Anxiety and concern over the unknown are present across all segments. The fear that they will not have funds or access to their funds means that many keep their money where it is easily accessible e.g. savings account. As such, respondents viewed those funds invested are not easily accessible. Attitudes towards financial management can be measured in terms of the level of confidence about their own savviness and external stressors that brings anxiety.

Malaysian youth who are financially confident typically are aware of how to save as this has been instilled in them from young. Many started saving since childhood. Their parents play a big role in instilling the need to save. However, those with families to care for typically are high financial stress and anxiety group respondents. Such respondents' level of anxiety about their future financial security increases as their expenses also increase, both planned (education, shelter food) and unplanned (health, entertainment needs, etc.).

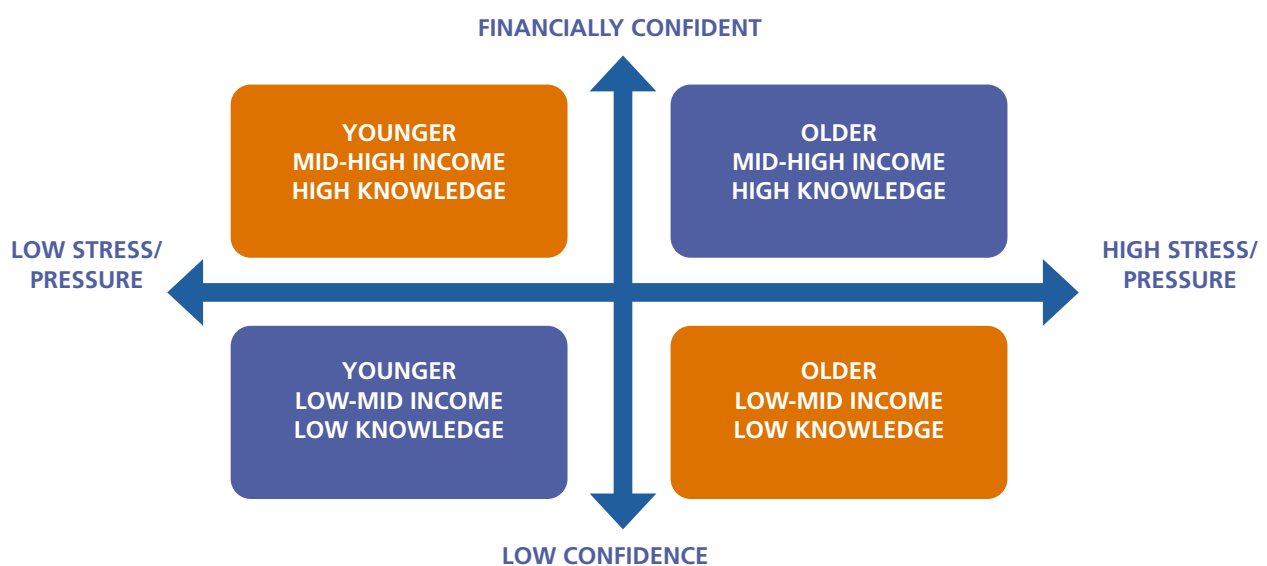


Figure X Qualitative Findings Parameters of Financial Management.

As seen in Figure X, those in different age categories and with different income levels can be segregated into different quadrants. The characteristics of each quadrant are detailed below.

Younger consumers with mid-high income and high knowledge:

- Had greater exposure to financial management solutions (family, peers, etc.).
- Proactive in seeking financial wealth information.
- No financial obligations to family – no children, mostly single.
- Have a set a fixed amount for funds in their saving account (20%) and investment (10%) and prioritises their savings more.
- Insurance (5%) is allocated separately from expenses (45%) with 20% attributed to loans – many still do not have housing loans and live with their parents.

Older consumers with mid-high income and high knowledge:

- Have seen that their efforts in taking a proactive role in savings and investments bear fruit.
- However, with the increasing needs of their family (higher education costs, inflation, etc.), there is anxiety whether they can still cope in the future.
- Split their savings (5%) and investments (5%) allocations equally.
- With expenses (40%) and loan repayments (40%) being on par (10% is for insurance).

Younger consumers with low-mid income and low knowledge:

- They are starting out in life and want to enjoy life.
- Starting to get an understanding of their own expense patterns.
- Have an interest in saving/ investing, however, need more hand-holding.
- Savings and investment allocations (total of 5 – 10%) are less structured and only made after expenses are paid off. They are allocated based on the balance left.
- Their loan repayments range between 20% and 30% with the bulk of their income going to utilities and daily expenses (60% - 75%).
- Minority reported having allocation for insurance.

Older consumers with low-mid income and low knowledge:

- Mainly focused on current financial needs for the family.
- There is anxiety about the rising costs of raising a family and the educational needs for children.
- They do not feel financially savvy as they do not understand the mechanics of investments too well.
- A large portion of income goes towards loan repayment of housing and car (50-55%).
- Their expenses take up between 40 and 70% of their monthly income, leaving 5% to 20% for savings, investments, and insurance.

Experts agreed that Malaysian youth struggle financially, and they believed that there are many contributing factors. Below are some of the observations made:

1. Youth financial stress is subjective and varied depending on their surroundings, behaviour and mindset.
2. Financial difficulties at home are sometimes due to the responsibility to support their family members.
3. Youth's desire to portray a certain image and appearance.
4. Youth's inherent habit to overspend more than they earn by indulging themselves.

Experts elaborated on some common issues faced by youths e.g., susceptibility to scams, poor financial management and rising debts. Experts were concerned that these issues will escalate if the financial literacy among youth is not enhanced.

The following are some examples of the common issues highlighted:

- **Credit Card Scams/Fraud:** Youth mostly received calls of lost/ stolen credit cards, phishing attempts, and calls about fake prizes won or unauthorised credit card usage. Many fall into these scams due to their inexperience added with anxiousness that affects their judgement.
- **Poor Management of Finances:** Mostly among youth who are new to the working world and living independently. They usually have no proper budgeting and tend to be careless when dealing with money.
- **Financial Debt/Bankruptcy:** Most cases of debt and bankruptcy are due to the accumulation of bad spending habits. This may be attributed to the YOLO (You Only Live Once) culture adopted by certain youth. Hence, they tend to have accumulated debt in the forms of credit card expenses, study loans, auto loans and so on.

IMPACT OF COVID-19

The financially confident segment feels they have plans and 'float money' in place in the event of loss of income. Many also have emergency funds that can support them for at least six months without income. Additionally, the increasing cost of living that has been a concern even before the pandemic is of greater concern for them financially than the current impact of COVID-19.

There is also a concern, with some business owners having lost income during the movement control order (MCO). However, many see the solution to increase their income stream by diversifying. With increased access to the gig economy, many feel some assurance that they can get a second income stream. The second income stream is seen as means to have extra spending money with the hope that the main income can be for dedicated loan repayment, utilities and 'savings' (considered as savings + investments).

Despite all these, the experts see a silver lining. The experts observed that the current turn of events made the youth realise the importance of financial literacy.

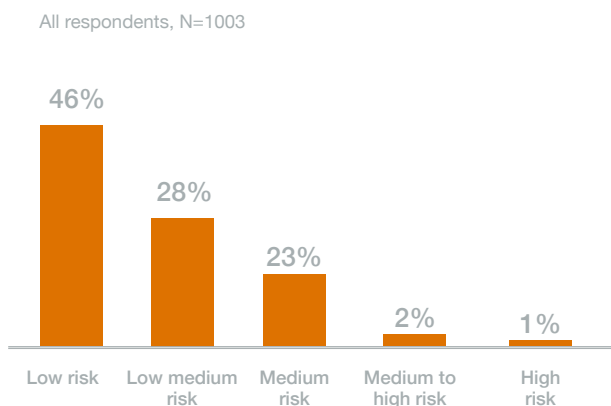
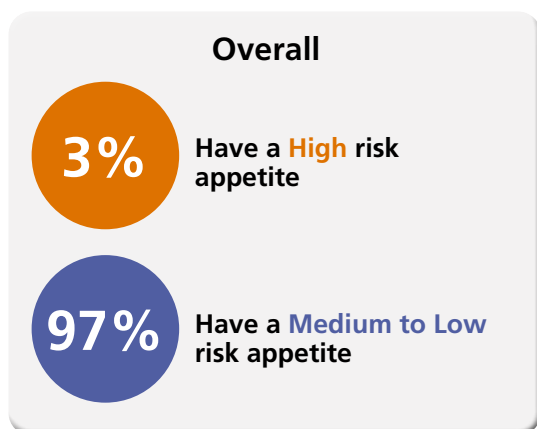
The current pandemic has also shifted the youth's attitude towards investment where it is now seen as an opportunity for them to gain alternative income. Added to current market sentiment and increased interest in the capital market that was brought along with the pandemic, youth are tempted to begin investing in the capital market.

Moreover, the higher level of tech-saviness among the youth made the information easier to reach them. Furthermore, due to more time spent at home during the various lockdowns, the youth's behaviour has now shifted where they are now learning more things online including on investment.

03 RISK APPETITE AND PERCEIVED RISK OF INVESTMENT

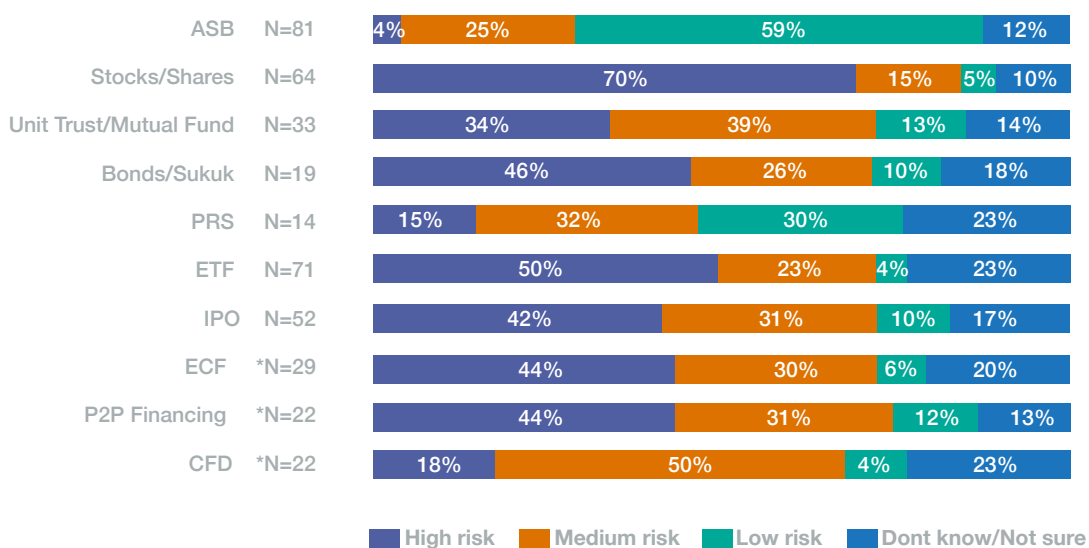
Risk Appetite is defined as one's "ability to withstand loss and ability to put money into an investment".

To assess risk appetite among the Malaysian youth, the respondents were asked "What level of risk would you be willing to take for your ideal investment". Those who answered "Medium to high" or "High risk" were deemed to have a high-risk appetite.



Overall, only 3% of the entire sample was considered to have a high-risk appetite, indicating that the risk appetite among Malaysian youth is considerably low.

WHAT WAS THE RISK PERCEPTION OF CAPITAL MARKET PRODUCTS?



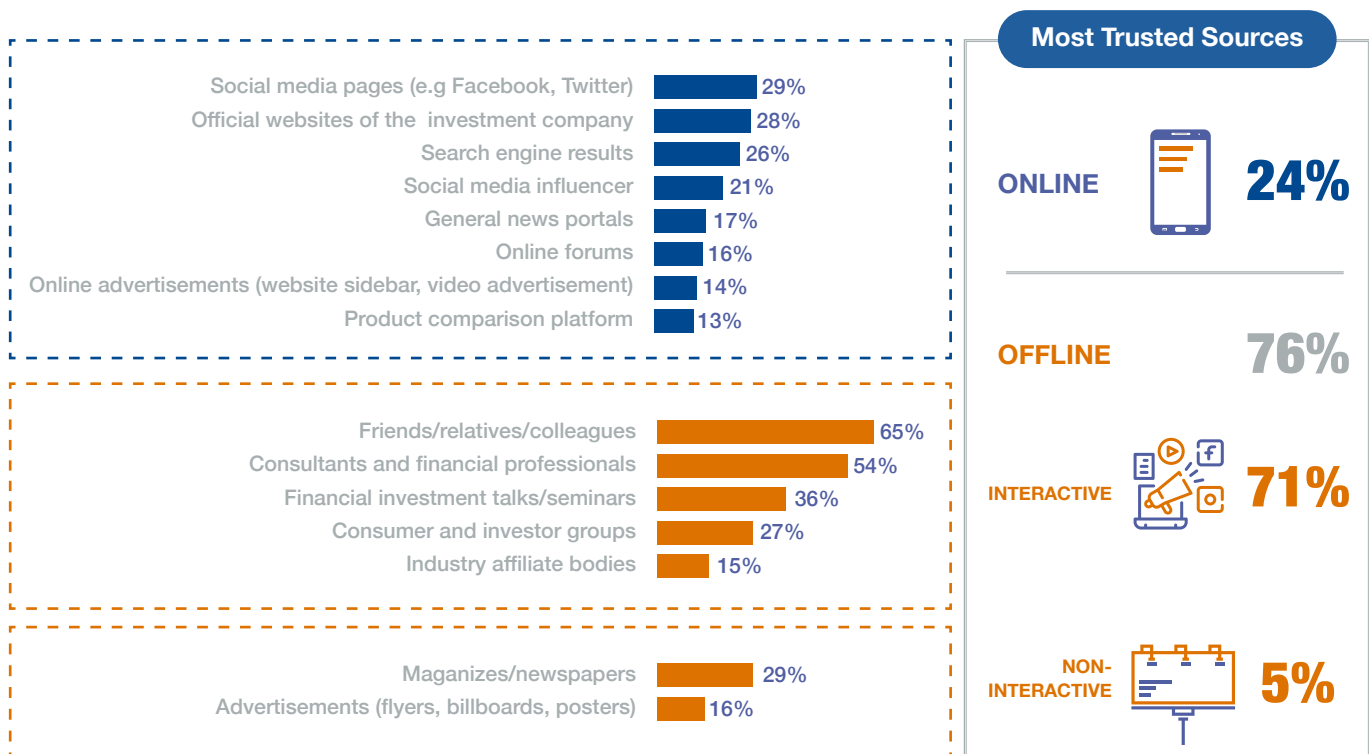
With the finding that respondents have an overall low-risk appetite, individual risk perception of various capital market products was then assessed. In this, respondents had to determine if a product they were aware of was a product with High, Medium, or Low risk.

ASB, a type of unit trust, was found to overwhelmingly be considered 'low risk', with few considering it medium or high risk.

In comparison, stocks/shares were categorised as the riskiest capital market product, with 70% of respondents considering it to be 'high risk'. However, this may also be driven in part due to the lack of awareness of stocks/shares compared to ASB.

This information ties in with the discrepancy between investors who invested in unit trust compared to shares. With a generally low-risk appetite, investors were more likely to invest in ASB compared to shares.

04 REACHING OUT TO MALAYSIAN YOUTH: SOURCES OF INFORMATION

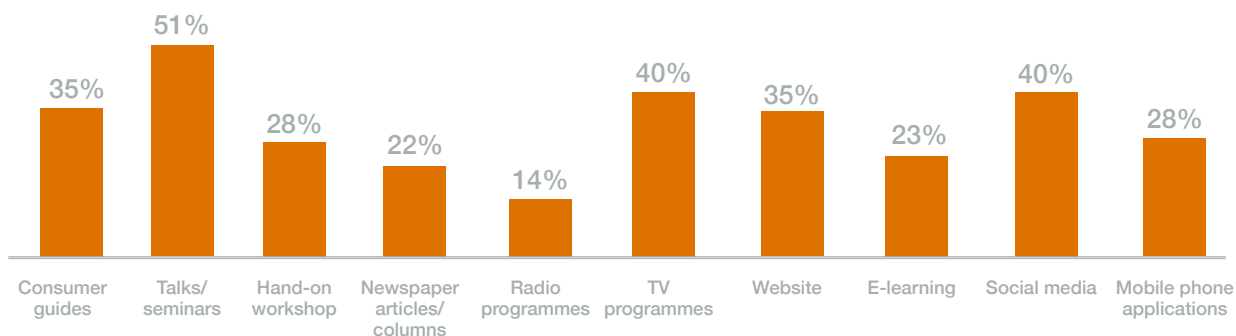


The prevalence of the internet has shifted the source for information on the capital market and services from traditional media such as magazines and newspaper advertisements to online mediums such as social media, websites, etc.

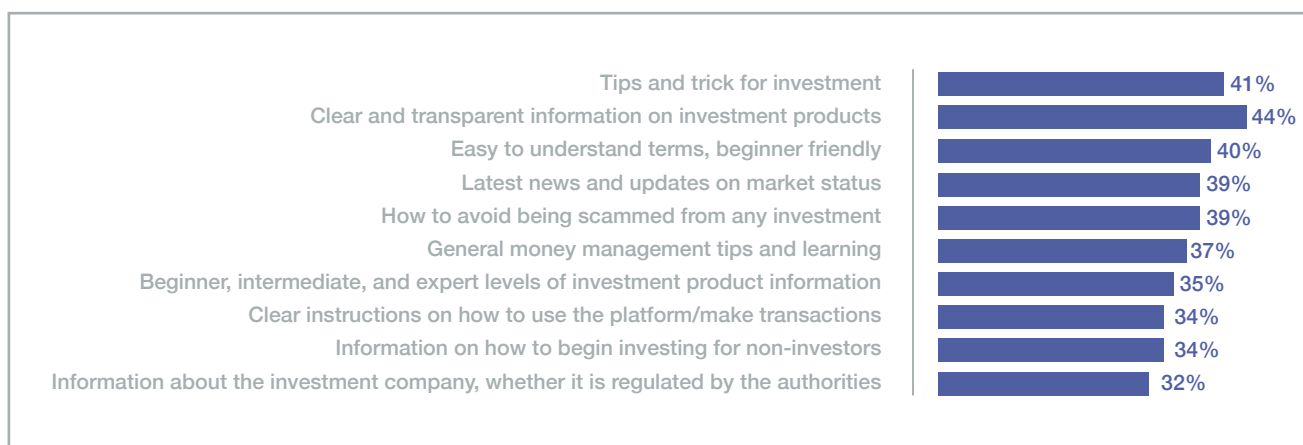
When asked about which sources of information were the most 'trusted', the respondents cited word-of-mouth, advice from friends, relatives, colleagues, and financial professionals turned out to be the most trustworthy sources of information regarding knowledge of the capital market.

Overall, majority of youth considered 'interactive', spoken sources to be their most trusted source.

In addition to this, the data also suggests that continuous investor education events are essential to promote capital market knowledge, as one-third of respondents also found that financial investment talks were a trusted source of information.



Additionally, on youth's ideal methods of learning, 51% found talks and seminars to be the most effective delivery method followed by social media (40%), TV programmes (39%), and websites (31%).



While the online platform is the best way to reach the youth, the will for them to approach investment without anxiety and fear is a challenge. It is also observed that videos available online with guidance on how to invest have been helpful. Those with high knowledge reported having tuned in to online courses, which are cheaper, and less intimidating compared to in-person events. The key barrier is that the word 'investing' appears to be quite intimidating, risky and involves large amounts of cash.

As many Malaysian youth have not yet started participating in the capital market, ensuring that information is as easily accessible and easy to understand is important.

Experts believe that to better reach out to youths and to encourage learning, institutions need to embrace the age of digitisation and social media. Another observation from the expert's interviews was the potential of engaging in more effective information delivery through Key Opinion Leaders (KOL). This is considered the next close thing to face-to-face interaction to replace the traditional interactions people used to have with agents. KOLs with proven success stories are seen as trustworthy and reliable by the youth.

**YOUTH CAPITAL MARKET SURVEY
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