

Financial Education Programmes Organised by Mosques as a Platform to Increase Financial Literacy in Malaysia

Siti Fatimah Abdul Rahman*

siti@ikim.gov.my

Abstract

Financial literacy is the education and understanding of various financial areas including topics related to managing personal finance, money and investing. A financially literate person will be able to manage personal finance matters efficiently, including making appropriate decisions about investing, insurance, real estate, college fees, budgeting, retirement and tax planning. In Malaysia, (1) many are still without the recommended minimum savings of three months salary; while (2) many others take out debt more than the recommended debt service ratio (DSR) of 40 per cent. In fact, more than 100,000 people had been declared bankrupt between 2010 and 2015; and, (3) many others who are not able to make ends meet. Unfortunately, the majority of those affected were Muslims. Hence, one of the ways to help society deal with such a financial problem is

* Senior Fellow, Centre for Economics and Social Studies (EMAS), Institute of Islamic Understanding Malaysia (IKIM).

to make them financially literate through financial education. One of the institutions with the potential of doing so is the mosque. In Islam, mosques are not only for worship, but also as centres for developing the *ummah*. Through knowledge-based activities such as talks and lectures, mosques can develop the minds of congregants for their benefit in the worldly life and the Hereafter, including that of financial literacy. Mainly through Friday sermons (Malay: *khutbah Jumaat*), mosques can start to create awareness among their congregants on personal financial management. However, more can be done to increase the financial literacy of the *ummah*. This article looks into the state of financial literacy in Malaysia and its implications as well as provides recommendations on how mosques can play their roles in increasing financial literacy.

Keywords

Personal financial management, financial education, *khutbah Jumaat*, development of the *ummah*, role of mosque.

Introduction

The International Survey of Adult Financial Literacy Competencies of the Organisation for Economic Co-operation and Development (OECD/INFE)¹ had come up with a toolkit to measure financial literacy and carried out an international survey consisting of 30 countries and economies, including Malaysia. The survey results, among others, indicate that:

1. OECD is an international organisation that works to build better policies for better lives. The goal is to shape policies that foster prosperity, equality, opportunity and well-being for all. It has almost 60 years of experience and insights to better prepare the world of tomorrow. More information can be obtained from its website at URL: <https://www.oecd.org/about/> (accessed on 10 February 2020).

1. the overall level of financial literacy is relatively low with an average score across all participating countries of a mere 13.2 out of a possible 21;
2. the average levels of financial knowledge show room for improvement; and
3. gender differences in financial knowledge are noteworthy.²

The survey also shows that Malaysia was ranked 25th out of 30 countries involved, with an average score of 12.3 out of a possible 21. Other Muslim countries that participated in the survey are Albania (19th, 12.7), Jordan (20th, 12.6) and Turkey (22nd, 12.5).³ Even though Malaysia ranked last among the Muslim countries, the difference in scores of each country was narrow. Malaysia is considered as among the countries that need to strengthen financial knowledge for its population to help them fully understand the decisions made.⁴ It has also been found that in Malaysia, no more than half of the respondents understood the financial concept of diversification, indicating an important topic to be covered during investor education in this country, and also suggesting a more general lack of information and knowledge about ways in which to spread risk.⁵

Among the policy conclusions drawn from the survey results are firstly, the importance of starting financial education early, and ideally in school; and, secondly, that public authorities should also seek ways to strengthen knowledge, skills and behaviours of adults through a combination of financial education and other policies.⁶ This article will firstly look into the state of financial literacy in Malaysia and its implications. Secondly, it will look

2. *OECD/INFE International Survey of Adult Financial Literacy Competencies* (Paris: OECD, 2016), 7–9, accessible at its URL: <https://www.oecd.org/daf/fin/financial-education/OECD-INFE-International-Survey-of-Adult-Financial-Literacy-Competencies.pdf> (last accessed on 3 April 2020).

3. *Ibid.*, 8.

4. *Ibid.*, 7–8.

5. *Ibid.*, 9.

6. *Ibid.*, 12.

at the potential of mosques in giving financial education to the *ummah*. Thirdly, this article will suggest ways on how mosques can play their part in increasing the financial literacy rate.

Financial Literacy

Financial literacy is not only an essential requirement but also an important necessity in our lives. Even so, no proper syllabus on financial education has ever been included in the Malaysian education system.

Definition

OECD International Network on Financial Education (OECD INFE) 2011 defines financial literacy as “a combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decision and ultimately achieve individual financial well-being.”⁷ Lusardi and Mitchell defines financial literacy as “peoples’ ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt and pensions.”⁸ Both of these definitions show that financial literacy involves two components, knowledge and practice. The knowledge component includes awareness, knowledge and money management skills, while the practice component encompasses attitudes and actions to apply the knowledge and skills in managing money and making wise financial decisions.

-
7. *Measuring Financial Literacy: Questionnaire and Guidance Notes for Conducting an International Comparable Survey of Financial Literacy, OECD/INFE* (Paris: OECD, 2011), 3, accessible at its URL: <https://www.oecd.org/daf/fin/financial-education/49319977.pdf> (last accessed on 3 April 2020).
 8. Annamaria Lusardi and Olivia S Mitchell, “The Economic Importance of Financial Literacy: Theory and Evidence,” *Journal of Economic Literature* 52, 1 (2014): 6, available at <http://dx.doi.org/10.1257/jel.52.1.5>.

The Importance of Financial Literacy

In this world of money economy, financial literacy is very important, especially when we are often faced with situations where our needs and wants are more than our resources. According to Beal and Delpachitra, financial literacy enables individuals to make informed decisions about their money and helps to minimise their chances of being misled on financial matters.⁹ In terms of the importance of financial literacy, Tan, Hoe and Hung found that individuals who are more financially-literate focused more on personal financial planning to pre-empt adverse impact that poor financial planning might have on their lives, and vice versa.¹⁰ Suhaimi Ali concurs that financial literacy initiatives provide the necessary knowledge, skills and tools for consumers to make informed financial decisions with confidence. Such ability allows individuals to build or accumulate, manage and preserve wealth.¹¹ To sum up, financial literacy is important for everybody because it enables us to: (1) make informed decisions about our money; (2) minimise our chances of being misled on financial matters; and, (3) build or accumulate, manage and preserve wealth in order to achieve financial well-being.

-
9. Diana J. Beal and Sarath B. Delpachitra, "Financial literacy among Australian University students," *Economic Papers: A Journal Of Applied Economics And Policy* 22, 1 (2003): 66–78, as cited in Mohamad Fazli Sabri and Nurul Farhana Zakaria, "The Influence of Financial Literacy, Money Attitude, Financial Strain and Financial Capability on Young Employees' Financial Well-being," *Pertanika Journal of Social Science & Humanities* 23, 4 (2015): 830.
 10. Tan Hui Boon, Hoe Siew Yee and Hung Woan Ting, "Financial Literacy and Personal Financial Planning in Klang Valley, Malaysia," *International Journal of Economics and Management* 5, 1 (2011): 162.
 11. Suhaimi Ali, "Financial Literacy in Malaysia: Issues and Status Update," powerpoint slides presentation at the International Seminar on Financial Education and Retirement Savings, Kuala Lumpur, 17–18 September 2013, 3.

Financial Literacy in Malaysia

In 2012, OECD conducted a pilot survey to assess the national level of financial literacy of several participating countries including Germany, Peru, Norway and Malaysia.¹² Since financial literacy is a combination of knowledge, attitude and behaviour,¹³ the study identified a proportion of the population achieving high scores in each component.¹⁴ The scores by Malaysia in each of the component are as follows: (1) high knowledge score: 51%; (2) high behaviour score: 67%; and, (3) high attitude score: 53%. The scores show that financial literacy level in Malaysia is higher in terms of behaviour.¹⁵ When all the scores from the three components are combined, an overall indicator of financial literacy is found which takes values from 0 to 22.¹⁶ The average score of these countries range from 12.4 to 15.1¹⁷ and countries typically score around 13.7.¹⁸ Malaysia scored above average.¹⁹ In actuality, there is no real nationwide survey to measure the financial literacy rate of Malaysians. However, a few research have been done on consumer behaviours and the findings show the level of financial literacy of the respondents.

Suhaimi Ali has compiled five studies on this topic and summarised the overall financial literacy of the Malaysian consumers as follows: (1) financial literacy level runs parallel to education levels; (2) there is no major difference in financial literacy level by gender or by strata; (3) joint decision-making

12. A. Atkinson and F. Messy, *Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study*, OECD Working Papers on Finance, Insurance and Private Pensions 15 (Paris: OECD Publishing, 2012), available online at <https://www.oecd-ilibrary.org/docserver/5k9cfs90fr4-en.pdf?expires=1585895680&id=id&accname=guest&checksum=CF72D095062F049F02168ACA8B8585A4> (accessed 3 April 2020).

13. *Ibid.*, 39.

14. *Ibid.*, 10.

15. *Ibid.*

16. *Ibid.*

17. *Ibid.*, 41.

18. *Ibid.*, 10.

19. *Ibid.*

is most commonly practised whereby the spouse is the joint decision-maker; (4) almost one-third of consumers do not compare prices when deciding on financial products; (5) almost every Malaysian claims to be saving and recognises the need to save, while respondents in East Malaysia prefer to save their cash at home or keep them with someone they trust; and, (6) Malaysians are less familiar with the concept of diversification or risk spread or reduction.²⁰

With regard to preparedness for income shocks, Suhaimi Ali reported that: (1) those within the pre-retirement age of 50 and above are poorly prepared for financial emergencies; (2) those with tertiary education are more financially prepared to deal with income shocks compared to those without; (3) those who claim to have sufficient savings are not financially prepared for income shocks; and, (4) prudent financial behaviour does not translate to better financial preparation for income shocks. In other words, there is a problem in self-assessed financial behaviour and attitude.²¹

For financial distress and debt management, Suhaimi Ali reported that (1) those aged between 30–39 years are more likely to experience financial distress compared to those 50 years and above; (2) low income and seasonal income earners are more vulnerable to financial distress; and, (3) higher educated individuals with higher financial knowledge do not necessarily translate to better financial management unless the values of living within one's means is cultivated along financial knowledge.²² Mohamad Fazli and Teo, in their study which looked into the effects of financial literacy, financial management and saving motives on financial well-being among working women, found that the majority of working women in Malaysia have moderate levels of financial literacy as well as financial well-being.²³

20. Suhaimi, "Financial Literacy," 7.

21. *Ibid.*, 8.

22. *Ibid.*

23. Mohamad Fazli Sabri and Teo Tze Juen, "The Effects of Financial Literacy, Financial Management and Saving Motives on Financial Well-Being among Working Women," *Journal of Wealth Management & Financial Planning* 1 (2014): 26.

As stated, in 2016, the OECD survey showed that Malaysia's financial literacy was ranked 25th out of 30 countries involved, with the average score of 12.3 out of a possible 21. Such a score puts Malaysia as the least financial literate country as compared to the other three participating Muslim countries such as Albania, Jordan and Turkey respectively. A neighbouring country Thailand ranked 18th with a score of 12.8 out of a possible 21. Indeed, these studies show that Malaysians have a moderate level of financial literacy. Therefore, several steps need to be taken to increase the financial literacy of Malaysians.

Ways to Increase Financial Literacy

The earlier researches have suggested a few implications of their studies. Suhaimi Ali, for example, suggested that there is a need to: (1) intensify financial education at school levels; (2) have financial literacy initiatives to ensure effective planning for retirement and ability to sustain through retirement; (3) educate households on the minimum level of emergency funds required, as two-thirds of households are poorly prepared for income shocks with savings of less than three months salary; (4) look beyond financial education in changing behaviours as cultural aspects and behaviour biases also play a role in decision-making process; (5) educate the young on better financial management and to cultivate the habits of living within one's means; (6) focus education on risk diversification and management including diversifying savings by investing part of the saving funds (for those with financial capabilities) and risk mitigation via insurance; and, (7) re-examine measurement for financial behaviour and attitude with less reliance on self-assessment.²⁴

As such, not only the government, but employers have a part to play, too. This is because one of the factors that lead to reduced productivity at the workplace is financial distress. In studying the relationship between financial literacy and financial

24. Suhaimi, "Financial Literacy," 9.

distress among youths in Malaysia, Faoziah, Krishnan and Norfiza gave their suggestion that organisations (or employers) invest in providing financial education for their employees to enhance their financial literacy via training courses on financial management.²⁵ In summary, earlier researches have suggested that the government, schools and employers play their part in increasing the financial literacy of Malaysians. This article suggests that the mosque—as an important social institution in the Muslim community—plays a similar role as those mentioned, through programmes and activities that they organise.

According to Er and Mutlu, the main objectives of increasing financial literacy is to enable one to manage his or her money, make medium and long term plans, perceive the risks and benefits related to the management of his or her money, know the financial products, be informed on where and how to acquire information on the financial products and services, as well as use the financial product effectively and efficiently.²⁶ Therefore, to increase financial literacy is none other than to provide financial education to the masses. Financial education is “the process by which financial consumers/investors improve their understanding of financial products and concepts, develop the skills and confidence to become aware of financial risks and opportunities, make informed choices, and take other effective actions to improve their financial well-being and protection.”²⁷ In simple terms, financial education teaches the knowledge, skills and attitude required to adopt good money-management practices associated with earning, spending, saving, borrowing and investing money. However, the majority of people in Malaysia

25. Faoziah Haji Idris, K. Sarijani Devi Krishnan, and Norfiza Azmi, “Relationship between financial literacy and financial distress among youth in Malaysia—An empirical study,” *Geografia Online Malaysian Journal of Society and Space* 9, no. 4 (2013): 116.

26. Bunyamin Er and Mezut Mutlu, “Financial Inclusion and Islamic Finance: A Survey of Islamic Financial Literacy Index,” *International Journal of Islamic Economics and Finance Studies* 3, no. 2 (2017): 50.

27. Puneet Bhushan Sood, Kritika Choudary and Harneet Singh, “Role of Financial Education for Future Technocrats,” *Pertanika Journal of Social Science & Humanities* 20, no. 4 (2012): 1341.

still do not have access to financial education. In their study in the state of Selangor, Husaina Banu Kenayathulla and Juliana Jupri found that only 42% of their respondents attended financial courses.²⁸

Apparently, Malaysia is not the only country facing the problem of lacking financial education among the population. In North India, Sood, Choudary and Singh conducted a survey on a group of future technocrats and the results showed that: (1) the majority of the future technocrats feel that financial education is a must for them; (2) financial education is not a part of their curriculum; (3) the majority of the future technocrats are not able to manage their own finances; (4) the majority of them expressed their desire to study financial education; and, (5) most of the institutes of higher learning do not offer extra session, seminars or conferences on financial education.²⁹

In another study in India, Kaur, Mital and Agarwal found that the majority of youths feel strongly about improving their level of financial education. In the study, it is also found that the importance of being financially aware is highly rated especially by female students. In terms of sources of information for managing money, the majority of students obtained information from personal sources such as parents, friends, school, life experiences etc.³⁰

The Role of the Government in Increasing Financial Education

In Malaysia, the *Agensi Kaunseling dan Pengurusan Kredit* (AKPK) or the credit counselling and management agency was set up in

28. Husaina Banu Kenayathulla and Juliana Jupri, "Financial Management Skills Among Kindergarten Teachers in Selangor," *Malaysian Online Journal of Educational Management* 4, no. 3 (July 2016): 74.

29. Sood et al., "Role of Financial Education," 1345–1346.

30. Anupriya Kaur, Niti Mital and Sanchita Agarwal, "Financial Literacy of New Job Entrants," *Pertanika Journal of Social Science & Humanities* 21, no. 2 (2013): 723.

2006 as a subsidiary of Bank Negara Malaysia (BNM) with a mission “To Make Prudent Financial Management A Way of Life” for Malaysians. It offers three services free of charge which are: (1) financial education; (2) financial counselling; and, (3) debt management programme.³¹ Until 31 October 2017, AKPK had counselled over 648,295 cases with the participation of 203,079 individuals in its Debt Management Programme. AKPK also has resolved 14,973 cases involving RM600.6 million in debts.³²

Furthermore, the need for enhanced financial literacy and capability is well entrenched in various national strategies. For example, in the *Economic Transformation Plan (ETP) 2010–2020*, Chapter 7 entitled “Financial Services” states that, BNM will lead the creation of a coordinated national financial literacy programme based on a public-private partnership.³³ In the *Financial Sector Blueprint (2011–2020)*, Chapter 5.2 entitled “Empowering Consumers,” several recommendations regarding financial education were given such as:

1. promoting financial capability as an essential life skill from an early age through the integration of FE into the formal curriculum;
2. adopting life events approach to the development and delivery of programmes and encouraging greater collaboration among stakeholders; and,
3. strengthening the enabling infrastructure by providing comprehensive access to FE information and introducing a mechanism to gauge the financial capability of consumers and enhancing the effectiveness of the implementation of FE initiatives.³⁴

31. Suhaimi, “Financial Literacy,” 20.

32. “AKPK aims to raise financial literacy awareness among young adults,” *The Sun Daily* (30 November 2017) via <http://www.theSundaily.my/print/507895> (accessed on 14 September 2018).

33. Suhaimi, “Financial Literacy,” 10.

34. *Ibid.*, 10.

Finally, BNM's collaboration with Ministry of Education (MOE) in the integration of FE into school curriculum (2011–2013), in primary and secondary schools and the vocational colleges, has many notable achievements.³⁵

The Teaching of Financial Education

Since financial literacy is important for everybody, financial education is also for everyone, from as young as a child and the senior citizens. In other words, financial education needs to be taught to everybody, from pre-school children to those who are soon to retire. Moreover, financial education is so dynamic in the sense that the knowledge and skills needed are very much related to our lives, therefore getting the relevant financial education is a lifelong process. For example, a Year One pupil aged seven may need to know the importance of saving and how to conduct money transactions within the amounts of RM5 to RM10, whereas a Form Five student may need to know about conducting money transactions for the amount of RM300. Similarly, college-going students may need to know more about managing their money and what more those who are expecting their first salaries. Such are the dynamics of financial education which are closely related to our daily lives. In terms of the teaching agents of financial education, they constitute different people in different institutions. For example, within the family, parents play an important role in educating their children about money. In schools, the role rests on the teachers. At the university level, Sood, Choudary and Singh suggest that the university should: (1) develop a campus-wide, coordinated financial literacy programme directed towards students, faculty and staff; (2) integrate financial literacy into the curriculum; (3) develop an online resource hub on financial education information; as well as (4) extend financial literacy education to students' parents.³⁶

35. Ibid.,14.

36. Sood et al., "Role of Financial Education," 1346.

At the organisation level, Mohamad Fazli and Nurul Farhana suggest that employers take the initiatives to organise financial education programmes for young employees.³⁷ The researchers believe that the mosque can play its part in providing financial literacy to the members of the community because it has the potential to become the centre for human capital development in the country.³⁸

The Mosque and Its Role in Developing the Ummah

In the Arabic language, “*masjid*” (mosque) is a noun for “a place of prostration” and customarily, “*masjid*” means “a place to perform prayers (*solah*).”³⁹ In other words, the main function of a mosque is as a place of worship for Muslims. However, a place of worship is not the only function of a mosque. Since the time of Prophet Muhammad, the mosque had been used for various purposes meant for developing the *ummah* apart from a place to offer prayers. During the time of Prophet Muhammad, the mosque served as: (1) a place of worship; (2) centre for dissemination of knowledge; (3) administrative centre; (4) place for meetings and discussions; (5) place for public complaints to prosecute justice (court); and, (6) a meeting place for entrepreneurs and businesses.⁴⁰ In other words, the mosque then was not only the centre for religious activities, but also the centre for discussions, disseminating knowledge, administration, social solidarity, etc.⁴¹

37. Mohamad Fazli Sabri and Nurul Farhana Zakaria, “The Influence of Financial Literacy, Money Attitude, Financial Strain and Financial Capability on Young Employees’ Financial Well-being,” *Pertanika Journal of Social Science & Humanities* 23, no. 4 (2015): 845.

38. Adanan Mat Junoh, Zulkiple Abd Ghani, Mohd Rushdan Mohd Jailani and Khairunnezam Mohd Noor, “Profil Penyertaan dalam Pendidikan Non-Formal di Masjid: Implikasi terhadap Pembangunan Modal Insan Belia,” *Ulum Islamiyah Journal* 11 (December 2013): 43.

39. Mahazan Abdul Motalib et al., *Masjid dan Pembangunan Komuniti Bandar dan Luar Bandar* (Bandar Baru Nilai: USIM, 2016), 20.

40. *Ibid.*, 22.

41. Nor Azlina Abd. Wahab, Norafifah Ab. Hamid, and Norajila Che Man, “Pemeriksaan Peranan Masjid di Malaysia Era Kontemporari,” *e-Academic Journal UiTMT* 5, no. 2 (2016): 220.

Indeed, the mosque then was a multi-functional place with the objective to develop the *ummah*.

In Malaysia, it is a common practice that mosques are used as places for worship and centres for the development of *ummah*. Other than organising activities related to religious rituals, mosques also organise other activities such as weekly and monthly talks, classes and bazaars for the local community. Through its weekly and monthly talks and classes, mosques impart new knowledge to the local community so that they can pursue good in this world and the Hereafter. Fard' ayn classes, Quranic recitation classes and religious lectures are commonly organised such that they are well received by the local communities.

While some believe in the potential of the mosque to develop the human capital,⁴² and others believe in empowering the mosque to develop the contemporary society in Malaysia,⁴³ the weekly and monthly talks and classes should also cover topics and themes which empower the *ummah* with everyday life skills such as communication skills between husband and wife; parenting skills and so on. Likewise, if the platform is used to empower the community with the knowledge and skills that they lag behind—financial education, for example—the mosque would have done a very good service to the *ummah*.

Mosques Should Play a Role in Increasing Financial Literacy

Efforts to motivate people to come to the mosque should not be confined to activities related to religious rituals. To fully optimise the functions of the mosque is to utilise it for the purpose of developing the potential of the *ummah* holistically, i.e. spiritually, physically, intellectually and emotionally. More importantly, the mosque plays its role in developing the potentials of the

42. Adanan et al., “Profil Penyertaan,” 43.

43. Nor Azlina et al., “Pemeriksaan Peranan Masjid,” 221.

ummah where they are most needed,⁴⁴ and with reference to our present theme as this article shall elaborate later, increasing the financial literacy. In terms of financial aids for the needy, some big mosques do have allocations for it. For example, Masjid Jamek Bandar Baru Uda, through a programme called “DANA KAMI” (OUR FUND) provides financial assistance to those in need. Such an effort is highly commendable even though efforts to provide financial education to the local communities should be enhanced to help them manage their income better.

As praiseworthy as financial aid is, giving out cash and kind is just like giving people fish for their meals. What is more effective is to teach them how to fish so that they can have their meals for the rest of their lives. In other words, financial aid will provide them comfort for a few days whereas financial literacy via financial education will empower them with a skill to live comfortably for the rest of their lives. Furthermore, there are other reasons why mosques should embark on this which are as follows:

*Malaysians Have a Moderate Level of Financial Literacy and the Majority of Malaysians are Muslims*⁴⁵

As stated earlier, Malaysia has a moderate level of financial literacy. With such a rate, it is hardly a surprise that many members of society have financial problems such as non-

44. Mohd Ismail Mustari, Bushrah Basiron, Kamarul Azmi Jasmi, Ajmain @Jimain Safar, and Azhar Muhammad, “Membangun Potensi Masjid Sebagai Sebuah Institusi Pendidikan Islam & Masyarakat” *Tinta Artikulasi Membina Ummah* 3, no. 2 (2017): 50.

45. Islam is the most widely-professed religion in Malaysia with a proportion of 61.3%. As a multi-racial nation, other religions embraced are Buddhism (19.8%), Christianity (9.2%) and Hinduism (6.3%). See “Population Distribution and Basic Demographic Characteristic Report 2010 (Updated: 05/08/2011),” Official Portal, Department of Statistics Malaysia, at https://www.dosm.gov.my/v1/index.php?r=column/cthem&menu_id=L0pheU43NWJwRWVVSZklWdzQ4TlhUUT09&bul_id=MDMxdHJjWTKlSjFzTzNkRXYzcVZjdz09 (accessed 25 July 2019).

recommended minimum savings (three-month salary); high debt and declared bankruptcy; and, difficulty in making ends meet. Since the majority of Malaysians are Muslims, this is an opportunity for the mosque to do a service to the *ummah*.

Financial Well-being Is Part of Islamic Teachings

Islam does not forbid its adherents from seeking wealth. According to the Qur'an, our wealth are gifts from Allah, and therefore, we need to use it wisely for our benefit in this world and the Hereafter.⁴⁶ Although wealth are gifts from Allah, they do not fall from the sky. We need to work for it. Islam teaches us that our income and wealth need to firstly, come from halal sources⁴⁷ and secondly, be kept using Ḥalāl instruments and media;⁴⁸ and thirdly, be spent on purposes that are permissible by the Sharī'ah.⁴⁹

We need some knowledge and skill to spend our wealth according to the teachings of Islam. Other than knowing what purposes we can spend it on, we need to be moderate in our spending⁵⁰ so as to avoid wastage which is forbidden by Islam.⁵¹ In order to spend moderately and avoid excessiveness, Allah

46. *Al-Qaṣaṣ* (28): 77.

47. *Al-Nahl* (16): 114.

48. This is to prevent our wealth from elements of *shubḥah* based on a ḥadīth of the Prophet Muhammad which means, "Allah's Messenger forbade a transaction determined by throwing stones, and the type which involves some uncertainty." (*Sahih Muslim* 3/1153, no. 1513) as quoted in Mahadzirah binti Mohamad and Nor Azman bin Mat Ali, *Quality of Life: Maqasid Syariah Approach* (Kuala Terengganu: UniSZA, 2016), 139.

49. In the Hereafter, every soul will be asked on how he has spent his wealth during life in this world. This is based on a ḥadīth whereby the Prophet Muhammad had said, "The feet of the slave of Allah shall not move (on the Day of Judgement) until he is asked about five things: about his life and what he did with it, about his knowledge and what he did with it, about his wealth and how he had earned it and what he had spend it on, about his body and how he had worn it out," (al-Tirmidhi: No. 2417), as quoted in Mahadzirah and Nor Azman, *Quality of Life*, 130.

50. *Al-Furqān* (25): 67.

51. *Al-Isrā'* (17): 26–27.

teaches us how to manage our income in *Sūrah Yūsuf*. In the *Sūrah*, the King of Egypt dreamt about “...seven fat kine, whom seven lean ones devour, and seven green ears of corn, and seven (others) withered...”⁵² In interpreting the dream, Prophet Yūsuf said, “For seven years shall ye diligently sow as is your wont: and the harvests that ye reap, ye shall leave them in the ear,—except a little, of which ye shall eat.”⁵³ In other words, the Egyptian Government was encouraged to plant vigorously for seven years of their staple food and save most of its produce as a supply for the long-lasting drought that was coming. Meanwhile, they needed to be prudent in consuming their harvest. This recommendation—to save a lot and consume little—is the best advice to prepare ourselves for the uncertain future.

The same formula applies in managing personal finance. To ensure a better and more comfortable future, the savings component needs to be prioritised before spending our income.⁵⁴ Unfortunately, those who do not have the basics of financial education would do just the opposite. They would prioritise spending, and only save whatever is left of their income. As a result, many do not have savings for the rainy days.

Islam also teaches us about debt. Islam discourages Muslims to fall into the debt trap. Abū Hurayrah reported that Prophet Muhammad said, “The soul of a believer remains suspended by his debt until it is paid.”⁵⁵ However, debt is allowed in certain cases and Allah has prescribed ways to record a debt transaction in detail.⁵⁶ In short, in both of the verses, Allah instructs those involved in debt to: (1) write the details of the debt such as the amount, the repayment period, the date the

52. *Yūsuf* (12): 43.

53. *Ibid.*, 47.

54. Siti Fatimah Abdul Rahman, “Mendidik Anak-anak Menabung,” *Sinar Harian* (28 February 2018) via <http://www.ikim.gov.my/index.php/2018/02/28/mendidik-anak-anak-menabung/> (accessed 26 September 2018).

55. Tirmidhi 1078

56. *Al-Baqarah* (2): 282–283.

loan was made, the date the loan was to be settled and the like; and, (2) establish witnesses to confirm that the debt transaction has been entered into with terms that have been agreed upon by both parties.⁵⁷ The details provided by the two verses also show that those who incur debt must repay them. The obligation to repay debt is reinforced by a hadith reported by Amru b. al-‘As which means, “All the sins of a *Shahid* (martyr) are forgiven except debt.”⁵⁸ In fact, if the debtor dies before settling his debts, his estate should be used to settle the debts before the property is inherited by those entitled.⁵⁹

Financial Education is Important in the Context of Ḥifẓ Māl in Maqāṣid al-Sharī‘ah

Maqāṣid al-Sharī‘ah or the objectives of the Islamic Law are the preservation of five basic entities in human life, namely, religion, life, intellect, heredity and wealth. Imam al-Ghazālī called the five basics as *Uṣūl al-Khams* (five principles).⁶⁰ Every act aimed at preserving *Uṣūl al-Khams* is known as *maṣlahah* (goodness) while every act to harm it is known as *mafsadah* (damage). Financial education plays an important part in one of the *Uṣūl al-Khams*, that is, in the context of preservation of wealth.

Reinforcing what has been mentioned earlier, according to Asmadi Mohamed Naim, Islam has decreed many laws regarding the preservation of wealth.⁶¹ One of them is that wealth should be

57. Siti Fatimah Abdul Rahman, “Kemahiran Pengurusan Kewangan Penting untuk Elak Hutang,” *Utusan Malaysia* (14 August 2009) via <http://www.ikim.gov.my/index.php/2009/08/14/kemahiran-pengurusan-kewangan-penting-untuk-elak-hutang/> (accessed 26 September 2018).

58. Narrated by Muslim, no. 1886 a. <https://sunnah.com/muslim/33/179>

59. *Al-Nisā’* (4): 12.

60. Azman Mohd Noor, Muhamad Nasir Haron dan Muhammad Nazir Alias, Kepentingan Memahami Maqasid Syariah Dalam Pembangunan Ekonomi Negara, *Monograf Indeks Syariah Malaysia Siri 1* (Putrajaya: Jabatan Kemajuan Islam Malaysia, 2016), 75.

61. Asmadi Mohamed Naim, *Maqasid Syariah dan Pemikiran Pengurusan Islam* (Sintok: UUM, 2003), 25.

acquired legitimately and the opposite is forbidden.⁶² Ownership of wealth is only permitted through sale, lease and loan while ownership of property through usury and loot is forbidden.⁶³ In order to prevent illegal possession of property, Islam sets the law that the hands of thieves should be amputated. Islam also makes it compulsory for Muslims to pay alms (*zakāt*) on the wealth that they possess so as to purify them. Finally, to preserve the wealth of a deceased, Islam establishes the inheritance law (*farā'id*) in order to distribute the wealth to the heir.

In today's context, wealth or assets are acquired in several ways such as inheritance, gifts and purchases. Acquisition of wealth through purchases depends largely on the individual's personal financial management. With good financial management, income can be allocated for savings, paying higher purchase debts and spending on the daily needs. Unfortunately, as the data suggested, low level of financial literacy would hinder us from buying or purchasing assets. This is another reason why mosques need to play their roles in increasing financial literacy via providing financial education for the ummah.

Programmes by Mosques to Increase Financial Literacy

In terms of financial education, mosques have done their parts by covering the topic through the Friday Sermons (*Khutbah Jumaat*). The purpose of the *Khutbah Jumaat* is to remind Muslims about their responsibilities and to motivate them to stop doing evil and instead promote good in their lives, families and in the community. Furthermore, *Khutbah Jumaat* is also a mechanism to inform Muslims about the condition of the *Ummah* and the world.⁶⁴ Every State Islamic Religious Department (Malay:

62. *Al-Baqarah* (2): 188.

63. Asmadi, *Maqasid Syariah*, 26.

64. <http://aboutislam.net/counseling/ask-the-scholar/acts-of-worship/what-is-the-role-of-friday-khutbah/>

Jabatan Agama Islam Negeri) in Malaysia has its own special unit or division that prepares the weekly text for *Khutbah Jumaat* to be used by all mosques and authorised *Friday Surau* in the state. For example, in the state of Selangor, the text of the *Khutbah Jumaat* is prepared by the Bahagian Pengurusan Masjid (Mosques Administration Section) of *Jabatan Agama Islam Selangor*.⁶⁵

The weekly *Khutbah Jumaat* covers various topics including financial education. The *Majlis Agama Islam Kelantan (MAIK)*, for example, has started preparing the *Khutbah Jumaat* text on such a topic since 2011. Since then, the topic has been covered quite frequently.⁶⁶ Through the *Khutbah Jumaats*, financial awareness and financial education are given to the congregants who are men, being also heads of the family for those who are married. With this exposure, they can manage their personal finances, as well as the family finances. However, with the moderate level of financial literacy among Malaysians generally and Muslims, in particular, more programmes need to be organised by mosques to increase financial literacy. Therefore, financial education should be covered in other programmes organised by the mosques.

Other Potential Programmes

In its function to develop the *ummah*, the mosque has a great potential to provide financial education to the local community. Other than the *Khutbah Jumaat*, other programmes can be organised to achieve this objective such as:

-
65. *Buku Garis Panduan Penulisan Teks Khutbah Negeri Selangor*, available at the URL: http://www.jais.gov.my/sites/default/files/artikel_asas/GARISPANDUANPENULISANKHUTBAH2012.pdf (accessed 18 October 2018).
66. Titles and dates of the *Khutbah Jumaat* are as follows: (1) “*Tuntutan hidup berhemah*” (Life of prudence), 1 April 2011; (2) “*Menggalakkan amalan berjimat cermat di dalam kehidupan seharian*” (Practice austerity in every day life), 13 January 2012; (3) “*Tuntutan hidup bersederhana*” (Live in moderation), 5 September 2014; (4) “*Kepentingan mengurus kewangan*” (The importance of managing finances), 13 January 2017; dan, (5) “*Belanja berhemah, hidup selamat*” (Prudent spending, live well), 5 January 2018. All available at the URL: www.kelantan.gov.my/maik (accessed 28 November 2018).

Weekly or Monthly Talk or Forum on Financial Education

It is a normal practice for mosques to organise weekly religious talks or forums for the local community. Most of the time, the themes chosen for such talks and forums are related to the individual obligation (*fard 'ayn*) category of knowledge. Talks on financial education come under the communal obligation (*fard kifāyah*) category as they involve teaching the *Ummah* about how to manage their personal finances so as to achieve a better quality of life. However, a scrutiny on the contents of the topic will reveal that financial education can also come under the ambit of *fard 'ayn* category if it covers topics such as “What do the Qur’an and Hadith say about spending, saving and investing?”.

Weekly or Monthly Classes on Financial Education

Other than the weekly talks and forums, mosques also organise weekly religious classes. As observed by Mohd Ismail, Bushrah, Kamarul Azmi, Ajmain, and Azhar, the classes normally cover religious subjects. For example, Masjid Al-Ghufran in Taman Tun Dr. Ismail, Kuala Lumpur, covers subjects such as *Fiqh al-Jināyah*, *Sīrah*, *Fiqh Ta’āmul Ma’ā al-Nas* and *Kitāb Baḥr al-Mādḥ*. Similarly, Masjid Sultan Salahuddin Abdul Aziz Shah in Shah Alam covers many aspects of Islamic Studies such as *Tawḥīd*, *Tajwīd*, *Fiqh* and *Ḥadīth*. Likewise, Masjid al-Azim in Pandan Indah, Kuala Lumpur, organises around 80 religious classes every month.⁶⁷ In serving the local community with financial education, mosques can also organise one more course i.e. financial education classes. Usually, religious talks and forums on financial education would provide a general overview of the topic. However, weekly classes on financial education would expose the congregants to more detailed knowledge and skills on personal financial management. Once the course is completed, congregants will be more literate financially and would be able to manage their personal finances better.

67. Mohd Ismail et al., “Membangun Potensi Masjid,” 56.

Mosques can offer financial education classes for a few categories of people. For example, courses for primary school pupils; secondary school students; college and university students; newly-weds; and so on. The financial education classes need not be a new programme altogether. Rather, it can be integrated into any of the suitable and available programmes. For example, Masjid Jamek Bandar Baru Uda already has an existing programme for adolescents and youths in place.⁶⁸ Hence, the financial education classes can be integrated into the current programme.

Mosques as Platform for One-on-One Financial Management Consultation

In addition to providing financial literacy, mosques can also offer personal finance consultation service by becoming the middleman and a place that brings together Personal Finance Consultants with members of the congregation who need such a service. The service can be offered once a month, for example, on the date and time that has been agreed upon by the mosque and the counselor. Alternatively, the service can be offered based on appointments set earlier.

Through the three programmes mentioned, mosques can play their roles in helping their congregants gain financial awareness and education, in order to improve the financial literacy of the ummah. In terms of the resource persons for the three programmes, the mosques can invite speakers from among the private Personal Finance Consultants, or AKPK counselors who would give the service for free.

Conclusion

Malaysia has a moderate level of financial literacy as have been elaborated above. As a result, many Malaysians face financial

68. Ibid., 54.

Financial Education Programmes

problems such as insufficient saving, debt servicing exceeding the recommended ratio, declared bankruptcy and difficulty in making ends meet. In such a situation, all parties and institutions such as families, schools, higher learning institutions and employees need to play their parts in increasing financial literacy by giving financial education to its members. Mosques can also play their roles especially when the majority of Malaysians are Muslims while Islamic teachings encourage wise money management for a better life, be it in this world and in the Hereafter. For mosques all over the country to play a significant role, the Department of Islamic Development Malaysia (JAKIM) as well as similar departments at the various state levels need to come up with a policy that makes “financial education” a compulsory topic to be covered in the programmes organised by all mosques. It can be in the form of a talk or a forum twice a year and in the form of weekly classes, especially in the mosques located in the city centre and main towns.

References

- Adanan Mat Junoh, Zulkiple Abd Ghani, Mohd Rushdan Mohd Jailani and Khairunnezam Mohd Noor. “Profil Penyertaan Dalam Pendidikan Non-Formal di Masjid: Implikasi terhadap Pembangunan Modal Insan Belia.” *Ulum Islamiyyah Journal* 11 (December, 2013).
- “AKPK aims to raise financial literacy awareness among young adults,” *The Sun Daily* (30 November 2017), at <http://www.theSundaily.my/print/507895> (accessed 14 September 2018).
- Asmadi Mohamed Naim. *Maqasid Syariah dan Pemikiran Pengurusan Islam*. Sintok: UUM, 2003.
- Atkinson, A. and F. Messy. *Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study. OECD Working Papers on Finance, Insurance and Private Pensions* 15. Paris: OECD Publishing, 2012. <https://www.oecd-ilibrary.org/docserver/5k9csfs90fr4-en.pdf?expires=1585895680&id=id&acname=guest&checksum=CF72D095062F049F02168ACA8B8585A4>
- Azman Mohd Noor, Muhamad Nasir Haron and Muhammad Nazir Alias. *Kepentingan Memahami Maqasid Syariah Dalam Pembangunan Ekonomi Negara*, Monograf Indeks Syariah Malaysia Siri 1. Putrajaya: Jabatan Kemajuan Islam Malaysia, 2016.
- Beal, Diana J. and Sarath B. Delpachitra. “Financial literacy among Australian University students.” *Economic Papers: A Journal of Applied Economics and Policy* 22, 1 (2003). Cited in Mohamad Fazli Sabri and Nurul Farhana Zakaria. (See the entry below).
- Buku Garis Panduan Penulisan Teks Khutbah Negeri Selangor* http://www.jais.gov.my/sites/default/files/artikel_asas/GARISPANDUANPENULISANKHUTBAH2012.pdf
- Er, Bunyamin and Mezut Mutlu. “Financial Inclusion and Islamic Finance: A Survey of Islamic Financial Literacy Index.” *International Journal of Islamic Economics and Finance Studies* 3, no. 2 (2017).

- Faoziah Haji Idris, K. Sarijani Devi Krishnan and Norfiza Azmi. "Relationship between Financial Literacy and Financial Distress among Youths in Malaysia: An Empirical Study." *Geografia Online Malaysian Journal of Society and Space* 9, no. 4 (2013).
<http://aboutislam.net/counseling/ask-the-scholar/acts-of-worship/what-is-the-role-of-friday-khutbah/>
<https://sunnah.com/muslim/33/179>
- Husaina Banu Kenayathulla and Juliana Jupri. "Financial Management Skills Amongst Kindergarten Teachers in Selangor." *Malaysian Online Journal of Educational Management* 4, no. 3 (July 2016).
- Kaur, Anupriya, Niti Mital and Sanchita Agarwal. "Financial Literacy of New Job Entrants." *Pertanika Journal of Social Science & Humanities* 21, no. 2 (2013).
- Lusardi, Annamaria and Olivia S. Mitchell. "The Economic Importance of Financial Literacy: Theory and Evidence." *Journal of Economic Literature* 52, no. 1 (2014). <http://dx.doi.org/10.1257/jel.52.1.5>.
- Mahadzirah Mohamad and Nor Azman Mat Ali. *Quality of Life Maqasid Syariah Approach*. Kuala Terengganu: UniSZA, 2016.
- Mahazan Abdul Mutalib et al. *Masjid dan Pembangunan Komuniti Bandar dan Luar Bandar*. Bandar Baru Nilai: USIM, 2016.
- Measuring Financial Literacy: Questionnaire and Guidance Notes for Conducting an International Comparable Survey of Financial Literacy*. OECD INFE. Paris: OECD, 2011. <https://www.oecd.org/daf/fin/financial-education/49319977.pdf> (accessed 3 April 2020).
- Mohamad Fazli Sabri and Nurul Farhana Zakaria. "The Influence of Financial Literacy, Money Attitude, Financial Strain and Financial Capability on Young Employees' Financial Well-being." *Pertanika Journal of Social Science & Humanities* 23, no. 4 (2015).

- Mohamad Fazli Sabri and Teo Tze Juen. “The Effects of Financial Literacy, Financial Management and Saving Motives on Financial Well-Being among Working Women.” *Journal of Wealth Management & Financial Planning* 1 (2014).
- Mohd Ismail Bushrah, Kamarul Azmi Ajmain @ Jimain and Azhar. “Membangun Potensi Masjid Sebagai Sebuah Institusi Pendidikan Islam & Masyarakat.” *Tinta Artikulasi Membina Ummah* 3, no. 2 (2017).
- Nor Azlina Abd. Wahab, Norafifah Ab. Hamid, and Norajila Che Man. “Pemeriksaan Peranan Masjid di Malaysia Era Kontemporari.” *e-Academic Journal UiTMT* 5, no. 2 (2016).
- OECD/INFE International Survey of Adult Financial Literacy Competencies* (Paris: OECD, 2016). <https://www.oecd.org/daf/fin/financial-education/OECD-INFE-International-Survey-of-Adult-Financial-Literacy-Competencies.pdf> (accessed 3 April 2020).
- “Population Distribution and Basic Demographic Characteristic Report 2010 (Updated: 05/08/2011).” Official Portal, Department of Statistics Malaysia. At https://www.dosm.gov.my/v1/index.php?r=column/cthem&menu_id=L0pheU43NWJwRWVVSZklWdzQ4TlhUUT09&bul_id=MDMxdHZjWTk1SjFzTzNkRXZzcVZjdz09.
- Siti Fatimah Abdul Rahman. “Kemahiran Pengurusan Kewangan Penting untuk Elak Hutang.” *Utusan Malaysia* (14 August 2009) <http://www.ikim.gov.my/index.php/2009/08/14/kemahiran-pengurusan-kewangan-penting-untuk-elak-hutang/> (accessed 26 September 2018).
- _____. “Mendidik Anak-anak Menabung.” *Sinar Harian* (28 Feb 2018) <http://www.ikim.gov.my/index.php/2018/02/28/mendidik-anak-anak-menabung/> (accessed 26 September 2018).
- Sood, Puneet Bhushan, Kritika Choudary and Harneet Singh. “Role of Financial Education for Future Technocrats.” *Pertanika Journal of Social Science & Humanities* 20, no. 4 (2012).

Financial Education Programmes

- Suhaimi Ali. “Financial Literacy in Malaysia: Issues and Status Update.” Powerpoint slides at the International Seminar on Financial Education and Retirement Savings, Kuala Lumpur, 17–18 September 2013.
- Tan, Hui Boon, Hoe Siew Yee and Hung Woan Ting. “Financial Literacy and Personal Financial Planning in Klang Valley, Malaysia.” *International Journal of Economics and Management* 5, no. 1 (2011).