

JURNAL ANTARABANGSA PENGAJIAN KEPULAUAN MELAYU JIL. 5 BIL. 02 (2025)  
*INTERNATIONAL JOURNAL OF MELAYU ARCHIPELAGO STUDIES*



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**LITERASI KEWANGAN DAN PERANCANGAN PERSARAAN DALAM  
KALANGAN PENJAWAT AWAM DI KUCHING, SARAWAK: KAJIAN AWAL**  
*FINANCIAL LITERACY AND RETIREMENT PLANNING AMONG CIVIL SERVANTS  
IN KUCHING SARAWAK: PRELIMINARY STUDY*

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**Abstrak**

Kajian ini meneroka hubungan antara literasi kewangan dan perancangan persaraan dalam kalangan penjawat awam di Kuching, Sarawak. Menyedari peranan penting pengetahuan kewangan dalam menjamin keselamatan kewangan jangka panjang, kajian ini menilai tahap kemahiran dan pemahaman kewangan yang dimiliki oleh penjawat awam bagi persediaan persaraan yang berkesan. Menggunakan pendekatan kaedah kuantitatif, data dikumpul melalui soal selidik berstruktur daripada sampel penjawat awam yang mewakili populasi sasaran. Analisis tertumpu kepada aspek seperti pengurusan bajet, tabiat menyimpan, pengetahuan pelaburan, dan pengurusan risiko. Dapatan kajian menunjukkan wujudnya jurang ketara dalam literasi kewangan yang mempengaruhi tingkah laku perancangan persaraan seperti konsistensi simpanan, kepelbagaian sumber pendapatan, dan persediaan menghadapi cabaran kewangan selepas persaraan seperti kos penjagaan kesihatan dan inflasi. Kajian ini menekankan keperluan program pendidikan kewangan yang disasarkan serta campur tangan dasar bagi mengatasi jurang tersebut, demi memastikan penjawat awam bersedia untuk persaraan yang stabil dari segi kewangan. Hasil kajian ini diharapkan dapat

membimbing penggubal dasar, pendidik, dan institusi kewangan dalam meningkatkan literasi kewangan serta tahap kesiapsiagaan persaraan dalam kalangan kakitangan sektor awam.

**Kata Kunci:** Literasi kewangan ; Perancangan persaraan ; Penjawat awam; Pengurusan kewangan; Simpanan; Pendidikan kewangan.

### ***Abstract***

*This study explores the relationship between financial literacy and retirement planning among civil servants in Kuching, Sarawak. Recognizing the pivotal role of financial knowledge in achieving long-term financial security, the research examines the extent to which civil servants possess the financial skills and understanding necessary for effective retirement preparation. Utilizing a quantitative methods approach, the study collected data through structured questionnaires from a representative sample of civil servants. Key areas of analysis include budgeting, saving habits, investment knowledge, and risk management. The findings reveal significant gaps in financial literacy, impacting retirement planning behaviors such as saving consistency, diversification of income streams, and preparedness for post-retirement financial challenges like healthcare costs and inflation. The study highlights the importance of targeted financial education programs and policy interventions to bridge these gaps, ensuring that civil servants are well-equipped for a financially secure retirement. These insights are intended to guide policymakers, educators, and financial institutions in enhancing financial literacy and retirement readiness among public sector employees.*

**Keywords:** *Financial literacy; Retirement planning; Civil servants; Financial Management; Financial Education.*

### **Introduction**

Financial literacy is a crucial factor in ensuring financial well-being and retirement security, particularly for civil servants. Given their reliance on government pension schemes, understanding financial principles, investment strategies, and savings mechanisms is essential for maintaining financial stability post-retirement. This study assesses the financial literacy levels among civil servants in Kuching, Sarawak, focusing on their financial knowledge, behaviors, and retirement planning strategies. The research seeks to identify gaps in financial

preparedness and provide insights to guide policy development and financial education initiatives (Lusardi & Mitchell, 2014).

Financial literacy encompasses the ability to understand and apply financial skills such as budgeting, investing, and financial planning. Studies indicate that individuals with higher financial literacy tend to have better financial outcomes, including higher savings rates and diversified investment portfolios (OECD, 2016). Malaysia has implemented various initiatives to enhance financial literacy, yet disparities remain, particularly among civil servants.

Civil servants constitute a significant portion of Malaysia's workforce, with over 1.7 million employees nationwide. While government pension schemes provide a stable post-retirement income, factors such as inflation, healthcare costs, and increased life expectancy challenge the adequacy of these pensions. A report by the Khazanah Research Institute (2019) found that 68% of Malaysian retirees depend solely on government pensions, highlighting the need for supplementary savings and investment strategies.

Although financial literacy studies have been conducted globally, research focusing on Malaysian civil servants, particularly in Sarawak, remains limited. International studies suggest that higher financial literacy correlates with better retirement preparedness (Lusardi & Mitchell, 2011), reinforcing the necessity of this study to explore how financial knowledge influences financial behaviors and retirement planning among civil servants in Kuching.

Financial literacy is essential for ensuring long-term financial security, yet many civil servants struggle with financial planning due to limited financial knowledge. Studies indicate that individuals with higher financial literacy are more likely to engage in proactive retirement planning and wealth accumulation. In contrast, those with lower literacy levels often under-save for retirement and rely heavily on government pensions (OECD, 2016).

Despite having access to pension schemes, many Malaysian civil servants lack financial education on budgeting, investment, and risk management. The Khazanah Research Institute (2019) revealed that the average monthly pension of RM2,500 may be insufficient to cover rising living and healthcare costs. Additionally, the Employees Provident Fund (EPF) Annual Report (2019) noted that 70% of Malaysians aged 55 have less than RM50,000 in their EPF savings—far below the recommended RM240,000 for basic retirement needs.

Civil servants in Kuching face unique financial challenges, including a higher cost of living and a lack of awareness regarding investment opportunities. Many rely exclusively on pension schemes, which may not be sufficient for long-term financial security. Financial vulnerability is further compounded by rising healthcare expenses, with 80% of civil servants lacking a specific plan for medical costs post-retirement (Khazanah Research Institute, 2019). The evolving financial landscape and the complexity of financial products further complicate retirement planning, necessitating a study to assess the financial literacy levels of this group.

This study aims to evaluate the financial literacy and retirement planning of civil servants in Kuching, Sarawak. The specific objectives include:

- Assessing the current financial literacy levels and retirement planning strategies of civil servants.
- Analyzing the influence of financial literacy on financial behaviors and decision-making.
- Identifying key financial challenges resulting from gaps in financial literacy.
- Examining civil servants' perceptions of their financial preparedness for retirement.
- Recommending financial education programs to improve financial literacy and retirement planning.

The findings of this study will benefit policymakers, financial educators, and financial institutions. Policymakers can use the insights to develop targeted financial literacy programs aimed at enhancing financial security among civil servants. Strengthening financial knowledge will reduce reliance on government pensions and encourage proactive savings and investment behaviors (OECD, 2016). Financial institutions can also tailor financial products and services to better meet the needs of civil servants, providing accessible investment options and financial planning tools.

## **LITERATURE REVIEW**

Financial literacy encompasses the knowledge, skills, and behaviors necessary to make informed financial decisions (Hilgert et al., 2013). Numerous studies have linked financial literacy to positive financial outcomes, including effective budgeting, reduced debt, and increased savings (Lusardi & Tufano, 2015). However, global assessments indicate that

financial literacy levels remain low, with significant disparities based on demographics such as age, gender, and income (Klapper et al., 2015).

In the Malaysian context, financial literacy remains a national concern. According to Sabri et al. (2019), while government initiatives such as Duit Saku and Power! have been introduced to improve financial literacy, many Malaysians still struggle with fundamental financial concepts such as inflation, interest rates, and risk diversification. The need for financial education is particularly pressing among civil servants, who often rely on government pension schemes and may lack adequate knowledge on alternative retirement savings strategies.

Civil servants generally benefit from structured pension schemes, yet their financial literacy levels significantly influence their retirement preparedness. Research indicates that public sector employees tend to have lower financial literacy than their private-sector counterparts, leading to gaps in retirement planning (Van Rooij et al., 2011). Tan and Singaravelloo (2020) highlight that many Malaysian retirees underestimate the impact of inflation and healthcare costs, over-relying on pension funds without additional savings. This underscores the necessity of targeted financial education programs to equip civil servants with the knowledge needed for effective retirement planning.

Gender disparities in financial literacy also affect retirement preparedness. Aziz and Kassim (2020) found that women tend to have lower financial literacy levels, which may result in weaker financial decision-making and insufficient retirement savings. Given the increasing life expectancy of women, this gap further exacerbates the risk of financial insecurity among female retirees. Addressing these disparities through specialized financial literacy programs is crucial for ensuring equitable retirement readiness.

## **METHODOLOGY**

The study employs a descriptive research design, utilizing a quantitative methods approach to gather data through a structured questionnaire. This method aims to provide a comprehensive understanding of financial literacy among civil servants. The survey assesses financial knowledge, behavior, well-being, and decision-making, along with demographic factors. Data collected will be statistically analyzed to identify patterns, correlations, and gaps in financial literacy.

## **Sampling Technique**

The target population comprises civil servants in Kuching, Sarawak, employed in various government departments and agencies. This group is selected due to their reliance on government pension schemes for retirement. The sampling frame includes civil servants from federal and state government offices such as the Ministry of Finance and Ministry of Health. According to the Public Service Department (2020), there are approximately 20,000 civil servants in Kuching. A stratified random sampling technique is employed to ensure representation across demographic groups. The population is stratified based on factors such as age, gender, income level, education level, years of service, service group, and number of dependents.

## **Data Collection Method**

The primary data collection method for this study is a structured questionnaire, distributed in paper and digital formats. The questionnaire captures data on financial literacy and retirement planning behaviours through Likert-scale. The questionnaire consists of six sections for quantitative analysis:

1. **Demographic Information** – Includes age, gender, marital status, education level, and years of service (Bryman, 2012).
2. **Financial Knowledge Assessment** – Measures understanding of financial concepts such as budgeting, investing, and debt management (Lusardi & Tufano, 2009).
3. **Financial Behavior Assessment** – Evaluates financial habits, including budgeting frequency, saving consistency, and debt management strategies.
4. **Financial Well-being** – Assesses perceptions of financial stability, including financial satisfaction and stress levels.
5. **Financial Decision-Making** – Examines decision-making processes, risk tolerance, and financial goal setting.
6. **Retirement Planning Behavior** – Investigates savings frequency, investment strategies, and retirement goals.

## **Data Analysis**

After gathering the data from questionnaire, the Data analysis is conducted using descriptive and inferential statistics via SPSS software.

Descriptive statistics summarize demographic data and financial literacy levels through:

- Frequencies and percentages
- Measures of central tendency (mean, median, mode)
- Standard deviation to measure response variability (Bryman, 2012)

## **Result and Discussion**

Table 1 outlines the demographic profile of 245 retired civil servants involved in the study, providing context for understanding their financial literacy and retirement planning behavior.

The majority were female (62.45%), consistent with the gender composition in Malaysia's public sector, where women often dominate clerical roles (Ismail & Halim, 2016). Gender may influence financial behavior, with women generally being more cautious and less confident in retirement planning (Zainuddin et al., 2024).

Most respondents were aged 35–44 (36.73%), followed by 45–54 (29.39%) and 25–34 (24.08%), with only 9.39% aged 55–60. This indicates that most were mid-career, a critical period for building retirement savings. Educationally, 33.88% held SPM or lower, 31.02% had diplomas, and 30.20% had degrees, while only 4.08% possessed postgraduate qualifications. This suggests the sample mainly consisted of mid-level staff, which may affect financial literacy and preparedness, as education is positively linked to financial behavior (Mahdzan et al., 2023).

<b>Demographic Profile</b>	<b>Category</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
<b>Gender</b>	Male	92	37.55
	Female	153	62.45
<b>Age Group</b>	25 - 34	59	24.08
	35 - 44	90	36.73
	45 - 54	72	29.39
	55 - 60	23	9.39
<b>Level of Education</b>	SPM and below	83	33.88
	Diploma	76	31.02
	Bachelor's Degree	74	30.20
	Master's Degree and above	10	4.08
<b>Number of Dependents</b>	None	57	23.27
	1 to 2	94	38.37
	3 to 4	70	28.57
	More than 5	23	9.39
<b>Years of Service</b>	Kurang dari 5 Tahun/Less than 5 years	50	20.41
	5-10 Tahun/years	39	15.92
	11-20 Tahun/years	107	43.67
	Lebih dari 20 Tahun/More than 20 years	49	20.00
<b>Range of Salary</b>	Bawah/Below RM2000	21	8.57
	RM2000-RM3999	119	48.57
	RM4000-RM5999	53	21.63
	RM6000 dan keatas	53	21.63



<b>Group of Service</b>	Sokongan & Pelaksana/Executive & Support	186	75.92
	Pengurusan & Professional/Managerial & Professional	57	23.27
	Pengurusan Tertinggi/Top Management	3	1.22

*Table 1.* Respondent's Demographic.

In terms of dependents, 38.37% had 1–2, while 28.57% had 3–4. About 23.27% had none, and 9.39% had more than five. A larger number of dependents may reduce retirement savings due to competing financial priorities (Van Rooij et al., 2011; Tan & Singaravelloo, 2020a).

Regarding service years, 43.67% served 11–20 years, while 20.41% had under 5 years, 15.92% had 5–10 years, and 20.00% served over 20 years. Longer service durations may reflect more consistent contributions to retirement schemes like pensions or EPF (Tan & Singaravelloo, 2020b).

Income-wise, 48.57% earned RM2,000–RM3,999 monthly, 21.63% earned RM4,000–RM5,999, and another 21.63% earned RM6,000 and above. Only 8.57% earned below RM2,000. This mirrors the wage distribution of mid-level civil servants, whose financial capacity affects savings behavior (Safari et al., 2021).

Last but not least, most respondents (75.92%) were from the Executive & Support group, 23.27% from the Managerial & Professional group, and only 1.22% from Top Management. Support staff may have limited exposure to financial planning resources (Lopez et al., 2024), potentially affecting retirement readiness. In summary, the respondents were mostly female, mid-career, middle-income earners—factors crucial to understanding their financial literacy and retirement planning patterns.

## Financial Knowledge

Question*	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mode	Median	Mean	Std Dev.
1	22	90	103	22	9	3.38	3	3	0.90
2	17	88	104	32	4	3.33	3	3	0.849
3	20	109	87	22	8	3.45	4	4	0.88
4	40	120	66	18	2	3.72	4	4	0.85
5	101	105	32	6	2	4.20	4	4	0.819
6	62	122	48	11	3	3.93	4	4	0.856
7	23	104	88	23	8	3.45	4	4	0.905

\*Refer *Appendix* for detailed questions.

*Table 1.* Financial Knowledge Descriptive Analysis

Assessing financial knowledge is crucial in determining individuals' ability to make informed financial decisions, including retirement planning (Lusardi & Mitchell, 2011). *Table 1* presents the analysis of financial knowledge based on responses to seven key questions. The responses were measured on a five-point Likert scale ranging from Strongly Agree (5) to Strongly Disagree (1).

The findings indicate that for most questions, a significant portion of respondents either agreed or strongly agreed, suggesting a relatively high level of financial knowledge. For instance, Question 5 recorded the highest level of agreement, with 101 respondents (Strongly Agree) and 105 respondents (Agree), yielding a mean score of 4.0 and a median of 4, indicating strong consensus among respondents regarding that aspect of financial knowledge. Additionally, the mode of 4 further confirms that the most frequent response was agreement.

Similarly, Question 6 also reflected a strong level of financial understanding, with a mean score of 3.93 and a median of 4, indicating that most respondents demonstrated a solid grasp of financial concepts. Meanwhile, Question 4 recorded a mean score of 3.72, slightly lower than the previous questions but still suggesting moderate agreement among respondents. The standard deviations for all questions range between 0.819 and 0.905, indicating a relatively low dispersion of responses, meaning that the majority of respondents had consistent financial knowledge levels.

However, Question 2 had the highest number of respondents in the Disagree (32 respondents) and Strongly Disagree (4 respondents) categories, leading to a slightly lower mean of 3.33. This suggests that some respondents may lack knowledge in certain areas of financial literacy, highlighting potential gaps that could impact their ability to make effective financial decisions.

Overall, the results suggest that while respondents generally exhibit a moderate to high level of financial knowledge, there are areas that require further financial education interventions, particularly in complex financial concepts. These findings align with previous studies indicating that financial literacy remains unevenly distributed among individuals, often influenced by factors such as education level, income, and professional background (OECD, 2020; Lusardi, 2019).

### Financial Behaviour

Question *	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mode	Median	Mean	Std Dev.
1	27	120	66	27	6	3.548	4	4	0.914
2	71	123	44	7	1	4.04	4	4	0.786
3	20	73	98	41	13	3.187	3	3	0.986
4	43	123	65	13	2	3.78	4	4	0.823
5	90	108	38	8	2	4.122	4	4	0.843
6	65	136	34	5	6	4.012	4	4	0.84

\*Refer *Appendix* for detailed questions.

*Table 2. Financial Behaviour Descriptive Analysis*

Understanding financial behaviour is essential in evaluating how individuals manage their income, expenses, and savings, particularly concerning retirement planning (Lusardi & Mitchell, 2014). *Table 2* presents the analysis of respondents' financial behaviour based on six key questions. The results indicate that most respondents exhibit positive financial behaviour, as evidenced by the high levels of agreement across most questions. For instance, Question 2 recorded the highest mean score of 4.04, with 71 respondents (Strongly Agree) and 123 respondents (Agree). This suggests that the majority of respondents practice sound financial management strategies, possibly including budgeting, expense tracking, and

responsible spending habits. Similarly, Question 5 recorded the highest agreement level (Mean = 4.122, Mode = 4, Median = 4), indicating that respondents demonstrate disciplined financial habits, such as saving and investment practices.

Conversely, Question 3 exhibited the lowest mean score of 3.187, with 41 respondents selecting Disagree and 13 selecting Strongly Disagree. The higher standard deviation (0.986) suggests greater variability in responses, indicating that financial behaviours in this area may not be as strong as in other aspects. This could imply that some respondents struggle with specific financial behaviours, such as consistent savings or avoiding impulsive spending, which may impact their long-term financial security.

The median score for all questions is consistently 4, and the mode for most questions is also 4, signifying that a majority of respondents exhibit stable financial behaviour. The standard deviation values range between 0.786 and 0.986, indicating moderate dispersion in responses. Lower standard deviations in Questions 2, 5, and 6 suggest that most respondents share similar financial behaviours in these areas, reinforcing the notion that civil servants in Kuching generally adopt responsible financial habits.

The findings highlight that positive financial behaviour is a critical factor influencing retirement preparedness. Respondents who exhibit disciplined financial habits, such as regular savings and careful financial management, are likely to be better prepared for retirement (Lusardi & Mitchell, 2011). However, variations in financial behaviour, particularly inconsistent savings or budgeting habits (as suggested by Question 3), could indicate potential challenges in long-term financial planning. This aligns with previous studies showing that individuals with strong financial behaviour tend to have better financial well-being and retirement security (OECD, 2020).

## Financial Well-being

Question*	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mode	Median	Mean	Std Dev.
1	25	109	85	23	4	3.52	4	4	0.86
2	18	106	80	40	2	3.398	4	4	0.873
3	24	129	78	14	1	3.65	4	4	0.749

4	18	70	107	38	13	3.17	3	3	0.957
5	22	91	100	28	5	3.394	3	3	0.877
6	31	116	84	12	3	3.65	4	4	0.807

\*Refer *Appendix* for detailed questions.

*Table 3. Financial Well-Being Descriptive Analysis*

The financial well-being of respondents is an essential aspect of their overall financial stability and security. *Table 3* provides an analysis of financial well-being, where higher scores generally indicate a higher level of financial well-being, except for Question 4, which is an inverse question. The overall results suggest that most respondents perceive themselves as financially stable, with Questions 1, 3, and 6 recording mean scores of 3.52, 3.65, and 3.65, respectively. A majority of respondents selected "Agree" and "Strongly Agree," indicating that they generally feel capable of managing their personal finances. The median score of 4 across most questions further supports this positive trend in financial well-being.

However, Question 4, which measures financial stress, presents a different interpretation. This question, "I often feel stressed about my financial position," is an inverse question, meaning that a high score (Strongly Agree) reflects a lower level of financial well-being, while a low score (Strongly Disagree) indicates a higher level of financial well-being. The mean score for this question is 3.17, the lowest among all questions, with 38 respondents (15.4%) disagreeing and 13 respondents (5.3%) strongly disagreeing. Although the mode and median remain at 3 and 4, respectively, the relatively high standard deviation of 0.957 suggests significant variability in responses. This indicates that while some respondents do not frequently experience financial stress, a portion of them do struggle with financial concerns, which aligns with previous studies highlighting the impact of financial literacy and income stability on financial stress levels (Lusardi & Mitchell, 2017).

Across the dataset, Questions 2, 5, and 6 exhibit high mean values of 3.398, 3.394, and 3.65, respectively, indicating generally positive financial well-being among respondents. The mode remains at 4 for most questions, reinforcing the perception that many respondents feel financially secure. However, the standard deviation values, which range from 0.749 to 0.957, suggest some degree of variation in responses, particularly for Question 4, where financial stress levels differ significantly among respondents. The findings suggest that while most civil servants in this study perceive themselves as financially stable, some still experience financial stress. Addressing this issue through targeted financial literacy

programs, enhanced savings plans, and financial counseling services could improve their overall financial well-being. This is consistent with studies emphasizing the role of financial knowledge and planning in reducing financial anxiety and improving financial resilience (Xiao & Porto, 2017).

In conclusion, the respondents demonstrate moderate to high financial well-being, with some variability in stress perceptions as reflected in Question 4's inverse nature. The findings highlight the importance of financial education, stable income sources, and retirement preparedness in ensuring long-term financial well-being among civil servants. Providing adequate financial management resources could contribute to reducing financial stress and enhancing overall financial security, ensuring better financial outcomes for individuals in the long run.

### Financial Decision- Making

Question *	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mode	Median	Mean	Std Dev.
1	29	120	83	12	2	3.658	4	4	0.780
2	53	116	65	11	1	3.849	4	4	0.821
3	33	132	67	12	2	3.739	4	4	0.780
4	46	133	58	6	3	3.865	4	4	0.783
5	46	128	57	11	4	3.817	4	4	0.844
6	26	133	70	11	6	3.658	4	4	0.821

\*Refer *Appendix* for detailed questions.

*Table 4.* Financial Decision-Making Descriptive Analysis

The financial decision-making abilities of respondents are crucial in determining their financial stability and long-term security. *Table 4* provides an analysis of respondents' financial decision-making skills, with the overall results indicating a generally positive trend. The mean scores across all six questions range from 3.658 to 3.865, with a consistent median value of 4, suggesting that most respondents consider themselves competent in making financial decisions. The mode also remains at 4 for all questions, reinforcing the finding that a significant portion of respondents agree or strongly agree with the statements regarding their financial decision-making abilities.

Question 4 records the highest mean score of 3.865, with 46 respondents (18.7%) strongly agreeing and 133 respondents (54.2%) agreeing, indicating that a majority of the respondents exhibit confidence in their financial decision-making processes. Similarly, Questions 2 and 5 demonstrate relatively high mean values of 3.849 and 3.817, respectively, further supporting the conclusion that most respondents believe they make well-informed financial choices. The standard deviation values, ranging from 0.780 to 0.844, suggest that while responses show some variation, they remain relatively consistent across the dataset.

The findings indicate that the majority of respondents possess a strong foundation in financial decision-making, which is critical in ensuring long-term financial stability and effective financial planning. Previous studies have shown that individuals with higher financial decision-making skills tend to have better financial outcomes, including increased savings, investment participation, and lower levels of financial distress (Lusardi & Mitchell, 2014). The results from this study align with these findings, suggesting that respondents are generally capable of making sound financial decisions.

However, the presence of neutral and disagreeing responses highlights that a subset of respondents may still face challenges in financial decision-making. For instance, in Question 6, 70 respondents (28.5%) selected a neutral response, and 17 respondents (7%) disagreed or strongly disagreed, indicating uncertainty or lack of confidence in their financial decision-making abilities. This suggests that while financial literacy among respondents is generally high, there may be a need for targeted interventions to enhance decision-making skills, particularly for those who may be less confident or knowledgeable about financial matters.

Overall, the analysis of financial decision-making suggests that most respondents exhibit strong decision-making capabilities, which is essential for their financial well-being. However, efforts to improve financial literacy through educational programs, workshops, and advisory services could further enhance their ability to make informed financial choices, ultimately contributing to better financial outcomes and reduced financial risk.

## Retirement Planning

Question *	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mode	Median	Mean	Std Dev.
1	43	108	79	15	1	3.719	4	4	0.837

2	24	88	100	28	5	3.4	3	3	0.888
3	25	104	90	25	2	3.508	4	4	0.841
4	19	90	104	25	8	3.353	3	3	0.885
5	12	79	109	36	10	3.191	3	3	0.889
6	9	55	115	44	23	2.930	3	3	0.96
7	26	105	102	9	4	3.569	4	4	0.793

\*Refer *Appendix* for detailed questions.

*Table 5.* Financial retirement Planning Descriptive Analysis

The analysis of respondents' retirement planning behaviours, as shown in *Table 5*, reveals varying levels of preparedness and confidence in planning for their post-retirement financial security. The mean scores range from 2.930 to 3.719, with the median predominantly at 3 or 4, indicating a moderate level of retirement planning awareness among respondents. The mode remains at 3 or 4 across most questions, suggesting that while a considerable proportion of respondents acknowledge the importance of retirement planning, some may not be actively engaged in making concrete financial preparations.

Question 1 records the highest mean score of 3.719, with 43 respondents (17.5%) strongly agreeing and 108 respondents (44%) agreeing, suggesting that many respondents recognize the need for retirement planning. Similarly, Question 7, with a mean score of 3.569, shows a relatively strong inclination toward retirement planning efforts. However, the lower mean score of 2.930 for Question 6 indicates that a significant number of respondents may not be adequately preparing for retirement, with 44 respondents (17.9%) disagreeing and 23 respondents (9.3%) strongly disagreeing. The standard deviation values, which range from 0.793 to 0.96, indicate a moderate level of variation in responses, reflecting diverse levels of financial preparedness among respondents.

The findings align with previous research, which suggests that while individuals acknowledge the importance of retirement planning, many fail to take proactive steps due to factors such as lack of financial literacy, present financial constraints, or a tendency to prioritize short-term financial needs over long-term goals (Lusardi & Mitchell, 2011). Studies have also found that financial education plays a crucial role in influencing retirement planning behaviours, as individuals with higher financial literacy are more likely to engage in systematic retirement savings and investment strategies (Van Rooij et. al., 2011).



Despite the moderate engagement in retirement planning indicated in the results, a sizable portion of respondents remain uncertain or disengaged from the process. This is particularly evident in the high number of neutral responses across several questions, with Question 5 recording 109 neutral responses (44.3%), implying hesitation or lack of confidence in their retirement planning strategies. This highlights the need for financial education initiatives that focus specifically on retirement planning, ensuring individuals are equipped with the necessary knowledge and resources to make informed decisions regarding their future financial security.

Overall, while the data suggests that respondents acknowledge the significance of retirement planning, there are indications that many may not be taking adequate steps to secure their financial future. Policymakers, financial institutions, and educators should work toward promoting retirement planning awareness through targeted programs and incentives, emphasizing the long-term benefits of early financial preparation for retirement.

<b>Component</b>	<b>Average Respondent Overall Score</b>
Financial Knowledge	3.65
Financial Behaviour	3.78
Financial Well-Being	3.46
Financial Decision-Making	3.76
Retirement Planning	3.38

*Table 6. Average Respondent Overall Score for each component of the questionnaire.*

Table 6 presents the average scores for each financial component, offering insights into the financial literacy, behaviors, and planning tendencies of civil servants in Kuching, Sarawak.

The highest average score was for Financial Behavior (3.78), suggesting respondents practice responsible habits like budgeting, saving, and timely bill payment. This supports findings by Xiao (2008), emphasizing behavior as a key factor in financial well-being. With civil servants typically receiving fixed incomes, disciplined behavior is vital to maintain financial stability.

Financial Decision-Making followed closely with a score of 3.76, reflecting confidence in managing finances. Access to structured benefits—such as pensions and loans—may support this confidence. However, as noted by Lusardi & Mitchell (2014),

enhanced financial literacy could further improve decision-making outcomes, suggesting room for educational interventions.

Financial Knowledge scored 3.65, indicating a fair understanding of basic concepts, but with gaps in areas like investment, tax, and debt planning. Many civil servants may not pursue further financial education outside of formal training. As Pg Hj Md Salleh & Baha (2020) note, limited exposure to financial markets often results in less participation in wealth-building strategies.

Financial Well-Being received a slightly lower score of 3.46, pointing to moderate financial satisfaction. Despite stable incomes and pensions, rising living costs in urban centers like Kuching may challenge financial comfort. Loke (2015) emphasizes that financial well-being is shaped not just by income, but also by management skills and financial knowledge—areas that could benefit from targeted programs.

The lowest score was recorded for Retirement Planning (3.38), signaling concerns about long-term financial readiness. While civil servants benefit from pensions, many may not actively engage in additional planning, assuming government benefits are sufficient. This supports Bucher-Koenen & Lusardi (2011), who found that short-term financial priorities often overshadow retirement planning. However, with longer life expectancies and shifting economic pressures, reliance solely on pensions may no longer ensure post-retirement security.

In summary, while the respondents show strong financial behavior and decision-making skills, there is a need to enhance financial knowledge, well-being, and especially retirement preparedness. Strengthening financial literacy programs focused on long-term planning and investment could significantly improve overall financial security among civil servants. Given their role in maintaining public sector efficiency and regional economic stability, ensuring their financial health has broader implications for Sarawak's socio-economic resilience.

### **Conclusion and Policy Implication**

Based on the overall results obtained from this study, several important conclusions can be drawn regarding the relationship between financial literacy and retirement planning among civil servants in Kuching, Sarawak. The findings indicate that financial literacy exerts a significant positive influence on retirement planning behaviour. This supports the extensive

body of literature that identifies financial literacy as a key determinant in retirement preparedness (Lusardi & Mitchell, 2011; Sabri & MacDonald, 2010). The regression analysis shows that the overall financial literacy variable (FL) has a strong positive coefficient, indicating that individuals who possess greater financial knowledge and capability are more likely to plan effectively for their retirement. This is consistent with the study by Xiao and Porto (2017), which emphasizes that higher levels of financial literacy enable individuals to make better financial decisions, including those related to long-term financial goals such as retirement.

However, when financial literacy is broken down into its components—financial behaviour, financial well-being, and financial decision-making—the findings reveal negative coefficients for each. This suggests that despite exhibiting positive financial behaviours or possessing a subjective sense of financial well-being, individuals may not necessarily translate these qualities into effective retirement planning. This observation may point to a behavioural bias or overconfidence in personal financial management that does not align with actual preparedness for retirement, as noted by Van Rooij et al. (2011). These findings highlight a crucial gap between possessing financial knowledge and applying it toward meaningful retirement outcomes.

In terms of demographic variables, age and average salary (AVGSAL) show a small but positive influence on retirement planning. This aligns with past research indicating that older individuals and those with higher income levels tend to have greater motivation and means to plan for retirement (Tan & Singaravelloo, 2020). Conversely, variables such as gender, level of education, number of dependents, and group of service show negative relationships with retirement planning. This could suggest that certain groups—particularly women, those with lower educational attainment, and individuals with more financial responsibilities—face unique challenges that hinder their ability or willingness to prepare adequately for retirement. Previous studies have shown that women often exhibit lower financial confidence and retirement savings than men, due to factors such as career interruptions and lower lifetime earnings (Van Rooij et al., 2011).

Given these findings, several policy implications emerge. First, financial literacy education needs to be strengthened, especially among civil servants. While traditional financial education has focused on the transmission of knowledge, there is growing evidence that programs incorporating behavioural interventions are more effective in encouraging

long-term planning (Safari et al., 2021). Therefore, future programs should integrate behavioural tools such as goal-setting, financial coaching, and digital planning platforms to enhance the translation of financial knowledge into action.

Second, there is a need for targeted interventions for vulnerable demographic groups. Women and individuals with a lower level of education, in particular, may benefit from customized retirement planning resources and support services. This could include gender-sensitive financial workshops and simplified retirement calculators tailored for users with varying levels of financial background. As suggested by Lusardi and Mitchell (2014), addressing the structural and social constraints faced by these groups is essential for improving overall financial resilience.

Moreover, policy makers should consider institutionalising pre-retirement planning programs within the public service sector. These programs can be embedded within employee development systems and offered at critical stages of career progression to ensure timely and adequate retirement preparation. Such initiatives have been effective in other contexts and could enhance retirement security among Malaysian civil servants (Zainuddin et al., 2024).

In conclusion, this study reaffirms that financial literacy is a crucial enabler of retirement planning. However, knowledge alone is insufficient if not coupled with behavioural change and supportive policy structures. Bridging the gap between awareness and action requires comprehensive financial education strategies, structural reforms, and inclusive policy frameworks that address the diverse needs of public sector employees. By prioritising financial capability across all levels of government employment, Malaysia can move toward a more financially secure and retirement-ready workforce.

### **Acknowledgement**

The funding support by Universiti Malaysia Sarawak (UNIMAS) is greatly acknowledged (Project ID: UNI/F01/NUC/85688/2024).

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