Welcome to the Northern Malaysia Economic Bulletin (NMEB) 2018 published by the Economic and Financial Policy Research Institute (ECoFI), School of Economics, Finance and Banking (SEFB), College of Business (COB), Universiti Utara Malaysia (UUM). In this issue, we are delighted to share some of the activities that we, at ECoFI, undertook in 2017 and the first half of 2018. Without us realising, time is moving fast and we are now approaching the end of 2018. Year 2018 is in fact a memorable year; not only did we witness a change of government from the Barisan National (BN) led coalition to Pakatan Harapan after 60 years, but more importantly, we now need to anticipate how this change will affect the social, political and economic landscape of the country.

“The issue on student financing (PTPTN) has yet to be resolved”
Malaysians are eagerly waiting to see the implementation of various policies as promised in the new government’s manifesto with issues on cost of living, governance, education, racial unity and foreign policy, continuing to dominate the discussion. The introduction of the Sales and Services Tax (SST) to replace the Goods and Services Tax (GST) in September sparked mixed reactions, considering the pros and cons of both types of taxes. The issue on student financing (PTPTN) has yet to be resolved and a better mechanism to tackle the problem of non-repayment is expected as well as a fairer system that takes into account the graduates’ hardship.

Considering the latest debate on various economic matters surrounding the post-GE14, NMEB would like to take this opportunity to contribute towards the discussion by featuring a few articles related to the current issues, such as, ‘Reviving the Look East Policy’, ‘Pinjaman Pendidikan: Isu dan Penyelesaian’ and ‘The Social Impact of Subsidy’. Interestingly, in this issue, one column is specially dedicated to an interview with the Director of BPEN Kedah, highlighting the topic on Kedah Development Plan 2019-2035. In addition, other fascinating topics include ‘Understanding the Demand for Cigarettes in Malaysia: Setting the Right Policy Measures’, ‘Integration of the Stock Market: Overview of Cross-listing from the Malaysian Perspective’, ‘A Closer Look at Crude Palm Oil Futures Contract’, and ‘Waste Now, Worry Later - Solid Waste Disposal in Malaysia: Trends for Reducing Pressure on the Environment’ are worth reading.

We would like to take this opportunity to announce some of our important events, i.e., post-budget forum (November), a series of Economics and Finance Workshops (November) and Annual ECoFi Symposium 2018 (AES2018) (December). Last but not least, special thanks to our faculty members and the administrative staff at SEFB who are contributing endlessly towards the success of various events organised by the School. Our sincere appreciation also goes to those who have contributed their valuable time in completing their articles to be included in this bulletin and to the editorial team who has shown great support. The NMEB welcomes ideas to be considered for publication in our next issue. Enjoy reading!

Prof. Dr. Russayani Ismail
Editor-in-chief
REVIVING THE LOOK EAST POLICY

Back in the late 1960s, Herman Kahn, the founder of the Hudson Institute and one of the most influential futurists of his time, made a famous prediction that by 2000, Japan’s economy would overtake the US in terms of per capita income. By the 1980s, it was clear that Japan’s success story had become the envy of the world.

From the ashes of the Second World War, Japan has risen to become one of the most important economic superpowers in the world, especially in the later part of the twentieth century. Japan has learned the hard way that the welfare state system is much better than warfare state orientation. Hence, Japan embarked on a welfare state model on a bigger scale than before the war broke out. Indeed, the slogan of ‘all people are soldiers’ (kokumin kai hei) has now become economic phrases, such as ‘all people should have insurance (kokumin kai hoken) and ‘all people should have pension’ (kokumin kai nenkin).

From post-World War II up until the early 1980s, Japan’s economic development was miraculous. It must be that the economic transformation plan of the 1960s, initiated by the charismatic Prime Minister, Hayato Ikeda, had in some way, played a significant role in reviving the economy. His “income-doubling plan” and “politics of patience and reconciliation” laid the proper foundation to jump-start the economy whilst trying to minimise the social conflict which might derail the economic reform agenda.

Under this plan, the growth strategy of the Japanese economy became consumption-led and domestic production-based. Income was boosted by improving the social safety net, cutting taxes, increasing prices of farm products, improving the education system and reducing income inequality. On the supply side, production was advanced through the Ministry of Trade and Industry (MITI), which played a crucial role in reforming the structure of the economy so that high-quality and high-technology products were given priority for both domestic consumption and the foreign market.

As a result, Japan witnessed an impressive growth rate of around 11 percent annually on average until the early 1970s, which was even strong enough to weather the oil crisis of 1973. Japan’s economic growth was so rapid that by 1968, it had become the second largest economy in the world behind the US. The economy was so successfully restructured that by 1965, the contribution of the labour force towards agriculture was reduced to merely 26 per-cent, where other industrial sectors – manufacturing, construction and infrastructure - accounted for more than 41 percent of the total labour force.

During the 1970s, Japanese life expectancy was the highest in the world. In the Journal of Japanese Studies published in 1979, a distinguished Japanese professor and politician, Nakagawa Yatsuhiro, in his article titled, Japan, the Welfare Super-Power, highlighted that “the actual income of the Japanese worker [was already] at least three times more than that of the American”. He then illustrated the success of Japan in the education sector, where around 90 percent of the Japanese population at that time had graduated from high school. This was a high achievement as even a developed country, such as England, had merely achieved a 32 percent rate. Japan was also among the most equal societies in the world, just behind a few western countries, such as Sweden, during that era.

Hence, it was no surprise that when Tun Dr. Mahathir Mohamad was the Prime Minister in the early 1980s, the Malaysian government embarked on the Look East Policy (LEP) initiative as a way to emulate Japan as the new rising star of Asia and her success story in helping Malaysia to industrialise its economy. As of May 2018, Tun Mahathir who has once again become the Prime Minister of Malaysia, mooted the idea that the LEP needs to be revived and expanded. But I still believe that the general objective and the underlying philosophy of the LEP remains the same, which is, to inculcate the Japanese work ethics and values, and to have greater economic cooperation with them in terms of reaping technological transfer, attracting more Foreign Direct Investments (FDIs), incorporating the Japanese management style, etc.

Fast forward to 2018, the world has clearly changed. The prediction that Japan would overtake the US never materialised, the US is no longer the economic super power that it used to be and more crucially, the once lampooned ‘Made in China’ is now set to become the latest technological leader in the Fourth Industrial Revolution (IR4.0) race. True, Japanese work ethics and values are still much to be admired – discipline, hard work and loyalty - but how can this be reconciled with the new values and mindset expected in the IR4.0, such as creativity, critical and innovative thinking and accepting failure as a cornerstone to succeed in business?

Today, the pendulum of the global economic arrangement has also swung in a different direction, where in the 1980s, the order of the day was liberalisation and privatisation; now, it is about protectionism and nationalisation. As a consequence, the world today is witnessing a trade war between the US and China unfolding, which has of course clearly threatened most of the Asian economies through the disruption of the global supply chain. Perhaps, this is where I see the revised and expanded version of the LEP playing a constructive role via regional and multilateral trade blocs, as Japan is now seen as the leader of both the Regional and Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Specific aspects of collaboration, such as education, technology, investment and human capital can be worked out through these available frameworks. This is, after all, an Asian century, and the Malaysia-Japan collaboration this time should be seen from this bigger scheme of things.
ENCIK MUHAMAD MAHAZI BIN HAJI IBRAHIM
PENGARAH BAHAHAN PERANCANG EKONOMI NEGERI (BPEN) KEDAH

WAWANCARA BERSAMA

ENCIK MUHAMAD MAHAZI BIN HAJI IBRAHIM
PENGARAH BAHAHAN PERANCANG EKONOMI NEGERI (BPEN) KEDAH

Boleh Tuan jelaskan mengenai latarbelakang Pelan Pembangunan Negeri Kedah 2019-2035 dan teras utama Pelan ini?


Saya berpandangan bahawa kejayaan sebuah pembangunan adalah apabila pembangunan itu serasi dengan ekosistem, budaya, agama dan keperluan rakyat. Sekiranya keserasian ini wujud maka terbina tamadun berimbang ia itu satu kerangka holistik yang merangkumi di dunia, earthly, physical dan spiritual.

Seperti yang kita sedia maklum, pelan strategik pembangunan Kedah 2019-2035 merupakan kelangsungan daripada pelan strategik pembangunan yang terdahulu. Boleh Tuan kongsikan perbezaan atau penambahbaikan dalam pelan pembangunan terkini?


Melah dalam konteks yang lebih luas, bagaimana Kedah menggunakan peluang dari segi hubungan kerjasama antara negara tetapi memajukan pelan pembangunan ini. Sebagai contoh Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) dan juga ASEAN Economic Community (AEC).

Sebagai negeri yang bersempadan dengan Thailand, saya melihat kerjasama yang sedia ada melalui platform IMT-GT dan juga AEC merupakan satu peluang besar bukan sahaja kepada negeri Kedah tetapi limpahan ekonomi kepada negara jiran. Sebagai contoh, Bukit Kayu Hitam berpotensi untuk dibangunkan sebagai Zone bebas cukai dimana kedua-dua pihak akan mendapat faedah daripada pembangunan tersebut. Hampir 97 peratus daripada ekonomi ASEAN terdiri daripada sektor Perusahaan Kecil dan Sederhana (PKS). Dengan kelebihan PKS yang aktif yang terdapat di Kedah, mereka ini diharap mampu untuk bersaing dengan negara jiran melalui AEC dan bertindak sebagai pemacu utama pembangunan ekonomi Kedah.

Pada pandangan Tuan, apakah cabaran besar yang dijangka akan ditempuh bagi menjayakan Pelan ini?


Apakah kaedah atau inisiatif yang perlu dilaksanakan bagi mengatasi cabaran ini?

Perubahan sikap dalam kalangan rakyat bukan sesuatu yang mudah untuk ditangani dan ianya memerlukan komitmen yang tinggi daripada pelbagai pihak. Dalam konteks ini pembangunan yang merangkumi dunia, earthly, fizikal serta spiritual perlu dibentuk. Sebagai contoh mudah bagaimana untuk mendidik rakyat menjaga kebersihan. Walaupun itu dia dianggap remeh namun kesan kepada ekonomi dan alam sekitar adalah besar.

Apakah harapan Tuan terhadap Pelan strategik Pembangunan Kedah 2019-2035?

Saya amat berharap agar rakyat turut sama terlibat dalam memberi input dari segi idea serta pelan pelaksanaan agar program-program serta projek yang dibuat mendarat sokongan dan dekat di hati rakyat. Apabila rakyat merupakan sebahagian daripada pemegang taruh, maka kelangsungan sesuatu projek akan lebih terjamin. Saya juga berharap agar kejayaan pembangunan sesuatu negeri tidak hanya diukur dari segi nilai ekonomi tetapi juga kesejahteraan dari semua segi termasuk kesihatan, keselamatan, pendidikan dan lain-lain.
PENGENALAN

Pendidikan tinggi boleh diklasifikasikan sebagai barang awam separa atau ‘semi-public goods’. Ini bermakna pendidikan bukan sahaja memberi manfaat kepada individu dari segi ilmu serta kepakaran yang diperolehi sehingga membolehkan individu ini berpeluang mendapat gaji atau pendapatan yang lebih tinggi tetapi juga faedah kepada masyarakat keseluruhan atau dikenali sebagai faedah sosial yang merangkumi pelbagai aspek kesejahteraan hidup, antaranya kemakmuran ekonomi, peningkatan kesedaran terhadap kesihatan dan alam sekitar serta pemuliharaan kecergasan alam sekitar. Faedah pendidikan kepada individu memberi manfaat terhadap peningkatan pencapaian kerja dan pembinaan pola pemikiran ilmiah yang diperlukan dalam pembinaan sebuah negara demokrasi. Faedah pendidikan kepada individu memberi manfaat terhadap peningkatan pencapaian kerja dan pembinaan pola pemikiran ilmiah yang diperlukan dalam pembinaan sebuah negara demokrasi. Faedah pendidikan kepada individu memberi manfaat terhadap peningkatan pencapaian kerja dan pembinaan pola pemikiran ilmiah yang diperlukan dalam pembinaan sebuah negara demokrasi. Faedah pendidikan kepada individu memberi manfaat terhadap peningkatan pencapaian kerja dan pembinaan pola pemikiran ilmiah yang diperlukan dalam pembinaan sebuah negara demokrasi. Pada sekitar tahun 50-an dan juga 60-an dimana ketika itu bilangan pelajar yang masuk ke institusi pengajian tinggi cuma dalam jumlah yang kecil, kebanyakan negara termasuk Malaysia telah mengambil inisiatif untuk menyediakan pendidikan tinggi juga memberi manfaat terhadap peningkatan pencapaian kerja dan pembinaan pola pemikiran ilmiah yang diperlukan dalam pembinaan sebuah negara demokrasi. Pada sekitar tahun 50-an dan juga 60-an dimana ketika itu bilangan pelajar yang masuk ke institusi pengajian tinggi cuma dalam jumlah yang kecil, kebanyakan negara termasuk Malaysia telah mengambil inisiatif untuk menyediakan pendidikan tinggi juga memberi manfaat terhadap peningkatan pencapaian kerja dan pembinaan pola pemikiran ilmiah yang diperlukan dalam pembinaan sebuah negara demokrasi. Pada sekitar tahun 50-an dan juga 60-an dimana ketika itu bilangan pelajar yang masuk ke institusi pengajian tinggi cuma dalam jumlah yang kecil, kebanyakan negara termasuk Malaysia telah mengambil inisiatif untuk menyediakan pendidikan tinggi juga memberi manfaat terhadap peningkatan pencapaian kerja dan pembinaan pola pemikiran ilmiah yang diperlukan dalam pembinaan sebuah negara demokrasi. Pada sekitar tahun 50-an dan juga 60-an dimana ketika itu bilangan pelajar yang masuk ke institusi pengajian tinggi cuma dalam jumlah yang kecil, kebanyakan negara termasuk Malaysia telah mengambil inisiatif untuk menyediakan pendidikan tinggi juga memberi manfaat terhadap peningkatan pencapaian kerja dan pembinaan pola pemikiran ilmiah yang diperlukan dalam pembinaan sebuah negara demokrasi.
Beban bayaran balik (dalam tempoh T) = Jumlah ansuran (dalam tempoh T) / pendapatan (dalam tempoh T) x 100

Kadar yang dicadangkan adalah tidak melebihi 8 peratus.
KECEKAPAN, KEADILAN DAN KELESTARIAN PTPTN DAN PENYELESAIAN JANGKA PANJANG

Peningkatan dalam permintaan pendidikan tinggi dapat dijelaskan melalui pertambahan dalam enrolmen yang melebihi 1 juta pelajar pada masa kini. Bagi memenuhi permintaan tersebut kerajaan sedar bahawa dengan sumber kewangan yang terhad, peranan sektor swasta adalah penting untuk sama-sama berganding bagi menyediakan peluang pendidikan. Pada masa yang sama kerajaan juga peka dengan masalah yang bakal dihadapi pelajar sekiranya tidak ada sebarang bantuan atau sebarang bentuk mekanisme pembayaran kewangan pelajar terutama bagi mereka yang berada dalam kelompok keluarga berpendapatan rendah.

Penubuhan PTPTN sebagai tabung yang menyediakan sumber pinjaman kepada pelajar yang memerlukan merupakan satu usaha kerajaan bagi membantu mereka. Namun perlu diingat bahawa PTPTN perlu mengimbangi peranannya untuk menjadi sebuah badan yang cekap serta lestari disamping memperkasa konsep keadilan dalam mekanisma pembayaran. Umumnya kelestarian PTPTN bergantung kepada kecekapan operasi dan ini bermakna kejayaan atau kegagalan balik bayaran pinjaman merupakan faktor penting dalam penentuan pembolehubah dan ini sangatlah betul karena lebih kepada kecekapan dibandingkan dengan faktor lain seperti kadar ‘ujrah’ yang bersesuaian, polisi berkaitan pengecualian bayaran balik serta kadar diskuan. Tidak dapat disangkal bahawa sebahagian peminjam menghadapi kesulitan untuk membuat bayaran balik pinjaman disebabkan faktor ekonomi.

Berpadu kepada data Penyiasatan Gaji dan Upah Malaysia, 2011, penulis telah menganggar beban bayaran balik pinjaman PTPTN dan dapatkan kajian menunjukkan bahawa beban bayaran balik pinjaman PTPTN pada tahun 2011 merupakan faktor penting dalam membayarkan bulanan yang tidak membebankan serta membolehkkan graduan membelanjakan wang ke atas berbagai keperluan. Pendekatan ini mampu menyumbang kepada kelancaran dalam penggunaan (consumption smoothing) dan bertindak sebagai insurans atau jaminan kepada graduan yang kurang bernasib baik dalam pasaran pekerjaan.

Bagi memastikan pembayaran balik pinjaman yang tidak membebankan, kerajaan boleh menentukan nilai ambang pendapatan iaitu satu tingkat pendapatan dimana graduan mula membuat pembayaran balik. Namun begitu, kajian terperinci perlu dilaksanakan bagi penentuan nilai ambang ini dengan mengambilkeperluan purata pendapatan graduan di Malaysia dan Pendapatan Garis Kekurangan (PGK). Sekiranya nilai ambang yang ditetapkan adalah terlalu tinggi ia akan memberi impak kepada kelestarian PTPTN dan memandangkan jangka masa untuk kutipan bayaran balik akan mengambil masa yang lebih lama. Cara yang paling mudah untuk menentukan nilai ambang ini adalah dengan mendapatkan 2 kali nilai PGK. Sebagai contoh, sekiranya nilai PGK Nasional adalah RM950 sebulan, maka nilai ‘threshold’ diletakkan pada RM1900.

Kedua, bagi mengatasi masalah berkaitan peminjam yang culas untuk membayar balik pinjaman, mekanisme kutipan balik pinjaman yang lebih sistematis perlu dilaksanakan. Di Australia misalnya, kutipan bayaran balik dikendalikan oleh pusat kutipan cukai atau Australian Taxation Office. Kelebihan Lembaga Hasil untuk memungut bayaran balik pinjaman adalah kerana ia mempunyai maklumat berkaitan pendapatan individu dan syarikat serta mempunyai kuasa undang-undang berkaitan pembayaran. Walau bagaimanapun, kerajaan masih boleh menggunakan mekanisme lain seperti pemotongan wajib melalui majikan sebagaimana yang diperlukan untuk caruman kepada Kumpulan Wang Simpanan Pekerja. Langkah PTPTN untuk memberi pelbagai insentif bagi menarik minat ibubapa untuk menabung bagi tujuan pendidikan adalah satu langkah yang bijak. Kesedaran untuk menabung bagi tujuan pendidikan di kalangan masyarakat Melayu terutama golongan pelajar yang meminjam tentang pentingnya kesedaran membayar semula pinjaman agar kelangsungan PTPTN terjamin dan generasi akan datang juga akan terus mendapat faedah.
THE SOCIAL IMPACT OF SUBSIDY

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INTRODUCTION

Food, education and healthcare are the three major social expenditures for enhancing human development. It is quite obvious that these three elements are interrelated, but food seems to be dominant in this interrelationship. Indeed, good and well-balanced food is a prerequisite for good health and higher educational achievement. Accordingly, efficient policies and measures that can provide people, particularly the poor and vulnerable groups, with adequate and well-balanced food, are welcome from the viewpoint of human development. The implementation of the direct and indirect subsidy programmes can be seen as policy initiatives which aim to improve the standard of living of the poor and low income groups. In Malaysia, subsidy for essential food items, like cooking oil, sugar and flour, healthcare, education, agriculture and fisheries, electricity, cooking gas and the highway toll, serves as good examples of government intervention in helping to keep prices lower and reducing the burden of the people.

FOR WHOM IS THE SUBSIDY?

By and large, the purpose, of providing subsidies is either to make the prices of certain goods and/or services fall within the ability of consumers to pay, or to enable inefficient producers (i.e., high cost producers, like rice farmers) to continue producing even when the prevailing market selling price is less than the cost. Regardless of which group the subsidy is targeted for, whether producers or consumers, the final consumers still benefit from the subsidy.

THE REDISTRIBUTION EFFECT OF SUBSIDIES

It is widely accepted in most economies around the world that the initial distribution of income needs to be adjusted for the purpose of ensuring equitable distribution. This is usually done through various income redistribution mechanisms, which include the direct cash transfer and subsidy programmes. However, it is important to note that the redistribution effect is not the same for direct cash transfer and subsidies. For example, a direct cash transfer as cash rebate of RM126 a year for owners of cars of less than 1,000cc and RM54 a year for owners of motorcycles less than 250cc, represents in totality, a redistribution of income in favour of certain targeted beneficiaries as identified by the government. On the other hand, the redistribution effect of the indirect consumer subsidies, such as fuel subsidy, is usually shared by all consumers of the subsidised commodities, regardless of whether or not they are eligible. Therefore, fuel subsidies tend to be a costly approach to protect the poor due to substantial benefit leakage to higher income groups.

For example, in the case of the fuel subsidy in Malaysia, the benefits are enjoyed disproportionately by high-income households, who consume a larger amount of fuel as they are more likely to own multiple vehicles with larger engine capacities. It is estimated that the bottom 20 percent of households in Malaysia only receive 4 percent of the fuel subsidy, while the richest 20 percent receive 42 percent of the subsidy. Therefore, non-targeted subsidies, such as fuel subsidy, may bring about negative consequences as it will eat up much of the government revenue with less benefits being reaped by the people in the bottom quantile of the income group.

SUBSIDIES AND ECONOMIC EFFICIENCY

The relationship between subsidies and efficiency is a controversial issue. From the economic viewpoint, it is usually argued that whenever subsidies interfere with the functioning of the market price mechanism, it will lead to inefficient allocation and wastage of resources. Indeed, this argument holds true for the subsidies to producers, considering the purpose of this policy is to enable high cost or inefficient producers of certain commodities to continue their economic activities. Although the argument for producer subsidies might be accepted within the context of ensuring the sustainability of the important food sectors, such as the rice and fishery sectors, this policy should not be regarded as a permanent policy as this would have a negative impact in the long-run. Similarly, indirect consumer subsidies, such as subsidies on food items, such as cooking oil, sugar and flour, may lead to inefficiency because of the price distortion associated with such subsidies. This argument is valid when low-priced goods are irrationally consumed and used for purposes other than those targeted under the government subsidy
scheme. For example, the case of consumers from Singapore and Thailand buying these subsidised food items (cooking oil, sugar and flour) from Malaysia and industrial players, such as cordial beverage producers and bread producers, benefitting from sugar and flour subsidies.

On the other hand, it is quite easy to prove that the direct cash transfer has no impact on the functioning of the price system, given that when the government decides to make these transfers, it only provides additional purchasing power to targeted eligible individuals or groups to enable them to buy basic commodities at the prevailing market prices.

In general, Malaysia is among the major countries that implements the subsidy policy to help reduce the cost of living of its people. In 2013, government expenditure on subsidies amounted to nearly 16 percent of its operating expenditure, which is about 5.1 percent of the total Gross Domestic Product. This figure, however, does not account for the cost of implicit subsidies in terms of revenue foregone by public enterprises and the government under price controls, such as the provision of natural gas below market prices to companies generating electricity with the purpose of lowering the electricity tariff. Ultimately, this would reduce the funds available for the government to spend on other key development areas that would significantly benefit the nation over the long-term, such as the development of infrastructure, health, education and social protection.

**HOW SUCCESSFUL IS THE FOOD SUBSIDY POLICY IN MALAYSIA?**

Three criteria are used to assess how successful the subsidy system is in targeting the low-income people in Malaysia as follows: i) the degree of necessity of the subsidised commodities as consumer goods (since subsidy should be directed to essential commodities); ii) the relative share of the subsidised commodities to the overall budget of the low income groups (since the higher the relative share of the household budget spent on those commodities, the more the poor benefit from the subsidy); and iii) how efficient the subsidy system is in reaching the low-income people in Malaysia. In Malaysia, the four subsidised food commodities (flour, rice, sugar and cooking oil) are present in the consumption patterns of almost all socioeconomic groups.

Based on several studies conducted using the Household Income and Expenditure Survey for different years, the findings show that these four food items are considered as essential commodities regardless of the socioeconomic group and location (i.e., either rural or urban). According to the most recent Household Income and Expenditure and Income Survey, households in rural areas spent around 30 percent of their expenditure on food, while this percentage is about 20 percent in urban areas. In addition, the same survey shows that the four subsidised food items are relatively more important for the lower income group compared to the higher income group.

Based on statistics, for the last 10 years, Malaysia has been running a fiscal deficit, which grew progressively from RM5 billion in 1998, to a record high of RM43.1 billion in 2017. The escalating government expenditure, including subsidies which do not keep pace with the growth of the government’s revenue, explains this phenomenon. The dependency of the Malaysian economy on tax revenue from petroleum production and petroleum royalty affected the ability of the government to spend when the revenue from petroleum declined from RM66.27 billion in 2014 to only RM43.87 billion in 2015.

To counter the problem of declining revenue from petroleum, the government introduced the Good and Services Tax (GST). Through the GST, the government was able to collect around RM34.64 billion as opposed to the sales and services tax (SST) for the year 2014 which was only RM17.22 billion. With the recent abolishment of GST and the re-introduction of SST, it is argued that the government’s account will be severely affected if the rationalization of subsidies does not take place.

**KEY TAKEAWAYS**

A subsidy serves as an important tool to ensure social equity and help the poor to have the chance to live a decent life. Nonetheless, too much allocation for subsidies may have an adverse impact on the economy, especially when the deficit keeps getting larger. As mentioned earlier, subsidies will create price distortion and thus lead to inefficiency. In essence, the balance between the efficiency and equity objective is rather tricky and proper implementation and monitoring must be put in place to ensure that the cost of subsidies can be minimised.

As Malaysia has embarked on the initiative to gradually reduce subsidies through the subsidy rationalisation policy, it is important for the government to properly evaluate the impact of such move. While subsidy rationalisation may improve the government’s balance sheet, the impact on the poor and middle income groups may be substantial. In summary, to my opinion subsidy should not be a long-term solution and selective subsidy that targets the poor should not be completely abolished; rather, its implementation needs to be improved.

**REFERENCES**


**INTRODUCTION**

Solid waste is one of the major environmental problems in Malaysia. It plays a significant role in the ability of nature to sustain life. Currently, over 23,000 tonnes of waste are produced each day in Malaysia. However, this amount is expected to rise to 30,000 tonnes by the year 2020. The amount of waste generated continues to increase due to the increasing population and development, and only less than 5 percent of the waste is being recycled. These wastes are disposed of at 230 disposal sites in the country. Of these, only seven are sanitary landfills while the rest are open dumps (Omran, 2008). However, about 80 percent of these dumps have reached full capacity and are expected to be shut down over the next few years. Despite the massive amount and complexity of waste produced, the standards of waste management in Malaysia are still poor.

These include outdated and poor documentation of waste generation rates and its composition, inefficient storage and collection systems, disposal of toxic and hazardous municipal waste, indiscriminate disposal or dumping of waste and inefficient utilisation of disposal site space (Omran, 2008).

As stated above, the current waste management approach is the landfill approach but due to rapid development and the lack of space for new landfills, the authorities in most major towns in Malaysia are looking at other waste management approaches. One such approach is waste recycling as attested by the Malaysian government’s adoption of this approach as a long-term strategy for solid waste management. Apart from this, Federal and State governments plan to build incinerator plants in major towns throughout the country in attempts to devise and implement a systematic waste management plan. In fact, under the Seventh Malaysia Plan (1995–2000), the government spent RM17 million to purchase seven miniincinerators with a capacity of five to 20 tonnes/day for use in the resort islands of Langkawi, Labuan, Tioman and Pangkor.

Under the Eighth Malaysian Plan (2001–2005), the government included “waste minimisation”, “promotion of reuse”, “developing a recycling-oriented program” and “implementation of pilot projects for recycling” as some of its main policy goals (Malaysia, 2001; MHLG, 2005; Ong, 2006, 2007). The Ninth Malaysian Plan (2006–2010) further emphasises the continuation of the reduce, reuse, recovery and recycling of waste approach as well as greater use of environmentally friendly products (MHLG, 2006). In 2007, a new department, known as the “Jabatan Pengurusan Sistem Pepejal” (National Solid Waste Management Department), was set up under the Ministry of Housing and Local Government (MHLG) after the bill was gazetted to implement the new policy Act 2007 (SWPCMC Act 2007; Ong, 2007; Omran, 2008).

All matters relating to solid waste management are under the jurisdiction of this new department. The Malaysian government also enacted new laws on solid waste management and issued a Strategic Plan for Solid Waste Management in Peninsular Malaysia. The principal process options available for integrated waste management as classified in a top-down hierarchy, include waste minimisation, reuse, material recycling, energy recovery and landfill (MHLG, 2006). Under the plan, waste treatment facilities, such as transfer stations, thermal treatment plants and waste to energy production facilities (WTE) have been earmarked as alternative treatment methods of solid waste management in the near future.

The government of Malaysia, through the MHLG, launched a national recycling campaign in 1993. But the campaign was not successful due to lack of support of and participation from the public. The recycling campaign was relaunched on 2 December 2000 (Ong, 2003a; MHLG, 2006). At the launch, it was projected that by 2020, 22 percent of all waste would be recycled (Figure 1). In tandem with government initiatives, several community groups and NGOs launched numerous recycling programmes as well as spearheaded waste management efforts, such as the collection of re-usable (Ong, 2003b).

Apart from this, they also lobbied for more stringent legislation and a commitment from the government that it phases out and bans hazardous household products, minimises packaging, prevents the generation of waste at source and promotes environmentally-friendly initiatives, such as reuse, recycling and composting. Nevertheless, more needs to be done to reduce the generation of waste in order to attain the ideal target of zero waste generation (Omran, 2008). In view of the foregoing facts, this study attempts to identify desirable future solutions for managing solid waste in a sustainable way with a focus on recycling solid waste activities.

**“WASTE NOW, WORRY LATER”**

**SOLID WASTE DISPOSAL IN MALAYSIA: TRENDS FOR REDUCING PRESSURE ON THE ENVIRONMENT**

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The municipal solid waste collectors also experience problems, such as littering around communal bins and the different bin sizes and weights which make collection difficult (Figure 2). Rapid development, population increase and changes in consumption pattern directly (and indirectly) result in the generation of enormous amounts of waste, ranging from biodegradable to synthetic waste. Despite the massive amount and complexity of waste produced, the standards of waste management in Malaysia are still poor.

MALAYSIA’S SOLID WASTE PROBLEM

Throwing litter from cars or motor vehicles on the streets whilst travelling, drains clogged up with rubbish and rivers filled with filth are definitely clear indications that solid waste is a major environmental problem in Malaysia. It is common to see people in the parks or shopping centres leaving litter on the park benches and shopping areas even though rubbish bins are situated within easy walking distance.

THE WAY FORWARD

The level of waste recycling in Malaysia is currently very low and there is a general acceptance that it should be significantly increased. Despite the government’s recycling target, the present proposals for the development of recycling are unlikely to achieve more than 5 percent of the projected target of 22 percent. With some further expansion, however, this projected target could be possible in 2020 (Omran, 2008; Omran et al., 2009). This projection has a useful role to play in stimulating change. For example, the government’s target is based on a national average; so, it is expected that some areas will recycle more than 22 percent and some less.

However, most local authorities who have set a target have adopted the 22 percent figure, irrespective of whether or not it is appropriate to their local circumstances. This issue of appropriateness to local circumstances is a major issue. There is much work to be done if recycling is to be developed to a stage where it will become a common practice as landfill is now. But this work has to be undertaken if we are to realise the contribution that appropriate recycling can undoubtedly make to improving and sustaining our environment.

Recycling is not a simple process as many people might believe, and when it is taken as only one element of an integrated approach to waste management, this complex concept is greatly increased in terms of the issues involved, the techniques selected and the financial and environmental evaluations which are necessary to ensure that real benefits can be achieved. The government is without a doubt making good progress, but the support from the households to recycle their waste in Malaysia is still at its infancy. If recycling is to be developed, those responsible for waste management, including Federal and State governments and the private sector must take recycling seriously as a waste treatment option and understand the benefits and limitations of recycling.

Eventually, the responsibility for the success of recycling efforts rests with all of us. Local authorities can set up a recycling collection scheme, but if we do not use it correctly,
...here.

recycling will fail. If we do not understand and accept that the present methods of waste disposal are unsustainable and that we will have to pay more if we want our waste to be treated in a sustainable manner, recycling will fail. It is up to each and every one of us to play our part in the development of recycling.

EFFORTS TO SOLVE THE PROBLEM

Recycling is the most effective way to reduce our waste before it becomes rubbish. However, in order to have an effective recycling programme in any country, we must not forget that a very important component of the solution involves the public. We, as a responsible society, must take part in the overall solution; we have to change many things in our daily routine, like our consumption habits and buying and using items, such that the amount of waste is reduced. In other words, we must buy and use materials that are as benign to the environment as possible, that have a long life span and that can be recycled or processed without much difficulty at the end of the item’s useful life. As most of us painfully know, changing habits takes time and effort, as well as a substantial amount of education at all levels of society.

REFERENCES


UNDERSTANDING THE DEMAND FOR CIGARETTES IN MALAYSIA: SETTING THE RIGHT POLICY MEASURES

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INTRODUCTION

The cigarette market in Malaysia has been growing rapidly. Each year, around 20 billion sticks of cigarettes are sold. Because of the high demand for cigarettes, the government revenue collected from taxes increased from RM10.1 billion in 2009 to RM11.8 billion in 2011, despite there being an economic recession between 2008 and 2009. The demand for cigarettes is mainly affected by their own price. Since cigarettes are heavily taxed, the cost of consuming cigarettes is determined largely by the taxes that the government imposes. In addition, the availability of tobacco products can affect the demand for cigarettes. However, given that tobacco products are widely available in Malaysia, the cost of consuming cigarettes due to availability of tobacco products is not high.

Several empirical studies on demand for cigarettes have been conducted in Malaysia. Evidences from these studies suggest that the price elasticity of demand for cigarettes is inelastic (-0.38), thereby concluding that the demand for cigarettes is not sensitive to the changes in price. Because of this, demand for cigarettes is still high in Malaysia, even though cigarettes are very expensive. Moreover, the income elasticity of the demand for cigarettes is also estimated in the studies. The results show that the income elasticity has a positive value (+1.0), and this indicates that the cigarette is a normal good. Taken together, it can be concluded that the demand for cigarettes in Malaysia will keep growing.

In order to implement an effective policy directed towards reducing the demand for cigarettes, policymakers should have a better understanding of the factors affecting cigarette expenditure. Prior to introducing any measure to reduce cigarette demand, the government should understand which groups of the population spend more or less on cigarettes, and what the contributing factors are.

This topic has been considered by an empirical study. The study offers a few important findings. Firstly, individuals aged between 25 and 44 years spend more money on cigarettes than individuals aged between 15 and 24 years. This is because young adults have less financial capability; thus, they tend to smoke less. Secondly, males spend more on cigarettes than females. The differences in risk and social preferences between genders can be the plausible contributing factors for this outcome. Females are usually more risk-averse and socially sensitive than males. Since smoking is a risky health behaviour, women tend to avoid it. Furthermore, smoking by females is less acceptable to the society than smoking by males, especially in developing countries, like Malaysia; thus females, who are more sensitive to social cues, are less likely to smoke than males.

Thirdly, individuals who are in the upper quintile of the wealth index spend more money on cigarettes than individuals who are in the lower quintile of the wealth index. This finding further concludes that the cigarette is a normal good. Fourthly, level of education is negatively associated with expenditure on cigarettes. The reason is that education improves allocative and productive efficiency of health production. In other words, education makes individuals more efficient at producing health by improving individuals’ health knowledge.

Since smoking has adverse impacts on health, well-educated individuals are unlikely to engage in it. Another plausible reason is that high level of education is associated with a low rate of time preference. Individuals with a lower rate of time preference tend to be more rational and futuristic, and consequently, have a lower likelihood of indulging in unhealthy behaviours compared to those with a higher rate of time preference. People with high time preference want to satisfy their wants instantly.

Lastly, urban dwellers spend more money on cigarettes than rural dwellers. This may be because cigarettes are more available in urban areas than in rural areas. Another reason is that urban dwellers tend to suffer from stress and thus are likely to use smoking as a method to release stress. All these findings appear to have important implications for policy. Therefore, the government should design appropriate intervention measures based on these findings.

Several polices targeted toward reducing the expenditure on cigarettes are proposed. First, government intervention strategies should be targeted at young adults. These strategies should include the need to improve health awareness among individuals aged between 25 and 44 years. Information about the negative consequences of smoking should be made known to them through the social media, such as, Facebook, Twitter and Instagram, which have a strong influence on this age group.

Second, anti-smoking programmes should be targeted primarily at males. It is worthwhile to design nationwide health awareness campaigns with a specific focus on addressing the harmful effects of smoking on men’s health, such as prostate cancer, erectile dysfunction and low sperm count.

Third, the government should devote its attention to promoting nationwide health education programmes. More health-related subjects and courses should be introduced in primary and secondary schools to ensure that individuals can acquire better knowledge on health during their schooling years, especially given the fact that individuals are unlikely to quit smoking once they start smoking at a young age. Additionally, the government should take the initiative to provide more health-related reading materials, such as magazines and books for the public, and these reading materials should be written in an easily understandable format to encourage reading by the less-educated.

Finally, it is suggested that the public health authorities take more efforts to improve health awareness among urban dwellers. In addition to the introduction of pictorial and text warning labels on tobacco products, the Ministry of Health Malaysia should organise more anti-smoking seminars, workshops and campaigns in the urban areas with the aim of educating the dwellers about the negative impacts of smoking on health and well-being.
Globalisation in capital markets has been growing rapidly due to many factors amongst others is liberalization in stock exchanges. Firms could enhance their ability to offer equities, and for investors, it could provide a wide choice of buying or selling securities from around the world. The integration of stock exchanges in the global markets works to reduce barriers to international capital flows. Cross-listing is considered as an important mode to mobilise capital from one country to another, which is also referred to as “dual-listing”, “international listing” or “inter-listing”. Cross-listing is defined as the listing of a company’s common shares on another market other than its home market. In order to be approved for cross-listing, the company must meet the requirements of the new exchange, such as the accounting policies, initial and ongoing filing with regulators, the minimum number of shareholders, minimum capitalisation and others.

Below figure illustrates the source of listing, type of ownership and the associated extent of investors’ recognition. For private firms, the number of ownerships is limited as it may be closed firms. For public corporations, the offer of their shares is now extended to local investors although foreign investors are not constrained from owning certain shares. For firms that offer their shares in international markets, their shares are offered publicly in both domestic and foreign markets.

WHY CROSS-LISTING IS IMPORTANT?

Financial liberalisation helps to enhance the functions of financial systems. Firms cross-list from their home market to markets of foreign countries to get the expected advantages. Firms, especially those from emerging markets, choose to cross-list in more developed and liquid markets to get the benefits of capital flow. On the one hand, firms cross-list to enhance their ability to raise capital at lower cost and improve their financial disclosure, investor protection, minority rights, stock price, firm value and even their reputation by going global. Investors who are concerned with protection and their rights would prefer to invest in less volatile stocks. In addition, it will also contribute to the improvement of domestic regulations as it has been found that it may enhance the growth and liquidity of the local market. Local investors will benefit from the additional disclosure and other requirements by the host market.

WHO WILL BE BENEFIT FROM CROSS-LISTING?

Cross-listing is expected to be beneficial for parties such as firms that want to increase their capital, either individual or institutional investors, market-makers or issuing banks which are the intermediators in the offering activities, regulatory bodies including policymakers and market management/commissions who are concerned with the organization of the market.

WHAT ARE THE OBSTACLES TO CROSS-LISTING?

Cross-listing internationally may incur costs to firms. In terms of risk, some studies have found an increase in volatility after cross-listing (Coppejans & Domowitz, 2000; Foerster & George, 1996; Domowitz, Glen, & Madhavan, 1998; Jayaraman, Shastri, & Tandon, 1993). Other than that, there is an increase in the associated costs, such as compliance and reporting, disclosure requirements and additional listing fees (Eleswarapu & Venkataraman, 2006). According to Bakri and Hoe (2013), if looking from an overview of regulatory bodies, the stability of the domestic financial system should become a central focus to ensure that local markets do not deteriorate. In addition, cross-listing in developed markets has specific requirements, such as minimum pre-tax income, firm’s market value and application of the Generally Accepted Accounting Principles (GAAP).
ARE MALAYSIAN FIRMS ALLOWED TO CROSS-LIST?

In Malaysia, the significant efforts to increase the level of stock market integration was significantly witnessed in 2006 when the Securities Commission (SC) announced new measures to facilitate cross-border listing with other countries' capital markets and also listings of foreign companies in Malaysia (Securities Commissions, 2006). Under the new measures, listed Malaysian companies are allowed to seek secondary listings on foreign stock exchanges that are members of the World Federation of Exchanges (WFE) established in 1961, which represents 64 regulated exchanges around the world. With these new liberalization measures, more participation of foreign companies on Bursa Malaysia is encouraged to enhance the breadth and depth of the domestic stock market offerings. According to the SC's equity guidelines, foreign firms seeking a secondary listing on Bursa Malaysia must fulfill two important requirements. Firstly, they must have a primary listing on the main market of which they are one of the members of the WFE. Secondly, the main market that they have been listed in must have standards of disclosure similar to Bursa Malaysia.

Given the importance placed by the regulators on stock market integration through cross-listing, in 2009, Bursa Malaysia stipulated a few initiatives to enhance the development of stock market integration (Bursa Malaysia, 2010). On 6 July 2009, the benchmark index, KLCI, was replaced by the FTSE Bursa Malaysia KLCI. This is in line with the ongoing efforts to remain globally relevant by adopting an internationally accepted index that would attract domestic and global investors to participate in the Malaysian capital market.

WHY FIRMS PREFER TO CROSS-LIST IN THE US?

- More liquidity: firms cross-listed in the US are expected to realise higher liquidity as the US is considered as the largest pool of liquidity in the world.
- Diversified investors: the US market is the major international market with varied and wide investors' base.
- More analysts’ coverage: New York dual-listed companies get more attention from research analysts than companies listed solely in their home country.
- Trading shares in US dollars as it is considered a major currency to enhance the acquisitions and other transactions.
- Welcoming Regulatory Environment: The US has a positive regulatory environment for non-US companies, especially after adopting Sarbanes Oxley Act 2002.

WHAT ARE THE LISTING REQUIREMENTS?

Listing requirements differ from one market to another but there are some measurements, including the following:

- Market capitalisation or firm size.
- Income before tax.
- Traded shares volume.
- Number of shareholders.
- Share price.
- Financial reporting.
- Financial disclosure.
- Investors’ protection/minority rights.
- Audit conformity.

Several reasons and benefits are associated with firms that decide to cross-list internationally. For Malaysian firms, it is evidenced that the US is the most preferable place for Malaysian companies to cross-list their shares. The liquidity, depth and development could be the factors that encourage these companies to generate more capital in certain capital markets.

REFERENCES


**Futures contract** is a contractual agreement where both parties agree to buy or sell a certain asset of specific quantity at a predetermined price and at some time in the future. The quantity and quality of the assets are specified in the contract, and the price and delivery period were set at the time the contract is opened. Therefore, the seller is protected against any price fall between the time of the sale and the time of delivery, while the buyer is protected against price rises. Futures are standardised contracts and traded through the Exchange. There is no need for the physical commodity to be present at the time of opening the contract since it is accurately described in the contract.

The main purpose of futures contract is to manage risk. It acts as a risk-shifting mechanism that shifts the risk to another party. For example, speculators are those who are prepared to take the risks and they can make large profits by taking these risks if their judgement is correct. The assets traded in the futures contracts include commodities, interest rate, stocks and bonds. However, this article specifically discusses the futures contract, which is based on crude palm oil (CPO).

Palm oil is an edible oil derived from the fruit of the African oil palm (Elaeis Guineensis). There are a few products that can be extracted from the fresh fruit of the oil palm, in particular, crude palm oil, a raw material of processed palm oil. Palm oil is mainly used as cooking oil and margarine, and is an important component of soap, washing powders and personal care products. It is also now used as feedstock for biofuel. The massive demand from many parts of the world makes this commodity one of the most important sources of edible oil globally.

The Malaysian palm oil price acts as the global benchmark (reference price) for the palm oil market. As one of the main producers of palm oil, Malaysia introduced the crude palm oil (CPO) futures contract in October 1980 to provide an efficient price discovery mechanism for the palm oil industry. It is also to provide a hedging mechanism against the risk of price instability.

The Malaysian commodity futures market is relatively new compared to other established commodity futures exchanges in other parts of the World. The Kuala Lumpur Commodity Exchange (KLCE) was the first Malaysian derivatives exchange established in 1980.

The first derivative contract introduced by the KLCE was the Crude Palm Oil (CPO) futures contract on 23rd October 1980, and was at the time, the only exchange traded CPO contract in the world. Nowadays, Malaysian derivative instruments including futures contracts are traded at the Bursa Malaysia Derivatives Berhad (BMD). The CPO futures contract (known as FCPO in BMD) is currently the most successful commodity futures contract in Malaysia.

The main users of the futures contract include the refiners, plantations, millers, brokers and dealers. In May 2010, Malaysia stepped up further by launching a new US Dollar denominated CPO futures on the Chicago Mercantile Exchange (CME) Globex trading system. This is a joint venture between BMD and CME Group using their electronic trading platform. This partnership includes licensing the settlement price of the CPO futures contract as well as facilitating global distribution of the BMD contract through the CME Globex trading platform.

Therefore, CME Group customers will be able to trade the world’s most consumed edible oil with the safety and liquidity of the CME Globex. It should be noted that currently, BMD provides the reference price for global trade in palm oil. It is also notable for being one of the small numbers of developing country exchanges open to international users.

The trading structure of the CPO futures contract is summarised in Table 1. Based on the Table, every month there are 15 delivery months traded at the same time. For example, in January there is no contract traded for delivery in July, so if traders would like to deliver CPO in July, they have to wait until February to trade the futures contract in July.
FCPO traders have to know how to match their trading based on the contract month traded in the Malaysian Derivatives Exchange. Normally, the nearest contract month (up to six months before expiration) is frequently used by market participants. However, market participants always follow the third month futures contract as a benchmark because it is typically more actively traded compared to other contract months and reflects the actual strength of the market.

In terms of contract rotation, the final trading date is the 15th of each month. The spot contract’s delivery period in the physical market is from the 1st to the 20th of each month. For example, the seller of January will deliver the CPO to buyer of January via the clearing house between the 1st to the 20th of January. However, in the futures market, the final trading date for the January contract will be at 12.00 noon on the 15th of January. If the 15th is a non-market day, the preceding business day is used. Once the January contract expires, the February futures contract will be traded starting from 16 January.

When buying or selling CPO futures, investors need not pay for the entire contract at the time the trade is initiated. Instead, the investor makes a small up-front payment in order to initiate a position, based on the margin requirement. For example, let us say the investor needs 1,000 tons of CPO and the 3-month CPO futures price is RM2,000 per ton. So, at a recent level, the total value will be RM2,000,000. The number of contracts is based on 25 tons per contract, which means 40 contracts for this trade (1,000/25). If the initial margin is RM4500 per contract, the investor just needs RM180,000 up-front money to trade 1000 tons of CPO. The information about margin requirements can be obtained from the BMD.

This kind of leverage benefits is one of the attractions of futures trading. However, before trading any futures contract, investors must have a good knowledge about the underlying assets being used, market outlook of the assets and also the contract specifications.
It doesn’t matter how much we earn. What matters is how we manage it. Prudent money management has to be taught and a good financial education can do wonders to a person’s ability and confidence to wisely manage their finances. Financial education is not just for investors, it is important for everyone. It is well understood that juggling a family budget is a complex task of balancing daily expenses against planned and scheduled payments of big ticket items like our home and car. On top of that we also have to set aside for important future expenditures such as children’s education and retirement nest eggs. And everyone is expected to be able to do this without any training?

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Financial literacy is an important life skill that needs to be mastered and passed down the generation. We live in a time where the credit market is huge and it opened doors for us to access many modern financial products. The problem is, today’s financial products are sophisticated and, for the most part, too complex for the average person to understand. Hence, it is very easy for someone to make a bad financial decision that can affect the entire family if we are not financially literate. By and large, financial education is necessary in today’s complex world and it’s not just about dollars and cents, it’s also about how money affects us emotionally and how that, in turn affects our social experience and personal well-being.

Financial education can be defined as understanding how money works in the real world. Whenever financial education is mentioned, most people would immediately think of shares, bonds, foreign currencies, loans and credit cards. In reality, financial education is not only about complex financial securities or investment portfolio but it is about the planning of one’s financial situation and this includes basic tasks such as setting aside savings, managing daily expenses and debt as well as thinking and planning for insurance and pensions. Individuals who are financially literate would likely make better choices in terms of savings or investment instruments. Their ability to spot potential fraudulent schemes and offers would help them avoid
such pitfalls. Meanwhile those who are financially illiterate may not be able to plan well for financial growth and this would put them at a great disadvantage in the future.

Financial education provides the necessary understanding of the importance of savings, prudent spending and the cultivation of good financial habits. It is also essential for long-term financial planning such as for retirement and children’s education. Someone with sound financial education will be able to ask the right questions to their financial service provider, and with the relevant feedback they can better choose products and services that suit their current requirements and future plans. Moreover, good financial education can also help us to become better consumers with good financial risk assessment skills. A strong financial education is crucial for the economic health of individuals, communities and even countries. It is one of the cornerstones of greater future prosperity.

It is never too early or too late to improve your financial education. Big goals start with baby steps. Therefore, we believe th
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