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Debt Management Programme or Plan (DMP) and Financial or Credit Counselling in Malaysia, Thailand and Indonesia

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This scoping paper is prepared for the development of a future project on personal and household debts under UNRISD's Alternative Economies for Transformation Programme (2021–2025) and is coordinated by the following partner organizations: The Credit Counseling and Recovery Service (CCRS) and the Association for Supporting the SDGs for the United Nations (ASD).

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Abstract

The study focuses on programmes that offer assistance and guidance to those facing financial difficulties in emerging economies in Southeast Asia, specifically Malaysia, Thailand and Indonesia. This research aims to achieve the following objectives: (i) evaluate the Debt Management Programme or Plan (DMP) and financial or credit counselling in Malaysia and compare it with similar programmes in Thailand and Indonesia; (ii) analyse the effectiveness of DMP and financial or credit counselling in addressing the issue of indebtedness; and (iii) highlight how these programmes can prevent bankruptcy. The findings of this study reveal that among the three jurisdictions, only Malaysia, under the purview of its Central Bank, has formed the Credit Counselling and Debt Management Agency, commonly referred to as Agensi Kaunseling dan Pengurusan Kredit (AKPK), to provide advice and support to individuals who are struggling with financial issues. While Thailand and Indonesia do not have organisations similar to Malaysia's AKPK, they do have similar programmes to assist debtors with managing their debts. These programmes include DMP and credit counselling, whereas financial education, financial literacy and financial behaviour all fall under the umbrella of financial management. In today's unpredictable economy, it is widely acknowledged that financial education encompassing financial literacy and management life skills is crucial. Alongside this, DMP is viewed as a helpful tool for repaying creditors. With the aid of a counsellor, debtors can negotiate a repayment plan and avoid bankruptcy.

Contents

Acronyms

ADB	Asian Development Bank
AKPK	Agensi Kaunseling dan Pengurusan Kredit (AKPK)
APR	Annual Percentage Rate
BI	Bank Indonesia
BNM	Bank Negara Malaysia
BOT	Bank of Thailand
CCA	Credit Counselling Agency
CDRAC	Corporate Debt Restructuring Advisory Committee
DMP	Debt Management Programme or Plan
DSR	Debt Service Ratio
FSMP	Financial Sector Master Plan
FWB	Financial and economic well-being
GDP	Gross Domestic Product
ICL	Income Contingent Loan
IMF	International Monetary Fund
INSOL	International Association of Restructuring, Insolvency and Bankruptcy Professions
NFLS	Malaysian National Financial Literacy Strategy
OECD	Organisation for Economic Cooperation and Development
OJK	Financial Services Authority or Otoritas Jasa Keuangan
POJK	OJK Regulations
POWER	Pengurusan Wang Ringgit Anda
SCCMI	Susceptibility to Credit Card Mishandling and Indebtedness
SDRP	The Simplified Debt Restructuring Program
SLF	Student Loan Funds
SLIK	Financial Information Service System
SNLKI	National Financial Literacy and Inclusion Survey
TPB	Theory of planned behaviour
UTCC	University of Thai Chamber of Commerce

1. Introduction

Southeast Asia comprises 11 nations with a combined population of 645 million, accounting for 6 per cent of the global gross domestic product (GDP). Malaysia, Thailand and Indonesia are among the largest rising economies in the region. According to a report published in 2021 by the Asian Development Bank (ADB) (where Malaysia, Thailand and Indonesia are the ADB developing member countries), the COVID-19 virus outbreak and the subsequent drops in demand were caused by both uncertainty and policy interventions such as lockdowns, social distances and travel bans. These interventions have severe implications for the Asian economy and, consequently, Asian households (Alston et al., 2018; Morgan and Trinh, 2021). Unsurprisingly, many people who encountered an income shock turned to their savings, postponed payments, rearranged their debt repayment schedules and looked for the appropriate government assistance (ADB, 2020). Undoubtedly, debtors require guidance when it comes to managing their debts. It is a legitimate worry as some debtors may not know where to turn for assistance, may not recognise their debts, or may lack access to debt relief options. Debtors also frequently (and wrongly) believe that declaring bankruptcy is their only option in many situations. Numerous strategies were developed to help debtors address their problems in this context. Enrolling in a Debt Management Programme or Plan (DMP) organised by a Credit Counselling Agency (CCA) is one of the standard solutions available to debtors. In this regard, particular features, such as early warning systems and options for an out-of-court settlement, determine the effectiveness of a bankruptcy procedure before it is put into action (Collard, 2009; Wymenga et al., 2014). Xiao and Wu (2006) evaluated CCA and discovered that CCA typically provides four sorts of services for consumers, namely financial education, budget counselling, DMPs, and bankruptcy referrals. They highlighted that debt management is vital in household financial management, and credit counselling is becoming more popular as concerns of significant credit card problems arise. Sadly, many with debt difficulties dread seeking in-person credit counselling attributable to the negative stigmatisation and sensitivities of debt.

According to studies, CCA has helped the financial behaviours of customers with debt problems. Financial or credit counselling is also very helpful to debtors. It benefits various variables, including debt settlement, advocacy, financial competence, health and wellness. Furthermore, financial counselling is a crucial service that assists clients with several aspects of financial stress (Elliehausen et al., 2007; Brackertz, 2014). Meanwhile, the International Association of Restructuring, Insolvency and Bankruptcy Professions (INSOL International), in its report on Consumer Debt, recommended that each country's bankruptcy system provide sufficient, competent, and independent debt counselling through professional independent debt counsellors. The counsellor must be able to negotiate with creditors on the debtor's behalf until they can enter into an arrangement. Besides, the counsellor must be knowledgeable about the specific problems of the debtors in order to be competent to negotiate. The counsellor also must be able to advise the debtors regarding budgeting aid, debt settlement and welfare laws. However, to ensure the effectiveness of such debt counselling and to prevent the debtor from becoming victims of unprofessional or even corrupt debt counsellors, continuous supervision is needed from the government, quasi-governmental, or private organisations throughout its implementation system (INSOL 2001).

This study aims to concentrate on the programmes or plans that give assistance and advice to those experiencing such issues, taking into account the fact that the financial and economic turmoil to consumers or households of the emerging economies in Southeast Asia region is primarily associated with increased personal and household debt as well as arrears that ultimately have affected people's financial coping capacity. Thus, the purposes of this study are as follows: (i) to examine the models of DMP and financial or credit counselling within the emerging economies of Asia, namely Malaysia and its equivalent in Thailand and Indonesia[1]; (ii) to investigate the effectiveness of DMP and financial or credit counselling in tackling the indebtedness problem; and (iii) to emphasise on how DMP could prevent bankruptcy. The discussion will start with the theory on DMP and financial or credit counselling before examining the position in Malaysia in dealing with debt management and financial counselling. Next, it explains any equivalent model of DMP and financial counselling mechanisms available in Thailand and Indonesia. Finally, the discussion ends with findings and conclusion.

2. Methods

Three countries within the emerging economies of Southeast Asia, namely Malaysia, Thailand, and Indonesia, are selected in this writing to reflect different models or programmes of DMP and financial or credit counselling. For this study, a secondary data method is employed, as such data are crucial in assessing the models and modus operandi of DMP and financial or credit counselling in the three selected jurisdictions. Secondary data are collected from written documents from various journals, articles, reports, books and online resources. Data from these sources help achieve a deeper understanding of data collected from the primary sources, particularly to describe how the research is conducted and the methods used. Subsequently, the collected data are utilised to obtain diverse insight into various issues concerning DMP and financial or credit counselling. These issues are paramount in assessing the programmes available under DMP and financial or credit counselling, which assist and advise those experiencing financial difficulties. In Malaysia, Thailand, and Indonesia, such financial problems are connected mainly with personal and household debt increases. Thus, secondary data from policy, textbooks, reports and articles from journals and reviews, as well as other social science journals, are collected to enable the authors to analyse DMP and financial or credit counselling under the Credit Counselling and Debt Management Agency, or also known as Agensi Kaunseling dan Pengurusan Kredit as practised in Malaysia. The data also reveal details about any equivalent of the DMP programme and financial counselling in Thailand and Indonesia.

[1] In these three different jurisdictions, financial literacy and financial knowledge have been used interchangeably, yet they give the same meaning to the collection of information or data on finance matters to be able to handle financial affairs. Meanwhile, financial attitude could also mean financial behaviour, which constitutes one of the pillars to determine or measure how one will react or manage or handle any situations, in particular when faced with financial or debt difficulties. It is important to note that the terms Generation (Gen) will be used to refer to the following: Baby Boomers or Gen B were born between 1946 and 1964; Gen X were born between 1965 and 1979; Gen Y or Millennials, were born between 1981 and 1996 and Gen Z were born between 1997 and 2012.

3. Theory in the Context of Debt Management Plan (DMP) and Financial or Credit Counselling

The DMP allows the customer to prevent bankruptcy and legal action while maintaining a clean credit history without pestering creditors or collection agencies. For the creditors, full or partial payment of the principal value of the obligations might be received. Furthermore, DMPs provide more effective principal recovery than Chapter 13, which deals with Repayment Plans for debtors in the United States. Consumers in credit counselling are financially constrained due to high debt; even so, some credit counsellors may be innovative in budgeting some money for their clients, enabling the consumers some flexibility with their expenses and potentially improving their perceived behavioural control over their funds (Xiao and Wu, 2008).

Interestingly, there is a theory related to the behaviour of debtors who enrol in a DMP. It is important to note that the theory of planned behaviour (TPB) is a psychological theory that links beliefs to behaviour. The theory maintains that three core components, namely attitude, subjective norms and perceived behavioural control, altogether shape an individual's behavioural intentions. In turn, a tenet of TPB is that behavioural intention is the most proximal determinant of human social behaviour (Wikipedia, 2022). As a result, the TPB focuses on the factors that influence people's actual behavioural choices. According to Xiao and Wu (2008), consumers are more likely to express their intention to complete a DMP when they perceive completion positively and anticipate finishing the plan easily, as opposed to those who perceive completion unfavourably and expect difficulties in completing the plan. In turn, the study demonstrates that consumer behaviour intention directly impacts their behaviour, and in this example, the completion of DMP.

Furthermore, some data shows that contentment with plan services enhances customer desire to finish a plan and that their perceived control has a direct and positive impact on plan completion behaviour. It is clear that the notion of planned behaviour applies to the completion of DMPs in credit counselling. As a result, the theory helps detect psychological aspects linked with the target behaviour, such as perceived behaviour control, attitude toward the behaviour, and behavioural intention (Xiao and Wu, 2008).

4. Malaysia: The Role of the Central Bank of Malaysia or Bank Negara Malaysia

As mentioned previously, Southeast Asian countries have experienced rapid growth in household debt in terms of economy size and household income, of which if not dealt correctly and quickly, all those countries including Malaysia can be exposed to financial instability. According to the World Bank, the rising cost of living remains a primary concern for the Malaysian public and the government. Hence, Malaysia needs to curb the issue of financial vulnerability on the path of progress toward a high-income nation (Fei et al., 2022). It should be noted that the Central Bank of Malaysia, also known as Bank Negara Malaysia (BNM), launched the Financial Sector Master Plan (FSMP) in 2001. Since then, BNM has been working to align its business strategy and institutional capacity with the goals of the said plan. With financial stability as its primary goal, BNM launched programmes to help financial institutions develop their capacity, promote economic education among consumers, and guarantee that financial institutions comply with fair market practices. Following the implementation of the FSMP in 2001, the Financial Sector Blueprint 2011-2020 aims to give customers enough financial information to help them make sound investment decisions. Meanwhile, in order to supervise and significantly curb the rising number of bankruptcy cases, BNM established the Credit Counselling and Debt Management Agency, widely known as Agensi Kaunseling dan Pengurusan Kredit (AKPK), which aims to assist individuals in taking control of their economic situation and adequately managing one's credit and finance. AKPK, through the DMP, is one of the BNM's programmes to safeguard consumers' welfare, accompanied by an extensive financial literacy programme designed to improve consumers' financial capabilities (diCastri, 2011).

According to a report of the Organisation for Economic Cooperation and Development (OECD) titled "Policy Handbook on National Strategies for Financial Education", published in 2015, 11 countries, including Malaysia, had adopted a national plan for financial education. According to the report, each country has identified a leading authority as the prime motivator of its national financial education strategy. Malaysia has a financial education arrangement or model similar to Australia's, with BNM as the supervisor for the insurance and banking industries. As noted, BNM is aided by AKPK which is responsible for providing credit counselling and debt management guidance to Malaysian citizens with credit problems. Financial education seminars are also incorporated as one of the components of public engagement efforts. At the same time, attempts to educate Malaysian students include integrating consumers' duties and rights into the syllabus at the college and university levels. These activities reflect the goal of BNM, which is to safeguard the rights and concerns of users regarding financial products and services. Likewise, as Malaysia develops, its citizens must be adequately responsible for sustaining themselves, particularly in their old age when they can no longer work or are compelled to retire. In order to accomplish such a goal, its citizen's financial knowledge and capacity need to be improved with the help of financial education (Fun and Masud, 2018).

4.1 The Credit Counselling and Debt Management Agency or Agensi Kaunseling dan Pengurusan Kredit (AKPK)

AKPK is a government agency providing financial advice and help to individual debtors. It contributed to developing a financially literate community by providing services such as one-on-one financial counselling and advice on money management skills, a tailored debt management programme and financial education. As previously stated, AKPK launched DMP, a personalised programme that provides qualified borrowers with financial alternatives. DMPs also significantly influenced the decrease in bankruptcies and allowed participating financial institutions to recover defaulted debts from borrowers without going to court (Hashim and Syazana, 2017).

AKPK, with the slogan "Make Prudent Financial Management a Way of Life," is a non-profit organisation that assists people in managing their finances. AKPK offers three key financial services: debt management, financial counselling and financial education. BNM has also attempted to encourage saving habits by developing the Pocket Money Book. Saving practice is an individual's constant attitude that may contribute to personal prosperity in the future. Thus, Ripain and Ahmad (2019) emphasised that awareness programmes should be planned regularly by competent authorities such as the AKPK or other financial institutions in order to promote awareness about savings, while banks and financial institutions should remain assertive in enticing and motivating customers to put aside or make investments.

The primary goal of AKPK is to establish a stable, financially literate communal institution. In addition to attaining its aim of producing a society in which careful management of home financial resources is the norm in daily life, AKPK delivers dependable financial education. The activities of AKPK would indirectly lower Malaysia's poverty rate, which is caused by poor financial management. AKPK believes financial education is vital in ensuring Malaysians are strongly aware of financial resources, particularly throughout childhood. AKPK is resolute in increasing financial literacy awareness and improving financial wellness by offering financial counselling, DMP and financial education programmes. AKPK assists customers in reorganising individual and household debts in its capacity to keep a positive relationship with financial institutions. As confidence among AKPK and the financial institutions grew, negotiating debt restructuring arrangements became simpler (Mason and Madden, 2017).

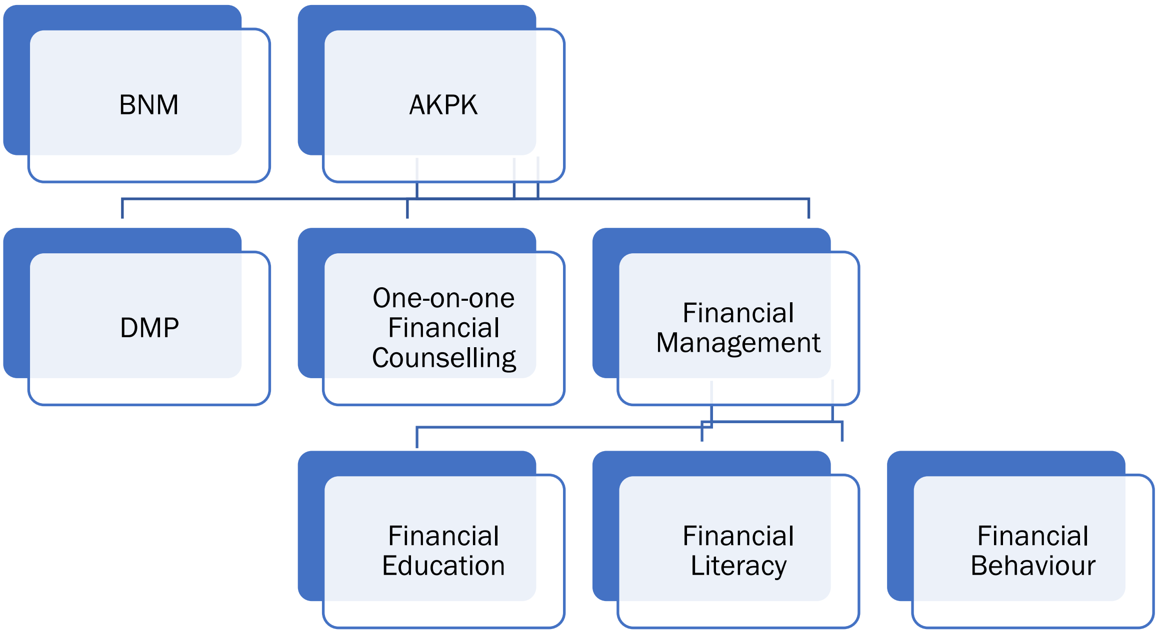

Figure 1: DMP, Financial or Credit Counselling and Financial Management in Malaysia

Figure 1 shows Malaysia's position in dealing with debt management and financial counselling under AKPK, which was established by BNM. The following discussion will examine these programmes.

4.1.1 Debt Management Plan (DMP)

The Debt Management Plan (DMP) is a voluntary repayment plan that becomes an alternative to bankruptcy. It can be considered a tool for repaying the creditor since the facilitator or counsellor assists the debtor in negotiating the repayment plan. DMPs benefit consumers and creditors since they allow consumers to escape pestering from debt collection agencies and legal action while enjoying low interest rates and reduced monthly commitment.

Consumers are frequently offered DMPs as part of credit counselling. There are a variety of methods through which credit counselling could result in better credit outcomes, including intensifying consciousness and attention towards household finance, increasing financial expertise and more educated economic decisions, strengthening accountability and assistance for financial choices, as well as counselling-related major reforms that modify the proportion or debt costs. Considering the potential advantages of such programmes, the DMP should remain a component of the policy discourse to tackle consumer debt challenges (Roll and Moultan, 2016).

Consumers or debtors in DMP engage with counsellors to create strategies to repay their debts to prevent bankruptcy. Nonetheless, it is claimed that despite offering customers financial education and information, DMP has little potential to effect long-term behaviour change. Celsi et al. (2017) conducted research on the feedback of people in DMP on many elements related to self-efficacy when living with debt, such as emotional control, objective orientation and unrealistic expectations. Comprehending the central position of temptations within the DMP is critical because being deeply in debt frequently results from a series of small self-failures. Indeed, if one recognises it, credit counselling organisations can lay out initiatives that apply to DMP attendees' perceptions. Furthermore, those with solid self-efficacy are the most capable of achieving behavioural change with minimum help. It has been pointed out that failure in the DMP is related to a pattern of mindlessness during temptation episodes. To thrive, individuals must adequately control the various sentiments they encounter when tempted over a lengthy period while coping with constrained finances (Celsi et al., 2017).

Noordkamp (2017) discovered that persons with low wages or assistance commonly encounter troublesome debts in credit counselling. In most circumstances, debt reduction is impossible to handle without credit counselling. A DMP is one approach for debtors or consumers to address their financial troubles, and this has been the most commonly utilised device in credit counselling. Nevertheless, a DMP might not be suitable for all debtors or consumers. On the contrary, individuals who believe a DMP is an alternative should recognise that it will affect their lives and spending habits. Some debtors may merely want free financial counselling from numerous credit counselling agencies, while others, unfortunately, may be required to declare bankruptcy. It is crucial to be able to identify those who are qualified to be enrolled for a DMP. As a result, many credits counselling agencies, including AKPK, employ their own assessment techniques and criteria for enrolling individuals in a DMP. AKPK exclusively attempts to help clients with debt and financial issues by offering financial counselling, financial education and debt management services.

4.1.2 One-on-one financial counselling

During an economic downturn, financial stress becomes prevalent, and the COVID-19 epidemic has significantly influenced Malaysia's economic well-being. Based on a 2019 poll, unrestrained spending was the source of financial stress in Malaysia. If one person spends more than his or her whole earnings, he or she may end up in debt. Poor financial management is connected to irresponsible expenditure and unmanageable debt activity. Furthermore, nearly half of all debt repayment default situations result from inadequate financial planning. Consequently, poor budgeting preparedness is frequently cited as the primary source of financial stress among Malaysian households (Adnan et al., 2021).

Financial counselling promotes excellent health benefits by reducing stress and anxiety caused by financial challenges. Money management is one part of this service. Such financial advisors support customers by dealing with creditors on their behalf.

4.1.3 Financial management: Financial education, financial literacy and financial behaviour

According to AKPK, a person must not spend excessive money and should keep at least ten per cent of income to have adequate assets. The recommendation is among the core aspects that will maintain personal financial management in an excellent form. Furthermore, growing assets implies incurring debt, which leads to financial stress and, eventually, a reliable source of a persistent strain of financial well-being. As a result, the skills to manage money or expenditure are vital since they enable a person to make wise financial decisions and avoid spending more than they can earn. (Abdullah et al., 2019)

Among AKPK's key goals is to establish a communal institution that is constantly financially savvy. In addition to attaining its aim of producing a society where careful management of home financial resources is the standard in ordinary routine, AKPK delivers dependable financial education. This would consequently lower Malaysia's poverty rate, which is caused by an inability to control funds and financial well-being.

It is important to emphasise that there often needs more clarity regarding the differences between financial counselling and education. Generally, financial counselling implies one-on-one guidance or consultation. Financial education, on the other hand, often refers to programmes that give financial data or information. If consumers in financial education programmes have unique difficulties or personal inquiries, the respective counsellor in charge may handle such situations. Furthermore, studies examining enhanced knowledge discovered that positive behaviour changes and increased financial understanding were developed with the debtor's education (Collins and O'Rourke, 2010).

Financial literacy is the collection of information and abilities that enables a person to achieve an educated and successful financial choice using all their financial resources. An essential awareness of investment, healthcare, credit management and other personal finance matters is referred to as financial literacy. In addition to encouraging sound financial habits, AKPK promotes financial awareness initiatives to improve financial literacy. According to AKPK, the most significant financial challenge experienced by its consumers is inadequate financial planning, accompanied by company loss or stagnation, high living costs, and high medical costs. In order to reduce the youth debt burden and evade bankruptcy, the government launched measures to provide detailed financial knowledge in schools and universities. BNM partnered with the Ministry of Education Malaysia to incorporate financial education into the education system, while AKPK instated financial education in collaboration with 52 colleges, universities, and 30 polytechnics.

Furthermore, it is said that two factors determine financial literacy and financial behaviour, namely family status and income brackets. It has been uncovered that university students with more educated families seem more engaged with financial planning and are more resourceful, as people with higher education demonstrate better financial behaviour and financial literacy. Additionally, those with greater income brackets may have better financial habits and knowledge (Yong and Tan, 2017).

It has been pointed out that the Pengurusan Wang Ringgit Anda (POWER!) initiative was created in order to minimise financial stress and address financial illiteracy. It is an AKPK-managed consumer education campaign. It seeks to provide consumers with information and capabilities in debt and financial management, focusing on present and potential borrowers and teenagers. The curriculum emphasises the real-world applications of financial choices and their repercussions in real-life situations. It gives consumers the information and abilities they need to accomplish their financial objectives and avoid excessive debt by making more thoughtful financial judgments (diCastri, 2011).

In Malaysia, the approach of Generation Y (Gen Y) regarding financial management poses new issues for banks since they concentrate on living in the moment and "spending immediately, saving afterwards". Syan et al. (2020) pointed out that Gen Y is more likely to take out new loans to pay off past debts. They will ultimately have to incur further debt. As a result, Malaysia's leading causes of bankruptcy are poor financial management and an incapacity to settle existing debts. A few characteristics are identified as influencing the risk of bankruptcy. Firstly, individuals with poor self-esteem are more prone to acquire costly and extravagant items in an attempt to mend or increase their self-esteem. Second, financial investment as a more significant financial engagement than income is the beginning point for debt build-up. Finally, financial literacy is critical because individuals with insufficient financial understanding may face financial troubles, eventually leading to bankruptcy. Therefore, it was suggested that proper financial literacy is critical for Gen Y so that they possess the skills and information to handle their financial affairs.

Many nations, like Malaysia, are still weak in emphasising the different elements of financial literacy, causing their citizens to underestimate the value of financial literacy. The younger generations are experiencing financial difficulties, with one of the factors being a lack of financial literacy. On the other hand, many Malaysians have yet to adopt personal financial planning as they have poor financial literacy and remain unwilling to seek qualified assistance. Furthermore, educational status may play a crucial part in defining financial literacy level, as individuals with a better educated financial status have a greater financial literacy level compared to those who do not. It should be noted that persons earning less than the minimum hourly wage are more likely to have inadequate financial literacy. Unsurprisingly, parents may impact their children's financial literacy as they acquire money through their parents. Indeed, it is claimed that many people learn to manage money directly through their parents (Aziz and Kassim, 2020).

Moreover, an inadequate level of financial literacy is linked to increased debt burdens, higher costs, loan defaults and loan delinquency. Low financial literacy, low savings and growth in family debt had become obstacles to the nation's goal of becoming a "high-income status" nation in 2020. Mathematical ability and financial planning abilities are crucial aspects of financial literacy. Financial literacy is the collection of information and abilities that enables a person to achieve an educated and successful financial choice using all their financial assets. Financially illiterate individuals will have financial troubles, particularly if they are in debt. There is a surge in individual debt levels due to excessive use of credit cards, utilising private loans for one's usage and using over-optimistic home-loan commitments, wasteful spending on expenditure, and unwise devotion to get-rich-quick strategies, which are all signs of inadequate financial literacy among individuals.

According to Adnan et al. (2021), based on an AKPK poll, high living expenses were the principal reason several professional Malaysians could not spend on profitable investments. Malaysian adolescents now bear the weight of university debts, credit cards, and personal loans. As a result, their financial issues in terms of household debt have gotten much worse. Maswati et al. (2015) introduced the notion and way of measuring Susceptibility to Credit Card Mishandling and Indebtedness (SCCMI) on youthful credit card holders in Malaysia, Singapore and the United Kingdom, using confirmatory factor analysis and invariance experiments to evaluate the accuracy, consistency and similarity of the proposed scale in these three countries. It is claimed that the SCCMI scale is accurate, dependable and similar across several countries, as is its predictive capacity on consumer proclivity to become available credit card borrowers. Those with more favourable views about credit are more likely to have an existing debt.

Furthermore, when tuition rates grow, and government educational subsidies decrease, students are more likely to incur massive debt. Meanwhile, adolescents seem more inclined to fall into debt since they hardly request assistance from relatives or friends; instead, they resort to potential revenue. It was discovered that the three components (credit card education, views or perspectives about credit card usage, and consumer debt management) have significant roles in shaping credit card behaviours and financial decisions. It is aggravated since Malaysian consumers' "compulsive shopping habit" is based on the reality of credit cards, which are easily accessible to "approved" users. If credit card interest rates are greater, they have a lower economic influence on families since credit cards may be utilised to offset this impact. Consumers who cannot cope with their home obligations are increasingly turning to credit cards as a supply of lengthy borrowed funds. While borrowers with decent credit can obtain an uninsured loan from a bank at a reasonable interest rate, the annual percentage rate (APR) for credit card debt is significantly greater. Consequently, it is critical that credit card customers receive proper education to handle their credit card bills in a reasonably sensible way (Ahmad and Omar, 2013).

Borrowing allows one to relocate their expenditures and invest money; nevertheless, outstanding debt restricts expenditures as a portion of household expenditure, which shall be dedicated to regular loans. Furthermore, the debt service ratio (DSR) persists among household incomes less than MYR 3,000 per month. As a result, to sustain better living conditions, households frequently depend on another type of borrowing: credit cards. Credit cards are becoming more widely available, and households are progressively relying on them to assist them in making up the shortfall. Furthermore, many bankruptcies are associated with borrowing for expenditure rather than personal savings. Moreover, Malaysia has poorer financial literacy than most Southeast Asian countries and high-income countries.

Ignorance of financial literacy may result in excessive spending, reckless credit card uses, and increased financial responsibility, which may further lead to bankruptcy. A variety of other factors influence credit card usage behaviour. Firstly, there have been considerable disparities in credit card usage based on many demographic characteristics like marriage status, educational attainment, industry sector, and race. Second, existing literature divides credit card users into two categories, leisure consumers and revolvers, depending on the primary usage of credit cards and the rewards desired. Leisure consumers often use credit cards as a simple payment option and settle their debt when receiving bank statements. Revolvers, in contrast, use the card primarily for finance and choose to pay interest on the outstanding amount. Moreover, credit is commonly used as a cash replacement by Malaysian customers. Consequently, the link between credit and debt has been emphasised, and it is said that an increase in consumer debt and expenditure has led to an emergence in consumer debt (Wel et al., 2015).

It is important to note that the Malaysian National Financial Literacy Strategy (NFLS) 2019-2023 aims to raise financial literacy levels while fostering responsible financial behaviour and sound financial management attitudes. The NFLS complements the country's goal of economic equality by equipping Malaysians with the information and abilities to make sound financial decisions throughout their lives. It also aims to raise financial literacy levels while fostering good fiscal behaviour and sound economic management mindsets. Malaysians are affected by the absence of financial literacy and bad management techniques, and financial literacy is essential for guiding their financing decisions. It should be noted that the Financial Education Network developed the NFLS 2019-2023, a five-year roadmap that aims to establish major goals and improve Malaysians' financial literacy. There are five primary objectives, which are to (i) instil suitable morals in children; (ii) improve the availability of data and techniques relevant to financial management; (iii) encourage positive behaviour among specific populations such as recent graduates, self-employed individuals, and stay at home moms; and (iv) improve long-term financial and pension benefits planning. Therefore, it can be said that financial education is given at various levels by all Malaysian financial institutions in accordance with BNM and Securities Commission Malaysia consumer safety requirements (Simler et al., 2020). Moreover, Malaysia is on the right track to emphasise that Malaysians should be exposed to financial literacy from a young age and should be taught in colleges and universities as a course of study.

The increment of debt among Malaysian households has raised concerns since the extension of loan duration has resulted in a spike in household debt, which has been steadily increasing since the early 2000s. Mohamed et al. (2020) discovered that younger and older families are more prone to engage in excessive spending in nations with an established consumer credit sector. Various socio-demographic characteristics, such as household composition, were discovered to influence consumer debt. Moreover, homeowners and households with small kids were shown to be more inclined to possess a high debt-income ratio. It has been pointed out that Malaysia needs to adopt a comprehensive combination of educational programmes, specifically for the B40 group, which represents the bottom 40 per cent of income earners in Malaysia due to their limited income, financial behaviour, financial awareness, financial literacy, and significant financial pressures. Not to one's surprise, it is said that this demographic is more exposed to a lack of financial knowledge, thereby increasing their likelihood of becoming perpetrators of financial stress and catastrophes (Sabri et al., 2022).

Interestingly, based on the World Bank, males are inversely connected with financial behaviour. Males could be more vulnerable, while females seem to be more cautious. Second, financial behaviour has a significantly negative impact on financial susceptibility because riskier investment subjects households to financial fragility. On the other hand, self-efficacy had a substantial beneficial impact on financial behaviour. People with high self-efficacy manage their finances in a sound and self-controlled way.

Many young individuals' financial and economic well-being (FWB) has been jeopardised recently. This is due to the more complicated consumer choices in the marketplace. Therefore, modern young adults tend to have more significant problems making financial decisions for themselves than those in older decades. It is also because they embark on adulthood amid unpredictable and shifting economic consequences triggered by the financial market crash, which has inflicted financial suffering. For young people, FWB is significant because it can influence physical, mental and social health, resulting in poor ability to do the job, inability to focus, poorer efficiency, and detachment from daily activities.

It should be noted that many Malaysian young adults are affected by poor financial practices and the absence of financial education. It is revealed that financial information received via various educational systems is critical for consumers to establish healthy financial practices or patterns that result in a higher assessed FWB. It is claimed that the relationship between limited wages, high cost of living, and perceived FWB is worth examining and should be considered by regulators and Malaysian authorities (Sabri et al., 2022).

The OECD published a study on specific nations' financial literacy, mindset, and behaviour in 2020. It is revealed that Malaysians scored 52.3 for financial literacy, 54.9 for financial attitude, and 68.1 for financial behaviour, while Indonesians received a score of 53.2 for financial literacy, 66.8 for financial attitude, and 69.7 for financial behaviour (OECD, 2020). Based on these findings, it is possible to conclude that Indonesians surpass Malaysians in certain aspects of financial behaviour. As noted, the caregivers or parents may establish financial awareness and relevant experience in their children, and financial education should be incorporated into the school and university curriculum. It is believed that students' financial behaviour might affect subsequent judgments since incapacity to tackle money concerns can eventually result in poor financial choices and career consequences (Khalisharani et al., 2022).

4.1.4 The effectiveness of AKPK's programmes under DMP, financial counselling and financial management

The number of profitable claims resolved can be used to determine the efficiency of the AKPK programmes. AKPK includes three major initiatives: financial counselling, financial education, and debt management. In Malaysia, the majority of those requesting assistance from AKPK are individuals who have incurred debts. Hence, Bueh and Norziana (2017) commented that marketing efforts have an impact on the efficacy of the AKPK programme. AKPK has assisted Malaysians from all backgrounds with debt management.

Moreover, Malaysian adults prefer to invest in high-risk commodities, jeopardising their financial well-being, a scenario exacerbated by COVID-19 since many working adults in Malaysia have had their budgets or salaries slashed, and others have lost their jobs. As a result, several elements influence their financial well-being. First, financial socialisation has a profound influence on financial behaviour and well-being. Moreover, financial socialising is essential for young individuals to develop good financial habits. Second, financial behaviour is a powerful indicator of economic well-being in the younger generation's lifestyles, and it manifests itself in how they allocate their economic means via action. Third, financial stress is a significant indicator of one's well-being. It is also acknowledged as a reliable measure of mental and physical health, which is especially important for low-income families constantly confronted with the realities of monetary obligations (Sabri et al., 2022).

As mentioned previously, the POWER! Programme under the umbrella of AKPK teaches youth and first-time customers about sound borrowing to assist customers in debt management. Besides, financial management skills, debt management and self-esteem are all critical parts of financial management that influence debt management. Financial counselling contributes to positive health outcomes, such as alleviating stress and anxiety associated with financial difficulties. One of the aspects of this service is money management. These financial counsellors help by negotiating with creditors on the client's behalf. Financial counselling also helped reduce the negative impact of environmental stressors, such as interpersonal relationships and housing security, which, if left unchecked, may exacerbate financial stress (Brackertz, 2014).

Consumers are frequently provided with debt management programmes as a component of credit counselling. Consequently, a number of methods through which credit counselling could result in better credit results, including public emphasis on and recognition of household finance, increased financial knowledge and more educated financial decisions, increased responsibility and assistance for financial decisions, as well as counselling-related major reforms that modify the structure or debt costs. As a result, considering the possible advantages of this modest investment, credit counselling services must remain a component of the policy conversation to tackle consumer debt challenges (Roll and Moultan, 2016).

Furthermore, financial education promotes financial independence and contributes to a more comfortable living by motivating financial institutions to provide high-quality financial products and use family financial assets appropriately. Hence, financial education is critical to empowering consumers to generate educated decisions and modify their behavioural patterns since the correct financial education programmes influence one's attitudes and behaviours about money.

The latest results revealed that POWER! programme participants exhibited greater knowledge than non-participants. As a result, financial education affects financial literacy, attitude and behaviour.

Nevertheless, the POWER! programme must also teach financial planning knowledge, allowing participants to receive useful guidelines on handling their money thoroughly. In order to allow consumers to learn something after experiencing POWER! programme, a thorough module on particular personal financial subjects must be prepared (Abdullah et al., 2019).

In addition to encouraging sound financial habits, AKPK promotes financial awareness initiatives to improve financial literacy. According to AKPK, the most significant financial challenge experienced by its consumers is inadequate financial planning, accompanied by company loss or stagnation, high living costs, and high medical costs. In order to reduce the youth debt burden and evade bankruptcy, the government launched measures to provide detailed financial knowledge in schools and universities.

It is stated that credit counselling services, mainly counselling services, have enhanced the financial behaviour of consumers with debt difficulties. DMPs help debtors get out of debt because customers are fully informed of various alternatives and implement choices that are suitable for their circumstances. Creditors and credit counselling companies act responsibly and competently. As a result, DMP can help everyone directly engaged (Xiao and Wu, 2008).

In order to attain its aim of producing a society in which careful management of home financial resources is the standard in ordinary routine, AKPK delivers reliable financial education. This education would consequently lower Malaysia's poverty rate, which is caused by an inability to control funds and financial well-being. It can be seen that AKPK considers financial education to be extremely vital in order to increase knowledge among Malaysians, particularly from childhood, on how to handle financial resources properly (Fisol and Hamid, 2022).

If Malaysian debtors or consumers take individual financial planning lightly, it is unsurprising that Malaysians still suffer from it despite AKPK's POWER! Program that provides individuals with realistic debt and financial management information and skills, focusing on new and potential consumers and young adults, and its curriculum focuses on real-world implementations of financial decisions and their repercussions. As stated previously, this is because Malaysians have not yet taken responsibility for their respective financial issues. Thus, the present increased degree of consumer debt highlights the importance of sound financial management knowledge among Malaysians since financial illiteracy is a major cause of personal financial troubles. Furthermore, it was shown that increased financial literacy positively influenced an individual's personal existence. Individuals with substantial financial awareness are said to be less stressed and have fewer money disagreements in their households. This is because financial literacy assists people and households in meeting their financial objectives and securing personal financial well-being in the context of social engagement. Thus, financial literacy not only enhances the knowledge about sound financial management but also empowers consumers to make better financial decisions, leading to increased financial well-being (Nahar et al., 2022).

5. Debt Management or Repayment in Thailand

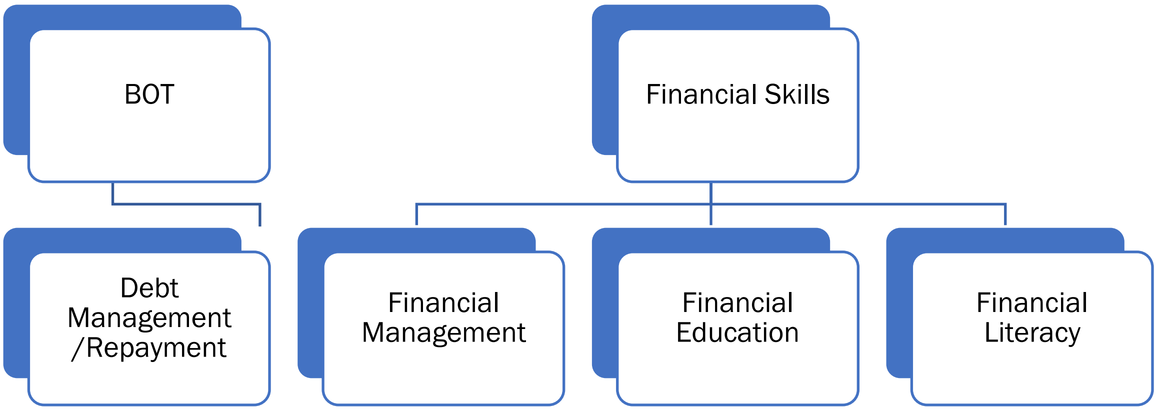

Figure 2: Debt Management or Repayment and Financial Skills

Figure 2 shows Debt Management or Repayment and financial skills instead of financial or credit counselling. Financial skills consist of financial management, financial education, and financial literacy. The following discussion will examine these programmes.

Thailand's exchange rate plunged in 1998, causing its stock market to decline. Companies were closed, and the entire banking system's capital was wiped out. Assets in banks became non-profiting loans (NPLs). Many companies went into debt restructuring and were left with no capital. The government formed the Corporate Debt Restructuring Advisory Committee (CDRAC) for non-financial firms. Its existence aimed to manage the debt that occurred in Thailand. It was funded by the World Bank and created a mediation process for the big companies (Overhault, 1999). Scott (2002) discussed the managing system of the financial crisis in his study; among others, it focuses on several issues relating to the debt burden in Thailand and Korea. According to this study, depositors and creditors are highly involved in the financial system during financial difficulties. Again, it is stated that CDRAC represents debtors and creditors involved with debt restructuring, and it is one of the tools for the government of Thailand to promote debt restructuring more actively.

Formal and informal credit systems coexist in the village regions, according to a study on Rural Credit Management conducted in Thailand (Barnaud et al., 2007). According to this study formal credit is associated with institutionalized credit funds, whereas informal credit is defined as loans made among villagers, either with high interest rates when loan sharks are engaged or without interest within networks of friends. Most wealthy farmers have access to official financing, which entails an agent farmer making repeated attempts to secure the required loan from the government fund in the event that credit is required. It is believed that informal credit from friends and family can still be a very useful source, even in the case when all farmers have access to legal credit. It can be seen that credit management is associated with Thailand agricultural society, and farmers have access to both formal and informal credit system.

In his research, Kislat (2013) focuses on how rural credits affect Thailand's economic circumstances and help to lower the country's poverty rate. There are three categories of lenders: informal, formal, and semiformal. Small, unsecured loans with short maturities are typical of informal loans. However, providing collateral and unofficial loans improves creditworthiness and facilitates formal borrowing. The purpose of formal credit programs is to reduce dependency on unofficial credit sources. It is claimed that the informal loans are employed for relatively poor households; indeed, such loans boost asset endowment, while increasing consumption for relatively wealthy households.

Recently, Bank of Thailand (2023) reported that household debt is comparatively greater for some occupational groups than for others. Farmers and self-employed people with volatile incomes, as well as government employees with steady but low incomes like police officers and soldiers, are examples of people with greater debt loads. None of these individuals are likely to have an emergency fund or other sufficient financial cushion. Eventually, leaving them in dire need of a loan from either formal or informal credit channels and most of these borrowers were unable to repay their debt. Furthermore dependency on informal loan is getting higher caused by (1) lack of access to formal credits due to volatile income or unavailability of income data to potential creditors which cause reluctance to lend or lending with high interest rates; (2) self-exclusion from formal loans, as informal loans are more convenient, take less time, and do not require collaterals, in spite of high interest rates; and (3) having used up / applied for all formal credit line to the point that need to seek more loans from informal credit channels to pay formal loans.

Due to COVID-19, a new normal was implemented, which has harmed Thailand's overall economy. Closing the borders has caused Thailand to have fewer imports and exports. The effects were no cash inflows, wage reduction, layoffs and non-payments. Chotewattanakul et al. (2019) examined the nature of household debt in Thailand and the risks it poses. They contended that growth in family debt may have different macroeconomic impacts depending on the situation. Indeed, increasing family debt can exacerbate financial fragility and have detrimental economic effects. Among the recommendations to reduce debts are recording expenditures properly, delegating income for savings, and spending within the umbrella of good debt. Good debt generates revenue for education loans and home loans for renting or selling.

For instance, according to Tirasriwat (2015), two types of loan schemes exist for students in Thailand: Student Loan Funds (SLF) and Income Contingent Loan (ICL). For SLF, the government acts as the guarantor for the loans provided by the banks, and the students are given up to 15 years to repay the loan. On the other hand, in ICL, the repayment of the student's loans is made through the income tax system. Srisamarn and Fernando (2018) assessed the factors influencing Gen Y's management debt in Thailand. Gen Y is also called Millennials. Their ways of managing debt are prone to materialism. This becomes an issue as they make up thirty per cent of the Thai population and significantly impact the economic system. In this study, four independent variables for Gen Y's debt creation are personal debt, spending habits, lifestyle and personal income. Personal debt came from various credit card uses and could not be paid back, and technology is a reason for increased spending. Gen Y's income is relatively high as many are employed, leading them being trapped in more debt. It is said that Gen Y is the generation that contributes to the most debt as they spend more than 75 per cent of their income. Most young people's debts come from credit cards and personal loans. Recommendations for Gen Y to reduce their debts are recording expenditures properly, delegating income for savings, and spending, including good debt. The benefits of good debt are that people can generate revenue for education loans and home loans for renting or selling. Gen Y likes to invest in high-risk financial instruments, and financial literacy is common among Gen Y as they rely on it to become wealthier as they are big spenders.

It is important to note that Chotewattanakul et al. (2019) also focused on the disadvantages of having household indebtedness in Thailand. Three models are employed in this study to help classify behaviours of managing savings and consumption. These are the neoclassical model, the life cycle hypothesis model, and the permanent income hypothesis model. It is said that factors which can address Thai household indebtedness are such as the neoclassical economic model, where people can have more money yet spend less than what they earn, and indeed, their savings should be invested in the future. In addition, in this model, people must be able to manage all the expenses they use and the income generated.

Chantarat et al. (2020) discussed household debt and its borrowers and mentioned important policy implications and access to financial knowledge. According to this study, Thailand has disruptive penetration of financial technology, or "fintech", that increases credit expansion. This trend could increase financial access, and households can access more credits. Moreover, this happens as more financial institutions open up and loans expand in Thailand. However, improved financial literacy encourages households' participation in credit markets. The existence of credit bureaus reduces asymmetric information issues, and improving digital technology gives people in households more access to financial products.

Maneejuk et al. (2021) studied the different types of household debts in Thailand and discovered that the types of debts range from low to high. Each varies in levels of debt burden and has different outcomes from each other. It is also argued that rising household debt leads to more borrowing. Borrowing has positive effects if the borrower has the skills and the proper knowledge. Moreover, consumption loans in Thailand show a high level of household debt in Thailand. They opined that one of the mechanisms to reduce household debt is having more commercial banks in Thailand. They can reduce household debt and households that borrow informally from informal lenders since households can access lower-interest loans that commercial banks offer.

Along with the ability of financial advisors to guide, it is believed that household debt can be reduced by following the proper debt management guidelines. It is claimed that economic growth (GDP per capita) and interest rates affect household debt. Also, factors affecting household debt are household income, and low-income households are more prone to indebtedness.

In 2022, the Bank of Thailand (BOT) raised concerns about the impact of rising household debts on the economy and the country. Thailand has to work on regulating the surging household debts as it is ranked among the world's highest household debts. Its GDP is also reaching 90 per cent. Public finance, access to financial services, and household debt are all issues that could exacerbate the problem of inequality and stifle Thailand's growth. The findings of the University of Thai Chamber of Commerce (UTCC) stressed that households with a monthly income of THB 50,000 had more than THB 500,000 in debt. It was found that most debts were personal loans and credit card loans. These loans or credit card spending is mainly used for buying consumer goods or durable goods (Charoensombatpanich, 2022). It is important to note that before the above report was published, the BOT helped review household debts in Thailand, and one of the BOT's targets is to help vulnerable borrowers classified as lower income borrowers to be able to increase their income that could strengthen their capability for debt repayments. In Thailand, the bank plays a vital role in addressing household debts as they are a source of finance. They have tried implementing new measures to address household debt, focusing on lower-income borrowers. The BOT collaborates with the government and private sector to develop household debt solutions. This is demonstrated by helping the vulnerable borrowers in the lower-income earners category. Since the BOT has set measures to help borrowers during COVID-19, it can help with long-term debt restructuring. The BOT should also continue to monitor the situation of debt management as the non-performing loans have increased during the rebound from the post-pandemic, and bad debt has increased, too (Bangkok Post, 2022). Most importantly, a better understanding of debt management can help to solve household debt problems.

In July 2023, it was reported that the BOT is continuously keeping a close eye on the issue and working for long-term debt solutions that address all phases of debt, including the generation of new debt, managing existing debt, and enabling public access to the credit system. The BOT is still concentrating on providing debtors with assistance to help them manage their debt. The BOT will accelerate long-term debt relief for households by working with all sectors and implementing all-encompassing, principle-based strategies. The suggested actions will address every stage of the debt cycle, including managing current debt, especially non-performing loans (NPLs) and troublesome debts, and assisting the public in obtaining credit through the system. To extend the impact to the remaining 30% of home debt that is not within the BOT's jurisdiction, however, cooperation from other sectors is necessary for successfully and sustainably resolving household debt difficulties. This includes such initiatives as promoting financial literacy and discipline among debtors, encouraging responsible lending practices throughout the system, enhancing evaluation and tracking systems for debt, and promoting income generation and debt relief (The Nation, 2023).

Recently, Bank of Thailand (2023) submitted that high household indebtedness will impede long-run economic growth as most income will be used for debt repayments rather than paying for goods and services. Moreover, debt problems could also pose risk to country's financial stability. If many debtors are in debt distress at the same time, creditors' balance sheets will be affected by the buildup of NPLs (mostly from personal loan and agricultural loans), which may lead to a crisis and other problems such as debtors' mental illness, social anxiety, and criminal activity that threatens the lives and properties of people in society. Therefore, solving household debt problems is a major challenge facing Thailand and requires immediate and concerted efforts from all stakeholders.

It is important to note that Bank of Thailand (2023) has come out with the 'desired outcomes' as the remedial actions for the household debt issues, and among the solutions include: 1. NPLs debtors in default will receive appropriate assistance to get their debts restructured; 2. If the debtors faced with debt payment difficulties, debt counselling and debt mediation services are available with easy access and provide professional guidance and; 3. Debtors with no means to repay their debts have options to enter into debt rehabilitation or bankruptcy.

Interestingly, International Monetary Fund (IMF) in IMF Country Report (2022) has reviewed household debt restructuring in Thailand and it was highlighted that many Asia-Pacific countries amended their insolvency regimes prior or during the pandemic to facilitate a smooth deleveraging and restructuring of personal and corporate debt**.** It is stated that Malaysia created a new agency (the Credit Counselling and Debtor Management Agency or AKPK to serve as a one-stop-shop for individuals that request debt restructuring. While Singapore employed The Simplified Debt Restructuring Program (SDRP) to enable individuals to restructure their debt while keeping their businesses. Perhaps this is one of the lessons to be learned by Thailand from other Asian countries when eventually the Bank of Thailand is ready to emulate Malaysia for debtors to manage their debts including to seek professional counsellor or debt counselling as far as their financial or credit is concerned.

5.2 Financial management: Financial planning and financial literacy

In the early 1990s, it was pointed out that having no knowledge and responsibility for personal financial management is one of the main causes of financial issues in Thailand (Sangsutisearee, 1993). Thai universities did not offer family and consumer economics courses during this period. Furthermore, only a little effort was taken to develop knowledge of credit card usage.

It has been pointed out that education, including financial management life skills, is appropriate for today's volatile economy. In Thailand, financial management learning is not only context reading but scenario-based learning, which assists people in interpreting and applying the relevant knowledge in their daily lives. Indeed, it is claimed that youth in Thailand has the potential to learn and share knowledge through social networks and social sharing. Furthermore, using various learning resources, they could develop appropriate financial management habits as they age. Four factors contributed to achieving financial competency: knowledge, skill, ability and youth financial potential. Accordingly, when they mature, they will have developed the habit of financial management, which they can apply to their lives. It is said that Thailand should consider financial management as a subject to be taught. Education on financial management can tackle the issues of youth who lack an understanding of the value of money (Mueangpud et al., 2019). Banchongduang (2022) and Bangkok Post (2022) report that poor financial planning can cause financial problems in Thailand. Unfortunately, when the merchants could not use funds efficiently, they turned to loan sharks for additional funds.

It has been revealed that Thai people are burdened with high household debt, and financial planning is an ongoing process that can help individuals make sensible money decisions. This could help them determine their short- and long-term financial goals and create a balanced plan

(Kowhakul, 2016). The findings of this study are consistent with those of Nampud et al. (2014), where the latter concludes that the factors determining financial planning ability include occupations and careers directly related to the ability to save money in various ways. Saving money includes depositing money in a bank and investing in stocks, bonds and mutual funds. This was due to the career level, the effect on work level, income and purchasing power. As a result, the higher one's career level, the greater one's financial planning. First, according to some financial planning opinions on earning money at the lowest level, people will borrow money if they do not have enough money. Furthermore, the financial institutions or agencies involved should educate people on the fundamentals of financial literacy. Lastly, people should be more aware of the importance of financial planning and savings to make sound financial decisions in the long run. In another study it was confirmed that the level of income affected the savings rate whereby the higher income persons were more likely to save money or invest for the future higher benefits than those with low revenue (Sungkhamanee and Sungkhamanee, 2019). It has been pointed out by Chotewattanakul et al. (2019) that growth in family debt may have different macroeconomic impacts, and increasing family debt can exacerbate financial fragility, which can have detrimental economic effects.

In 2019, Sungkhamanee and Sungkhamanee identified the ways to educate and help people be knowledgeable in monetary planning, they emphasised that household savings is important for economic growth and stability. They claimed that household savings can bring up a country's economy. According to them long-term savings through life insurance policies considered as a new form of savings and indeed it had an increasingly important role as an intermediary to move money from the household to the corporate sector which demands for more money. Yet, compared to Singapore and Malaysia, whereas of 2019 there were 80 and 43 percent of the population with insurance policies, respectively, the savings in the life insurance business in Thailand remained low at 14.1 percent of the total population. It has been pointed out by having various policies the number of life insurance holders can be increased if the Government of Thailand encouraged more people to save under the life insurance, lawfully enforce individuals with income, and reduce the personal income tax from the insurance premium. Once the households use savings as well as receiving benefits in the form of dividends or profit from such instruments which eventually results in the wealth for the family and the country.

Financial literacy has three main components: financial knowledge, behaviour and attitude (Tambunlertchai, 2015). Amonhaemanon and Vora-Sitta (2020) also opined that financial attitude links financial literacy to financial capability. It is significant that everyone needs a certain level of financial literacy, such as knowledge and skills in finance, to be able to make sound financial decisions. With the right financial attitude, people of all generations would be equipped with higher financial capability. Therefore, an individual's financial literacy can be expected to influence the individual's attitude. A different study mentioned that Gen Y had the highest average score in financial literacy and financial capacity, higher than that of Gen X and Gen B.

Nevertheless, the one with the highest debt was Gen Y compared to Gen B (those born between the late 1950s and the early 1960s) and Gen X (those born between the early 1960s and the late 1970s). On the other hand, to encourage Gen B to be financially literate, the government should promote a policy that teaches them about money (Amonhaemanon and Vora-Sitta, 2020).

Financial literacy implies knowledge and skills, whereas financial capability suggests financial behaviour and literacy that can be expected to influence the individual's attitude. Recently, Worasatepongsa and Deesukanan (2022) conducted a study on Gen Z in Thailand to identify investment behaviours and savings as well as level of financial literacy and management of Gen Z. Overall, it was uncovered that there is a high level of financial literacy and financial management for Gen Z but they have basic knowledge towards saving and investment habits.

5.3 The effectiveness of debt management or repayment and financial management

Chichaibelu and Waibel (2017) compared Thailand and Vietnam's debts, which include the over-indebtedness among the rural households in both countries. It has been discovered that the level of education and age play a significant role in determining how much debt a country's population incurs. Since rural households in Thailand are older and less educated than the Vietnam rural households, the former have more debt. Therefore, to tackle debt issues, everyone, regardless of age, requires a certain level of financial literacy, such as knowledge and skill to manage their debts.

In Thailand, the higher incidence of debt and over-indebtedness consists of the poor and other vulnerable groups. In fact, given the ever-changing economic conditions, the people in Thailand associated with this position are more likely to face difficulty repaying their debt. It was reported that in Malaysia, Thailand, and Indonesia, the banking business accepts and protects money owned by the general public and lends it out in the form of loans or credits, whereas financial distress affects earnings management in Thailand (Karina and Soenarno, 2022). It can be seen that low-income and rural households are more likely to have problems repaying their loans. It is a step in the right direction when the BOT helps review household debts in Thailand. Once people handle their financial difficulty by borrowing at low interest, it will have a favourable impact on their financial management.

6. Debt Management Plan and Financial or Credit Counselling in Indonesia

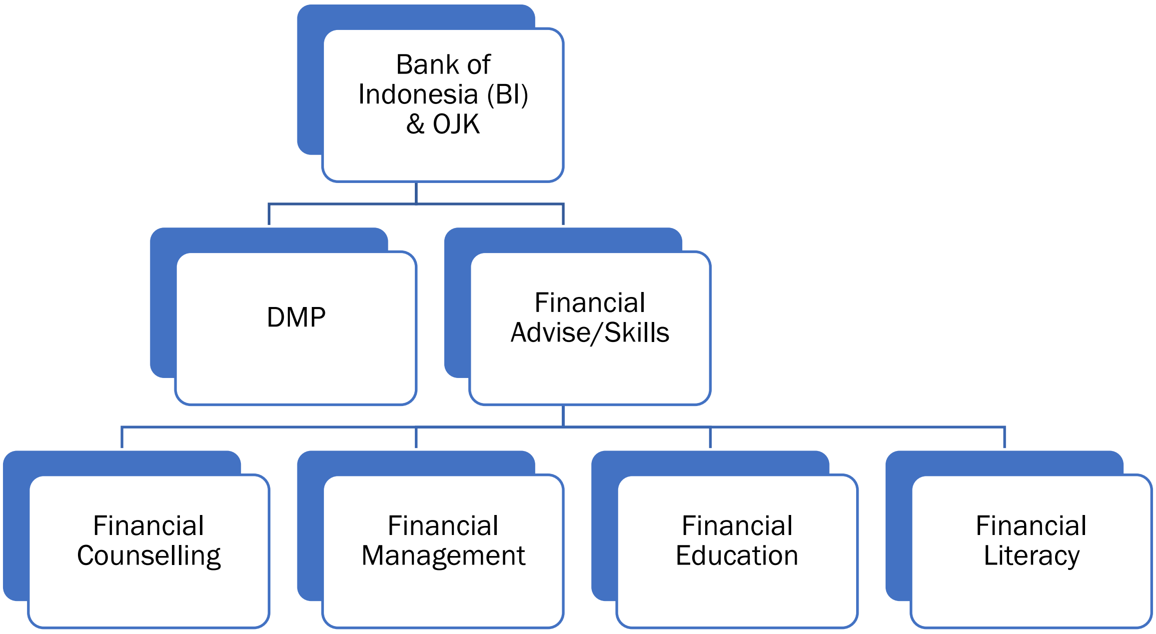

Figure 3: DMP, Financial Advise Counselling and Financial Management in Indonesia

Figure 3 shows Indonesia's position in dealing with debt management and financial counselling. The following discussion will examine these programmes.

6.1 Debt management plan under the official authority

The Financial Services Authority or Otoritas Jasa Keuangan (OJK) was established in a bid to ensure that the overall activities within the financial services sector were implemented in an organized, fair, transparent and accountable manner, able to realize the financial system that grows in a sustainable and stable manner; and capable of protecting the interests of consumers and the society. The primary function of OJK is to promote and organize a system of regulations and supervision that is integrated into the overall activities in the financial services sector. OJK performs its regulatory and supervisory duties over financial services activities in banking, capital markets and non-bank financial industries sectors (OJK, 2017).

As a financial institution that regulates and oversees activities in the Indonesian financial sector, OJK provides solutions to relieve affected debtors submitting credit restructuring. The OJK Regulations (POJK) aim to support measures to maintain financial system stability, help debtors who have decreased performance and capacity, prevent an increase in credit risk, and support the national economy to overcome the impact of COVID-19.

As stated in the Indonesian Act Number 10 of 1998 Concerning Banking, a "bank" is a business entity that collects funds from the public and distributes them back in the form of credit or other forms to improve the people's living standard. Banks play an important role in increasing economic growth and social welfare.

Advances in technology, trade and economy have significantly influenced human life and provided convenience to expedite the implementation of transactions. As competition is getting tight among business actors both locally and abroad, they have to innovate in products, procedures and services in order to be able to compete with other business actors. This is no exception in the banking sector. One type of banking service product is a credit card, a form of embodiment of bank services to the public. Credit card issuance provides convenience for consumers in making transactions such as buying and selling, online transactions, hospital payments, booking aeroplane tickets and more.

At the end of 2012, The Central Bank of Indonesia or Bank Indonesia (BI) issued a general policy about the new mechanism of credit card ownership through BI Regulation Number 14/2/PBI/2012, which was further explained by BI Circular Letter (SEBI) Number 14/27/DASP. This circular letter stipulates, among others, that individuals with an income between IDR 3 million and IDR 10 million may only have credit cards from a maximum number of two credit card issuers. Nevertheless, individuals who have an income of more than IDR 10 million are exempted from this rule. This new policy was validated on 1 January 2013 but was enacted only on 1 January 2015. Thus, all credit card issuers must adjust from 2013 until the end of 2014 to implement the new credit card policy (Nur Hasanah and Koesrindartoto, 2015).

COVID-19 has paralyzed the national economy, and its impact was widespread nationwide. As a result, consumption and people's purchasing power have been badly affected. Household consumption and purchasing power have decreased rapidly in almost all economic sectors due to the significant impact of COVID-19. The corporate production level has also influenced Indonesia's financial market, ranging from financial flows to bank credit. Domestic economic activity has been increasingly depressed due to the spread of COVID-19 (Astuti et al., 2022). The slowdown in economic activities has impacted the bank's lending power and the quality of its assets, including the corporate segment.

In order to mitigate the impact of COVID-19 on the financial sector, the government issued the OJK Regulation Number 11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy on the Impact of the Spread of COVID-19 for the banks. Bad credit was defined as a condition where the debtor could not pay off according to the previous agreement with the bank. Bad credit occurs in three categories: inability to pay instalments entirely, only being able to fulfil partial instalment payments, or only being able to make payments after the credit agreement ends (Supramono, 2018). If the customer experiences bad credit and if it is still possible to achieve more in fulfilling their obligations, then the bank will usually carry out the settlement properly, namely helping the customer by carrying out a rescue mechanism, either in the form of schedule (rescheduling), requirements (reconditioning), and arrangement to return (restructuring).

The above-mentioned regulation requires banks or finance companies to provide relaxation or relief from bank credit payments or leasing loans for debtors or borrowers whose businesses and jobs are directly or indirectly affected by the COVID-19 pandemic. Payment relief can be by extending the credit period, reducing interest rates, reducing principal arrears, reducing interest arrears, adding credit or leasing facilities, or converting credit or leasing into temporary equity participation.

6.2 Financial counselling

BI implements educational, consulting and facilitation programmes to ensure consumer protection practices for credit card users. These include providing credit understanding to the users, giving consultations regarding problems in using services, and handling cases by gathering credit card issuers and users. For analyzing customers' eligibility, BI recommends the issuing bank of the credit card to utilize Financial Information Service System (SLIK) data, third party data such as data gained through cooperation with telecommunication service providers, as well as using account mutations if the customer has an account at the issuing bank. Further, BI also emphasizes that the limit increase should be adjusted based on the customers' ability to pay and not on compliance in paying. This rule tries to protect consumers from the risk of default.

Regarding risk management, BI regulates several important points relating to the terms and conditions for granting credit cards to bank customers, including provisions for the minimum age limit for prospective cardholders, minimum income limits, and maximum credit limits for card issuers. Meanwhile, from a consumer protection point of view, BI regulates the procedure for billing customers, whether it is done using its own billing staff or billing service providers. Regarding billing customers, there is a prohibition on the use of physical or verbal violence, a prohibition on billing through third parties, and a limitation on billing hours. Billing using third-party services can only be done if the quality of the credit card bill by the issuing bank is considered bad quality.

As an alternative choice, a credit counselling service can be considered an option to arrange the DMP through a credit counselling agency. Counselling agencies can help to establish payment schedules and terms to help manage debt better. This service will give customers a single monthly payment and lower interest rates. This counselling can also help the customer pay debts faster and more affordably to be debt-free in three to five years. Usually, this service is offered to borrowers whose credit counsellors consider are unable to repay the loan based on their financial review. DMP generally covers unsecured debt, for instance, credit card debt or medical bills (Albanjari and Kurniawan, 2022).

Before a debtor decides to use the services of a counselling agency, the debtor has to reconsider whether this is the correct available solution. First, the debtor should contact a credit counselling agency for a financial review. The debtor must be honest with the counsellor about the amount of debt incurred and how much his income and expenses are. Then, a credit counsellor will help to plan the income and expenses budget. Services that can be obtained also consist of debt advice. The advantages of using this service include a single monthly payment, more affordable payments, faster debt relief, payment discipline, and a less vulnerable credit score. Nevertheless, such service may also lead to the use of illegal institutional services; debts are only covered partially, favourable payment terms are not guaranteed, service fees are charged, and late payments can damage credit scores.

There would be cases where other alternatives can be considered if the advantages and disadvantages of existing credit counselling services are not suitable and costly. For instance, resorting to debt consolidation or debt settlement service from the issuing bank. Debt consolidation aims to get a new consolidation loan or balance transfer credit card to consolidate all existing balances. Ideally, it offers a lower interest rate. However, the downside of such consolidation is that taking out a new loan or credit card will temporarily damage the debtor's credit score. Apart from debt consolidation, another alternative that can be done is to use a debt settlement service. Most debt settlement companies in Indonesia can negotiate with creditors aiming to reduce or eliminate the debt incurred either partially or entirely. While this sounds like a good option, debt settlement services can damage credit scores (Utami and Yustiawan, 2021). This is because debtors usually stop making payments to creditors during negotiations, which can result in late payments.

It is suggested that debtors choose a financial counselling agency officially registered under OJK authority. However, not all debt management institutions must be registered under the OJK. According to POJK No.48/POJK.03/2020, only institutions that offer debt restructuring services need the OJK permits. This is due to the circulation of money in the transaction (Dolpheen, 2022). Despite that, there is a loophole regarding the specific provisions or relevant policies mentioning the monitoring mechanism by the authorized financial counselling agency towards debt management institutions' activities.

6.3 Financial management: Financial education and literacy

Indonesia has faced various real financial problems, and debt management has been one of the most common issues (Suroso et al., 2020). CEIC Data shows that household debt accounted for 10.4 per cent of Indonesia's nominal GDP in March 2021. Debt is the most prevalent among the working class. An indication shows that a quarter of the income would be spent on unsecured debt repayments (Yuesti et al., 2020). A 2019 nationwide survey by the OJK revealed that although people are now provided with better access to financial services, insufficient knowledge of debt management has been a factor in financial issues (Yuesti et al., 2020).

The household sector is an essential component in the structure of the national economy. The link between the household economy and the financial system, especially the banking sector, is critical. Therefore, households should get literacy and protection against potential financial risks and vulnerabilities, especially against financial distress. A financial crisis may reoccur in a country if there are no strategic steps to control household debt both at the micro level in the household itself and at the macro level. In Indonesia, the credit portion of the household sector to total credit has also increased gradually from around 22 per cent in 2015 to 23 per cent in 2019. The rise of online loans and the ease of issuing credit cards are two of the culprits in the increase in household debt ratio, which has the potential to plunge households into acute debt bondage (Noerhidajati et al.,2021).

Over-indebtedness due to credit cards in Indonesia occurs due to several reasons, namely consumptive behaviour, the habit of making minimum bill payments, the number of card owners, card limits that are much higher than income, and nominal debts that are far above income due to overspending. This situation cannot be separated from the government's weak supervision, particularly BI, on implementing credit card regulations, resulting in lax bank regulations regarding credit card ownership. For example, one person has eleven cards from six issuing banks, although according to recent rules, one can have cards from only two. In relation to credit cards, there is an insignificant difference between the ratio of expenses to income and the ratio of debt to income. Thus, debt is relatively under control. This shows that household debt is not used to meet basic needs but to cover other debts so that it can become an uncontrollable debt. It is important to note that when the basics become unaffordable, people tend to apply for house hold debt. In situation when financial vulnerability occurs, people have no way of repaying their house hold debts which lead households to contract debt levels that are too high relative to their current and future earnings capacity. Due to the negative budgets, people tend to apply for another house hold debt to cover the existing debts. In addition, it was also found that the income level did not affect the situation of household over-indebtedness, as evidenced by several cases where middle- and high-income households were also not immune to the risk of debt. In a way, debt entanglement is mainly triggered by low financial literacy (Aidha et al., 2020).

Unforeseen events in the household, such as losing a job, bearing medical expenses for sick family members, and experiencing surging prices of servicing debt, can result in reduced income and increased expenditure. Apart from affecting the ability of these households to repay debts, this can also trigger the accumulation of more significant and complex debts to be paid. Thus, households are at risk of falling into a situation of over-indebtedness. Until now, the regulation and supervision of the risk of debt bondage at the household level in Indonesia have been inadequate. Thus, efforts to control household debt must be carried out immediately before the amount and intensity of indebtedness in households increases unceasingly.

Financial literacy has a close relationship with household debt conditions. According to the OECD, financial literacy is a combination of awareness, knowledge, abilities, attitudes and behaviours needed to make sound financial decisions and ultimately achieve individual financial wellbeing. A person's debt entanglement occurs due to a lack of financial literacy, making individuals and households choose loans with higher costs (Lusardi and Tufano, 2015; Disney and Gathergood, 2011).

According to OJK Regulation Number 76/POJK.07/2016, financial literacy is "the knowledge, skills and beliefs which influence attitudes and behaviour of an individual to improve the quality of decision making and financial management in order to achieve wellbeing." Under the Indonesian regulatory framework, financial literacy education must aim at improving the quality of individual financial decision-making, bringing about changes in individual attitudes and behaviour in financial management for the better so that they can determine and utilize financial institutions, products and services that are in accordance with the needs and abilities of consumers and/or the community in order to achieve prosperity. The lack of systematic monitoring and evaluation of the literacy programmes makes it challenging to determine which method works best to improve financial literacy. Consequently, channelling resources toward the most effective programmes takes time and effort. It is suggested that OJK must evaluate the effectiveness of its programmes. More comprehensive and systematic evaluation and monitoring methods are crucial for targeting resources and improving outcomes. The lack of comprehensive monitoring and evaluation prevents OJK from allocating its budget according to insight about which programmes are the most cost-effective and makes it difficult to tailor them to address basic consumer concerns on financial services. From a consumer protection perspective, access and suitability are the two main issues affecting financial services (Lumpkin, 2010). Access refers to a situation in which affordable, mainstream financial products are available to all population segments across income levels and demographic characteristics. Suitability addresses the appropriateness of the products for particular consumer groups. Although consumer financial literacy is significant for both issues, suitability is of the utmost importance.

The financial literacy activities initiated by OJK are described in Figure 4 as follows:

Type of Activities	2018	2019	2020
Financial Education			
Dissemination (*sosialiasi*)	3.170	3.446	2.837
Workshop	449	414	328
Consultation	36	70	47
Assistance (*pendampingan*)	32	42	36
Simulation	25	38	36
Training of community	72	91	57
Outreach program	41	27	8
Others	477	467	549
HR infrastructure			
Training of trainers	33	42	52
Training of facilitators	19	18	24
Others	28	43	31
Non-HR Infrastructure			
E-learning development	2	0	2
Website development	9	4	8
Mobile app development	0	4	4
Financial education module development	3	8	2
Others	12	8	15

Figure 4: Financial Literacy Programme by Year (Suleiman et al., 2022)

Based on the National Financial Literacy and Inclusion Survey (SNLKI), Indonesia's financial inclusion index was 76.19 per cent in 2019, an increase of 8.39 per cent from 67.8 per cent in 2016. Meanwhile, the financial literacy index was still low at 38.03 per cent in 2019, although it increased when compared to the survey results in 2016, which was 29.7 per cent. Increasing access to financial products and services creates a risk to people with minimal literacy. At one point, there is a contradiction between the encouragement of financial inclusion and financial literacy. On the one hand, financial service institutions are encouraged to extend credit to low-income groups of people to increase financial inclusion. However, on the other hand, financial service institutions must also consider the ability of prospective borrowers to pay their credit to avoid the risk of debt. Since debt is often seen as extra money encouraging excessive use of debt creates a financial burden (Wilson, 2018).

A closer look into current studies shows that inadequate financial literacy has become more common among credit card users. An individual at a lower income level is more likely to act mischievously in a high-priced lifestyle by borrowing money on credit cards (Lusardi and Tufano, 2015). Positive and negative categories influence the causal of credit card debt literacy. Awareness and experiences are derived as positive categories, while ignorance and economy are negative (Alwi et al., 2021). Credit cards have a complex character since they can facilitate users' access to many benefits and conveniences. On the other hand, it may also cause unpleasant effects (Majamaa et al., 2019), resulting in high outstanding balances that can prolong the repayment period and increase interest charges (Zainudin et al., 2019).

The Indonesian government has recognized that the success of financial inclusion depends on many factors; the most important one is the population's financial literacy level. This factor is considered crucial because the average level of formal education in Indonesia is still low, as most of the population only has primary education.

Financial literacy depends on financial education, financial information, and the availability of financial tools (Tambunan, 2015). The goals of financial education as formulated by the BI are to (i) build bank-mindedness and awareness in society; (ii) build public understanding of banking products and services and awareness of customer rights and obligations; (iii) build risk awareness in relation to financial transactions; and (iv) disseminate information about the complaints and dispute resolution mechanism for resolving problems with banks (Wibowo, 2013).

BI arranges various programmes to support Financial Education. In 2007, BI issued Blueprints for Public Education in Banking and established a working group on public education in banking to implement the blueprint. From 2008 to 2010, BI conducted campaign programmes for public education in banking called "Ayo ke Bank". In 2009, it created the tagline, "Whatever the product, Remember to ensure benefits, understand the risk, consider the costs". Another campaign called "Indonesia Saving Campaign" was launched and basic saving product: Tabunganku (My Savings) was issued in 2010. The financial education programmes were extended by the pilot project to integrate financial education element into the curriculums of elementary and junior high schools, extension of information access (enhancement of BI's website with consumer education and information), and financial education for migrant workers.

Given the goals of financial education, it could be expected that the success of the financial education programme would be measured by the increased number of people with bank accounts. In other words, a positive correlation would be expected between the financial education programme and access to formal financial services. However, many other factors influence people's decisions to open bank accounts or to use banks for their businesses or personal transactions. These factors include individual income or employment status, the availability of bank offices and geographical issues relating to infrastructure and/or transportation.

The results of the 2022 SNLKI show that the financial literacy index of the Indonesian people is 49.68 per cent, an increase compared to 2019, which was only 38.03 per cent. While the financial inclusion indexes this year reached 85.10 per cent, there was an increase as compared to the previous SNLKI period in 2019, which was 76.19 per cent. This shows that the gap between literacy and inclusion levels is decreasing, from 38.16 per cent in 2019 to 35.42 per cent in 2022 (OJK, 2022).

The best methodology to measure the success of financial education programmes in Indonesia is by making field observations and interviewing new bank account holders to discern their main reasons for opening a bank account. This kind of assessment has never been conducted by OJK or individual banks. The quantitative approach (statistical analysis) would not be sufficient to gauge success or failure; indeed, it may even be misleading.

The COVID-19 at the beginning of 2020 became one of the drivers to accelerate digital transformation in financial education, enabling financial education to be carried out more massively and borderless. A mix of face-to-face (offline) and online financial education strategies and strengthening strategic alliances will be a key strategy in accelerating financial literacy and inclusion.

The 2022 SNLKI results are one of the main factors for OJK and other stakeholders in formulating policies and strategies and designing financial products or services that meet consumer needs and improve people's welfare. In 2023, OJK's focus on increasing the financial literacy of the Indonesian people is contained in the National Strategy for Financial Literacy Direction 2023, which is to Build Financial Literacy of Village Communities. The priority targets for financial literacy in 2023 are students, small-scale businesses, people with disabilities and rural communities. Meanwhile, the priority targets for financial inclusion in 2023 are the women's segment, students, small-scale businesses, communities in rural areas and the Islamic financial services sector (OJK, 2022).

6.4 The effectiveness of the bank programmes and financial counselling

The creditor allows the debtor to carry out a settlement by providing credit relaxation, namely rescheduling of payment or debt restructuring. In this term, credit or debt restructuring can only be given to debtors with good business prospects but experience difficulties in making principal and interest payments. Debt restructuring can be carried out by commercial banks by lowering lending rates, reducing arrears of principal and loan interest, extending the credit period and taking over debtor assets in accordance with applicable regulations.

BI has provided a credit card policy or relaxation starting from the 1st of April 2020 in the form of lowering the maximum interest rate, which was previously 2.5 per cent per month, to 2 per cent per month. In addition, there was a temporary decrease in the minimum payment value from 10 per cent to 5 per cent, and additionally, a large temporary decrease in late fees. This BI policy maintains the ability of debtors who are credit card holders to be able to make payments (Akhlas, 2020).

There are steps for applying for a request to handle credit card issues (Masri and Wahyuni, 2020). First, the credit card user, as the debtor, needs to visit the relevant bank, which is the creditor. Next, the debtor may try to negotiate any possible waiver programmes, whether it is an instalment extension programme with low interest, eliminating late fees, instalment discounts, one-time discounts, or other relief programmes offered by the creditor bank. Agreement with the bank must be adjusted to the debtor's abilities and financial conditions. The creditor bank may reschedule or extend the leniency period for debtors not to make principal debt payments, which can extend the maturity of the principal debt instalments. In addition, it can provide opportunities for debtors to pay debts in instalments in smaller amounts than the original agreement.

Further, the debtor can negotiate for restructuring or lowering interest rates, reducing the amount of interest to be paid by debtors who have exceed more than debt maturity or the date at which the final repayment of a debt instrument is due, writing off credit card interest due to default on interest payments, writing off interest payable (free of interest payments) or reducing and eliminating agency fees and management fees. Alternatively, the debtor can request reconditioning or reordering credit card agreements which may result in the change of credit terms to new conditions. For example, by reducing interest rates, waiving interest or part of the principal of the debt, delaying interest payments for a certain period, and other suitable and agreeable terms for both parties.

However, the creditor bank has a specific practice on how to deal with credit card debt. When there is a delay in payment, the bank will give a warning via letter, email or telephone. When the debtor has not paid the bill by the time limit determined by the bank, the billing will be transferred to a third party, namely the debt collector. In reality, debt collectors often initiate a visit to the debtor’s house or office directly and use harsh words to force the debtors to pay their debts (Aidha et al., 2020).

The bank or creditor has a collection section or employees responsible for receiving credit returns from debtors. However, in practice, it is common that debtors ignore their credit payment obligations even though the creditor has proposed adjustments or changes to the credit system. For this reason, creditors often resort to the services of third-party debt collectors to collect problem loans.

The use of a third party to collect debt from debtors is stated in BI Regulation Number 14/2/PBI/2012, which stipulates that in the collection of credit card debts, issuers are required to comply with the code of ethics of credit card debt collection. Credit card issuers are required to guarantee that the debt collection of credit cards, which is conducted either by themselves or by using debt collector services, must comply with BI provisions and the applicable laws and regulations. In the event that a debt collection of credit card uses a service of another party, the issuer is required to guarantee that the quality of the debt collection is the same as if the issuer conducts it and the debt collection of credit card is only for the credit card debts with a certain quality.

Indonesia's practice of household debt management reflects the nature of legal systems, which emphasizes preventive approaches towards over-indebtedness in households. This preventive framework does not have persuasive effort of repayment plan approaches after over-indebtedness has occurred. The regime based on preventive framework for post-indebtedness has its repressive character with enforcement and legal sanctions. It creates a certain social stigma when it comes to personal insolvency.

The current regulations, however, do not effectively mitigate the risk of over-indebtedness. Therefore, the initiative to make more rigid rules regarding the distribution of consumer credit, primarily through credit cards, is crucial, including strengthening regulations regarding personal data protection and consumer protection. Several policy recommendations that can mitigate the negative impact of household over-indebtedness from credit cards are stated as follows:

(i) BI and OJK need to build an effective monitoring and enforcement system to secure compliance.
(ii) The government needs to build and strengthen an integrated debtor information system to ensure that credit and loan disbursement is carried out by considering the debt history and ability to pay customers to mitigate the risk of bad credit and default.
(iii) Financial literacy is also of great concern. The government needs to accelerate financial literacy efforts to ensure access to financial services through financial inclusion accompanied by the use of financial services according to the capabilities and needs of the community.
(iv) There is a need to develop further evaluation tools for over-indebted households

It can be seen that in order to reduce financial problems caused by credit card usage the policy recommendations include among others an effective monitoring from the authorities as well as strengthening financial literacy.

7. Conclusion

The global financial and economic turmoil triggered by COVID-19 has exacerbated personal and household debt in the South East Asian region's growing economies, particularly Malaysia, Thailand and Indonesia. The authorities and respective financial institutions of the above three jurisdictions have established various strategies to assist debtors in dealing with their indebtedness, namely DMP, credit counselling, financial education, financial literacy and financial behaviour that come within the ambit of financial management. Malaysia is the only country equipped with a government agency backed up by its central bank, BNM, to offer advice and services as stated above. As far as DMP and credit counselling are concerned, the coordination between BNM and AKPK has resulted in Malaysia being far more advanced, efficient, and rigorous when it comes to strategies for debtors in repaying their creditors than Indonesia and Thailand. Through AKPK's DMP, the counsellors, through a free consultation session, played an active role in developing a DMP with creditors involved, usually the financial providers. In Malaysia, DMP is recognized as a voluntary repayment plan that is an alternative to bankruptcy. DMP is seen as a tool in repaying the creditor since the facilitator or counsellor assists the debtor in negotiating the repayment plan.

Furthermore, nothing in Thailand and Indonesia is equivalent to Malaysia's AKPK. A structured AKPK's consumer or debtor programmes and plans aim to help Malaysians manage their finances and understand the importance of financial education and financial literacy, which could eventually enhance the financial behaviour of consumers with debt difficulties. The awareness campaigns at the nationwide levels, including the POWER! Programme and financial education in collaboration with colleges and universities under the umbrella of AKPK teach youths and students about sound borrowing to assist them in debt management, demonstrating the efforts of such an agency with strong support from BNM. Regarding Thailand and Indonesia, the campaigns or programmes on debt management that include credit counselling come under the Bank of Thailand and the Bank of Indonesia to assist individuals in taking control of their economic situation and properly managing their credit and finance. Contrarily, Malaysia's BNM employs its persuasive power upon financial service providers or institutions regulated by them through AKPK's DMP or credit counselling to develop or negotiate the repayment plan or consultation with creditors.

That said, Malaysia, Thailand and Indonesia recognized that having no knowledge or education on personal financial management is one of most important causes of financial issues and problems. Therefore, if one is exposed widely to financial education and literacy, it certainly empowers him or her to make better financial decisions that lead to increased financial wellbeing. Indeed, theories related to the behaviour of debtors enrolled in a DMP were studied to demonstrate that consumer or debtor's intention has a direct impact on their behaviour to the completion of the plan in credit counselling.

Most notably those debtors or consumers with strong self-efficacy are the most capable of achieving behavioural change with minimum help. Self-efficacy had a strong beneficial impact particularly on financial behaviour. People with high self-efficacy manage their finances in a sound and self-controlled way. As far as financial behaviour is concerned, Indonesians and Malaysians are alike in certain particular aspects. Previously, the discussion on financial literacy and management in both jurisdictions demonstrated that how children learned about value of money and to manage them through parents or caregivers. Students' financial behaviour might affect subsequent judgments since incapacity to tackle money concerns can eventually result in poor financial choices and consequences for their careers. Studies conducted in Malaysia and Thailand have pointed out issues with the approach of Gen Y regarding financial management and pose new issues for banks since they prioritize living in spending first and saving afterwards. Indeed, most of their debts come from credit cards and personal loans and without good financial management, and an incapacity to settle existing debts, they may lead to bankruptcy at aa young age. Therefore, proper financial literacy is critical for Gen Y so that they possess the skills and information to handle their financial affairs.

There are a lot of similarities in these three countries rather than differences when it comes to financial management, namely financial education and financial literacy. Indeed, many literatures and studies have been conducted to examine these aspects. It is agreed that in Malaysia, Thailand, and Indonesia, financial education that includes financial literacy and management as essential life skills in their curriculum. Everyone requires a certain amount of financial literacy, such as financial knowledge and expertise, to make sound financial decisions. People of all ages would benefit from a better financial attitude. The difference for Malaysia regarding these topics is that the Central Bank has taken a positive step in engaging with the Ministry of Education and the Ministry of Higher Education to incorporate financial education into the education system. Meanwhile, AKPK-managed consumer education campaigns seek to give consumers with actual debt and financial management information and skills, emphasising current and potential borrowers, as well as teenagers. Nevertheless, the Governments of Indonesia and Thailand are urged to be highly involved to promote policies on these matters.

One can not deny that most of the country's economy revolves around credit, and we are living in the world of credit. Credit cards are becoming more widely available, and households are progressively relying on them to assist them in making up the shortfall. Credit is commonly used to replace cash, and it is not a surprise to find that a considerable proportion of bankruptcies are associated with credit card usage or borrowing for household expenditure. It is crucial that credit card users receive proper education to handle issues related to their credit card issues. For instance, programmes such as AKPK's DMP and financial counselling are vital to prevent credit card users from bankruptcy. Credit counselling is also becoming popular as concerns for financial problems caused by credit card usage gradually grow.

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