

#MoneyParenting

# Do it right together

Insights into how parents in Asia are  
teaching their children about money

MALAYSIA EDITION 2020



# About Eastspring Investments



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**Eastspring Investments**, part of Prudential plc, offers innovative investment solutions to meet the financial needs of clients. Over the last 25 years, we have built an unparalleled on-the-ground presence in 11 Asian markets as well as distribution offices in North America and Europe.

We are firmly invested in the future of our clients and the communities in which we operate. At the heart of **Eastspring** is our shared purpose and this guides everything we do.

**Experts in Asia.  
Invested in Your Future.**

Financial education and inclusion are key topics for us, so it came naturally that

we wanted to know more about a key concern of parents which is the financial education of their children. Parents want their children to value money, understand how it is earned, appreciate its uses, and be prepared for the future.

However, many parents are not sure that they are teaching their children correctly, and would like to understand what others are doing, and what are the best techniques and tools available. So, as a leading asset manager in Asia we looked much deeper into this topic...

This research was prepared in cooperation with **Dr Mansur Khamitov** (PhD, MBA), Professor of Marketing and Consumer Behaviour, Nanyang Business School Singapore and **Duxton Consulting Group**.



**Preparing our children for future financial challenges begins with setting the right examples. We are here to help build the next generation of Malaysian kids who are money smart.**

— Raymond Tang, CEO, Eastspring Investments Malaysia

‘Money Parenting’ is the process of educating children on the financial and social responsibilities that come with money.

In this process, parents pass on their attitudes and beliefs about finances to children in the hope that this will have a positive effect on their financial behaviours and outcomes.

**Eastspring** wants to help parents become better role models, and provide them with the knowledge, skills, and tools to effectively teach their children about money and plan for their future.

As a first step we **conducted qualitative & quantitative research among 10,000 parents in 9 Asian markets through the Asia Money Parenting survey.**



This is what we found, and here is how **Eastspring** can help.

**98%**  
of parents in Malaysia agree that it is very important to teach their child how to use and manage money. This is higher than the regional average of 95%.

# What is Money Parenting?

But parents have so many questions:



What is the best age to start teaching my child?



What are the best techniques and tools?



What are other parents doing?



What should my goals be?



How will I know if I have been successful?



# Part 1: The Problem

Many parents are unsure if they are teaching their children successfully

47%

of Malaysian parents think they have been successful teachers and role models for their child

There are no clear benchmarks or metrics that parents can use to calculate the effectiveness of their money parenting efforts.

So only about a quarter of parents across the region and just 20% in Malaysia are confident that they have done a good job teaching their child about money management.

## Money Parenting Confidence Index

Eastspring applied the research data and combined different elements to develop a Money Parenting Confidence Index, to find out how confident parents are about the success of their money parenting efforts.

The Confidence Index ranges from 0.01 to 1.00; a score of 1.00 means the parent is completely confident.

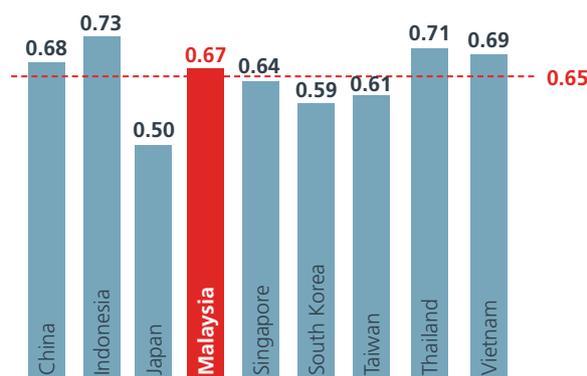
The average Confidence Index across Asia was

0.65



However, the Money Parenting Confidence Index varied by country, and Malaysia was close to the regional average at 0.67.

Fig. 1: Money Parenting Confidence Index by Country



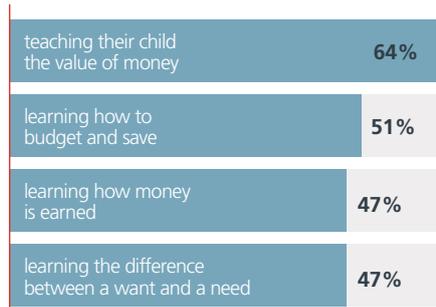
## Why are parents not sure of their Money Parenting success?

### The perceived goals of Money Parenting are very diverse.

When asked about the goals of money parenting, surveyed parents across Asia, and **64%** of Malaysians said they see it as *'teaching their child the value of money'*.

Malaysian parents want to achieve practical goals through money parenting, especially that *'the child learns to budget and save'* and that *'money needs to be earned'*.

Many parents also felt that *'Learning the difference between a want and a need'* is an important goal of effective parental teaching.



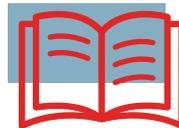
### Parents perceive many different outcomes from successful Money Parenting.

Almost half of Malaysian parents surveyed said the most important outcome of money parenting is that *'the child is debt free and has some savings'* when they enter adulthood.

Other desirable emotional outcomes are *'the child has a happy and secure family life'*, and *'the child is generous to others'*.

However, some practical outcomes are also seen as important, such as *'the child knows how to grow money'*, and *'plans ahead for retirement'*.

**With various desired goals and outcomes, parents are unsure about how to achieve successful Money Parenting.**



# 41%

of Malaysian parents want to learn more about financial management

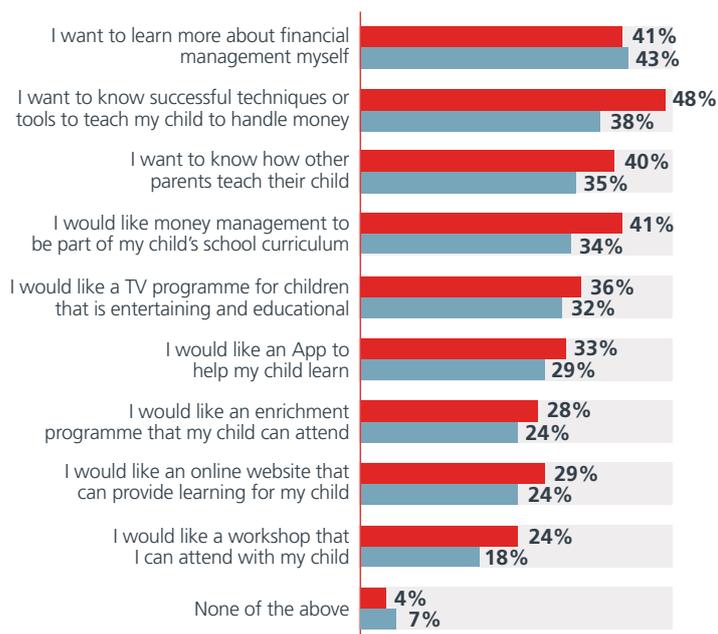
When asked by **Eastspring** what help they want in order to teach their child how to use and manage money better, **43%** of parents across Asia and **41%** in Malaysia said *"I want to learn more about financial management myself"*. Improving their own knowledge would enable them to be a better role model and teacher.

Malaysian parents are very keen to acquire information, successful techniques, and useful tools to teach money parenting, such as a TV programme, a mobile app, an informative website, and even workshops to attend.

A third of parents also said *'I would like money management to be part of my school's curriculum'*.

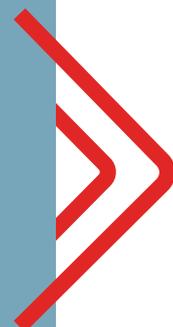
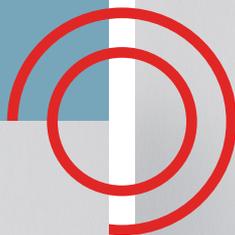
**Fig. 2: What can help parents teach their child to use & manage money better**

■ Malaysian parents  
■ Parents across the region



47%

of Malaysian parents think they have been successful teachers and role models for their child





# Part 2: How Money Parenting is delivered



The majority of parents believe Money Parenting is a joint responsibility.



**74%** of Malaysian parents see the job of money parenting as being the responsibility of both the mother and the father

Some households however prefer to have individual parents take the teaching lead — in **15%** of Malaysian households the mother takes a lead role, and in **8%** it is mainly the job of the father.

Very few households 'outsource' the job of money parenting to someone else.

### When to start Money Parenting

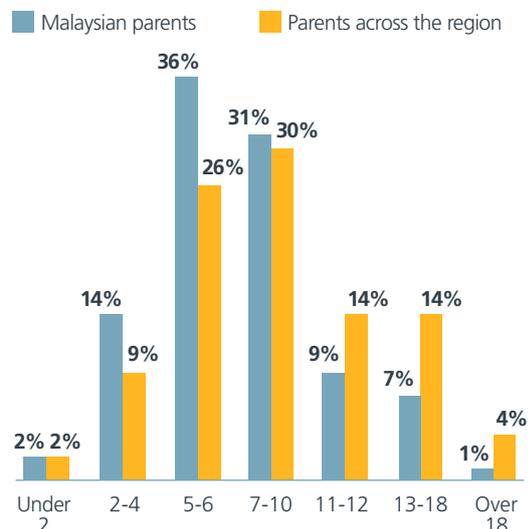
The majority of parents begin teaching basic money management techniques when their child is at a fairly young age — 10 years and under for **67%** of parents across the region and **83%** in Malaysia. This is usually stimulated by the need to give children money when it becomes a 'necessity'.

Real money parenting therefore usually coincides with the early years of schooling when a child is between 5 and 10 years of age. An age when children have learnt to count, read, and can recognise different denominations of coins and notes. Equally, it is an age when the child can learn values and responsibility.

**52%** of Malaysian parents believe children should start to learn how to use money when they are under 6 years of age.

And another **31%** believe a child should begin to manage money when they are between 7 and 10 years old.

Fig. 3: The age a child should start learning about how to use and manage money (years)





### Source of money and use of money

Children in **79%** of Malaysian households receive pocket money from their parents.

**60%** of Malaysian children also acquire money via gifts from family or friends.

However, Malaysian parents want their child to learn the value of money, so **16%** make money from a part-time job, and **33%** from doing household jobs or family tasks.

When it comes to teaching the responsible use of money, most Malaysian parents (**58%**) focus on providing guidance and advice to their children, and leave the rest of their education to be supplemented by real life experience.

Few parents exercise strict control over their child's spending, and at the other extreme, very few show no interest at all in what their child does with their money.

### Money Parenting knowledge and tactics

Most parents acknowledge their own lack of financial knowledge. Some even admit to being embarrassed about it.

To set an example for their child, most parents demonstrate high self-control over their own finances and spend, plan, and budget carefully.

They also focus money parenting efforts on money management and financial security.

**74%** of **81%** of Malaysian parents surveyed have opened a savings account for the child. **58%** have purchased a Life Insurance policy to protect the family. Many parents have also purchased other investment products like mutual funds, stocks, bonds, and even property for their child.

### Getting help

Parents turn to a wide range of sources for help or advice with money parenting.

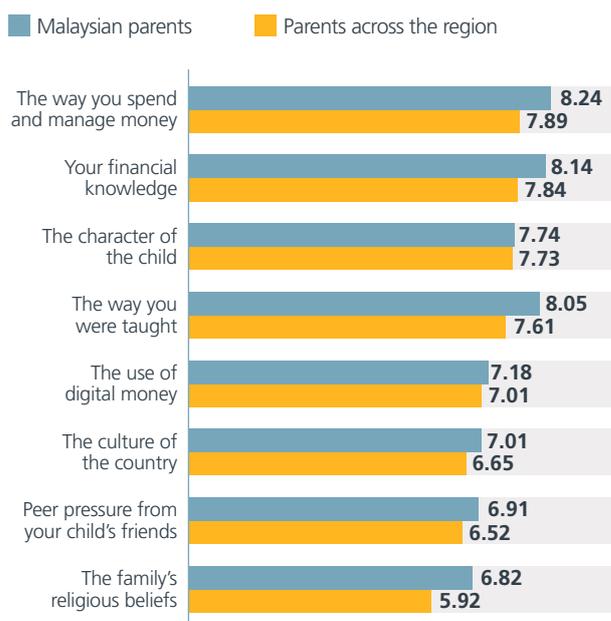
Malaysian parents feel most comfortable seeking face to face help from those close to them: **63%** ask advice from knowledgeable friends or family members.

Many Malaysians also turn to experts for more sophisticated or reliable assistance. **47%** ask their financial advisor, **34%** turn to their Life Insurance agent, and **33%** get bank assistance.

Online search is also a key channel for advice for **39%** of parents.

### Parents' teaching styles are mainly influenced by their own experiences and knowledge.

**Fig. 4: Factors that influence the way a child learns to use and manage money**  
Scale: 0 (Not at all) -10 (Very much)







# Part 3: Improving Money Parenting skills

## The three main questions that parents want answered

1

### What style of Money Parenting works best for me?

No single style of Money Parenting works for all. Every parent should understand their own parenting style and from there, build their teaching techniques.

The Asia Money Parenting survey identified **5** money parenting personas that we call:

### **The Freestylers, The Facilitators, The Nurturers, The Go-getters, The Balancers.**

These profiles are based on:

- ▶ parents who want to be 'hands on' and actively teach their child, versus those who believe a child can best learn through their own experience;
- ▶ those who see Money Parenting as very important versus those who see it as less so;
- ▶ parents who believe they have sufficient financial knowledge to teach their child, versus those who do not;
- ▶ those who see themselves as successful teachers, versus those who do not.

The techniques a parent can use to best deliver Money Parenting depend a great deal on their individual persona. If you would like to find out what persona you are and the techniques that may work for you [click here](#).



## 2

### What are other parents doing?

Parents want to know more about the experiences of other parents who are successful financial teachers of their children.

**What are they doing?  
What techniques and tools have worked best for them?**

**35%**  
of parents want to know what other parents are doing to teach their children

If you would like to find out what other parents are doing, or share your own ideas please visit our website at [money-parenting.com](http://money-parenting.com)

## 3

### How can I become a better teacher of money management?

The most important responsibility of a teacher is to know the subject being taught.

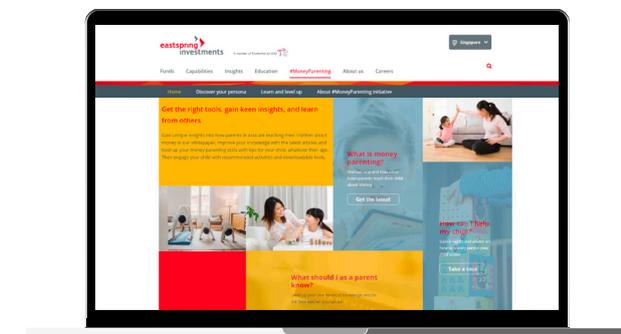
Parents recognise this and want to improve their own financial knowledge.

They want to be confident that the lessons and advice they give are correct, and can deliver the best outcome for their child.

**43%**  
of parents want to learn more about money management themselves

Parents can improve their own financial knowledge and learn more about money parenting at the same time when they visit the **Eastspring Money Parenting microsite**.

**Begin your money parenting journey now.**





The topic of financial parenting and financial socialisation is a crucial one from an individual, family and societal standpoint. As a researcher and educator studying parental financial involvement as well as a parent of two myself, I cannot emphasise enough the importance of developments in this area. To that end, teaming up with Eastspring has been a welcome and productive undertaking.

— Dr Mansur Khamitov (PhD, MBA), Professor of Marketing and Consumer Behaviour, Nanyang Business School Singapore (NTU) and a Vice-Chair of American Marketing Association's CBSIG





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For more information about this research on how Eastspring is helping parents in their Money Parenting journey, please visit our website at [money-parenting.com](https://money-parenting.com)

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