



UNBOUND®
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A Securities Commission Malaysia Entity



Suruhanjaya Sekuriti
Securities Commission
Malaysia

FINANCIAL LITERACY

**& INVESTOR
AWARENESS**

self study pack



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1.0 Foundations of Personal Finance & Investment Awareness

Introduction

Whether you're managing your student allowance, planning to save, or thinking about investing, financial literacy is **essential**. This guide is designed to introduce you to basic but powerful principles that will help you navigate your adult life with confidence.

1.1 High Returns = High Risk

When an investment offers high returns, it usually comes with equally high risk. These types of investments can bring big profits, but they can also lead to significant losses. Always assess any investment opportunities to determine if it meets your risk profile. Not all investments may be suitable for you.

And remember, any investment opportunity that comes with no risk / zero risk is a red flag. All investments have its risk.

1.2 How to Reduce Investment Risk

One of the best ways to reduce risk in investing is by diversifying and spreading your money across different types of investments. This way, if one investment performs poorly, the others may still grow and help mitigate your losses. Diversification helps protect your money from sudden losses.

1.3 Understanding Interest Rates

Interest is the cost of borrowing money or the reward for saving money. For example, if you borrow RM1,000 and repay RM1,100 after a year, the interest rate is 10%. Understanding how to calculate interest rate helps you make smart decisions.

1.4 Why Saving First Matters

When a bank pays you profit or interest annually, your savings can grow over time due to compounding interest. For example, if you deposit RM1,000 and earn interest each year, you can continue to earn interest on top of the previous interest earned, and therefore compounding your initial amount over time. This growth happens because you earn interest on both your original savings and the interest earned. The earlier you start saving, the more your money can grow.

You don't need to be rich to begin investing. In fact, you can start with as little as RM5 through legitimate online platforms such as licensed digital investment apps. Starting small helps you build confidence and learn without taking big risks. Investing is about consistency, not big capital.

1.5 What to Do When Something Goes Wrong

If you're having problems with your bank, investment provider, or e-wallet service, your first step should be to contact them directly. Most issues can be solved through customer service or official complaint channels.

1.6 What's Considered a High Return?

For long-term investments like stocks, cryptocurrency, etc. a return of 20% or more per year is considered high. While this sounds attractive, these types of investments may be volatile and often experience ups and downs. That's why it's important to understand your risk tolerance before investing.

1.7 The Impact of Inflation

Inflation refers to the general rise in prices of goods and services over time. When inflation is high, your cost-of-living increases, meaning the same amount of money buys you less. If your income or savings don't grow at the same rate, your financial power weakens. That's why saving and investing wisely is important to keep up with rising cost of inflation.

1.8 What Is Net Asset Value (NAV)?

Your Net Asset Value (NAV) is a snapshot of your financial position. It's calculated using the formula: $\text{Total Assets} - \text{Total Liabilities}$. Assets include things you own such as cash, savings, or a laptop; liabilities include debts like loans or credit card balances. The higher your NAV, the stronger your financial health.

1.9 Interest-Free Loans

If your friend borrows RM25 and returns exactly RM25 the next day without any additional payment, the interest rate is 0%. That means no profit or extra cost was involved in the borrowing.

1.10 Positive Cash Flow

Cash flow is the movement of money in and out of your account, income vs. expenses. If you have positive cash flow, it means you are earning more money than you are spending. This allows you to save, invest, or prepare for unexpected emergencies. Negative cash flow, on the other hand, can lead to debt and financial stress.

1.11 Final Thoughts

Financial literacy is about being informed and prepared. When you understand money; how it grows, how to manage it, and how to protect it, you gain control.

Saving isn't just about putting aside leftover money. It means prioritising saving as soon as you receive income, even before you begin spending. This habit ensures that you always have something saved, no matter how small. Over time, these savings can build up and help you achieve your goals or handle financial emergencies.

2.0 Smart Money Management

Why Does Money Management Matter?

As a student or young adult, learning how to manage your money early can set the tone for your financial future. Whether you're living on a tight allowance or receiving your first paycheck, the decisions you make today about spending, saving, and budgeting, can help you avoid debt, achieve your goals, and build financial confidence.

2.1 Setting Financial Goals

Managing your money wisely starts with planning before you spend. This means knowing how much you earn, identifying your fixed and variable expenses, and prioritising needs over wants. Following a budget helps you stay in control, reduce impulse spending, and avoid unnecessary debt. To make your financial efforts more meaningful, set clear short, medium, and long-term goals. With a focused plan and consistent action, your money works toward goals that bring long-term value.

Keeping a close personal watch on your financial affairs means you monitor how much you earn, save, spend and invest. This could be through a budgeting app, spreadsheet, or writing it down. The more aware you are of your financial situation, the better decisions you can make.

2.2 How Much Should You Save?

There are many rules on managing your income, some are as follows:

The 50/30/20 Budget Rule

50% goes to needs, 30% goes to wants, and 20% goes to savings.

The 70/20/10 Money Rule

70% for needs, 20% for savings and debt, and 10% for wants.

The common feature in both rules is 20% of your income must go into your savings for rainy days.

Start by setting aside even a small percentage of your income (e.g. 10%) and treating it as a “non-negotiable” bill.

It's not about how much you earn, but how much you keep.

2.3 Making Wise Decisions with Extra Money

If you receive a sudden windfall, a wise move would be to invest it in a legitimate investment scheme. While it might be tempting to spend on expensive gadgets or temporary satisfaction, it is important to make smart and informed decisions to support long-term goals.

Investing helps your money grow. Don't just spend, grow your money.

A person who manages money well usually checks affordability first, avoids impulse buys, and focuses on essential needs before luxuries. They don't just spend based on emotion or peer pressure. Practicing this consistently builds long-term stability.

2.4 Recording Spending Habits

Recording what you spend helps you identify where your money goes and where you might be overspending it. Those who adopt this habit often find it easier to save.

2.5 What Does Being Financially Secure Mean?

A financially secure person:

- **Saves before they spend**
- **Prepares a realistic budget**
- **Has extra money at the end of the month**

3.0 Retirement Planning: Why You Should Start Early

Planning for retirement

Planning for it early makes a huge difference and allows you to save more over time and build a stronger financial cushion. The earlier you plan, the more secure you'll be in the long run.

3.1 Why Do We Plan for Retirement?

The main goal of retirement planning is to ensure financial comfort after retirement. It means being able to live without depending on others, stressing over bills, or compromising your lifestyle.

Many people think they can wait until their 40s to start saving for retirement but this is a false assumption. When you start late, you lose the benefit of time, and you'll need to save a much higher amount every month to catch up. Starting in your 20s, even with small amounts, gives your money more time to grow. Time is your biggest advantage in retirement planning.

3.2 Financial Planning for Children

If you have children or plan to, it's important to include them in your long-term financial goals. Many parents do financial planning to ensure they can support their child's education, healthcare, and other needs without sacrificing their retirement savings.

3.3 How Much Do You Need Monthly in Retirement?

The amount depends on your **lifestyle**, location, inflation, and health. As a rule of thumb, most people aim to have **60%–70% of their current income** to live comfortably after retirement.

So, if you currently earn RM1,000 a month, you may need more than RM600/month during retirement to sustain your basic needs.

Don't assume you'll need less in retirement as prices continue to rise over time due to **inflation**.

3.4 When Should You Start Saving for Retirement?

You should start saving for retirement as early as possible. The earlier you begin, the more your money can grow through compounding interest. Compounding interest is generally defined as "interest earned on top of accumulated interest".

The reason to plan early is to benefit from compounding interest.

A good strategy includes saving and investing in different financial instruments and not relying on just one source of income. Diversification is an investment strategy that lowers your portfolio's risk and helps you get more stable returns.

4.0 Protecting Yourself from Investment Scams

What Are Investment Scams?

Investment scams are fraudulent schemes disguised as legitimate investment opportunities. These scams are often promoted on social media or messaging apps and promise high or guaranteed returns with little to no risk. However, the reality is that they often involve non-existent or illegal products.

4.1 How Big Is the Problem?

The data from the Securities Commission Malaysia shows a year-on-year increase in complaints and enquiries related to unlicensed activities and scams. While this reflects a rising trend, it also signals growing public awareness to verify before investing.

4.2 Unlicensed Activities in Malaysia

Investment scams and unlicensed activities come in many forms and they're constantly evolving. Securities Commission Malaysia has identified several **recurring and emerging patterns** used to deceive the public. Here's what you need to know to stay protected.

4.2.1 Unlicensed Activities

Under the **Capital Markets and Services Act 2007 (CMSA)**, any person carrying out a **regulated activity** (like investment advice, fund management, dealing in securities, etc.) must be **licensed or registered with the** Securities Commission Malaysia.

All foreign companies that target Malaysian investors are required to be licensed if they solicit or conduct business in Malaysia.

Additionally, even if the foreign entity is licensed overseas does not mean it is legal to operate in Malaysia. If it is not licensed or registered with the Securities Commission Malaysia, it is **not permitted** to offer, promote, or sell its products to the Malaysian public.

4.3 Mule Bank Accounts

A recurring tool in almost every scam is the use of **mule accounts**. These are bank accounts (either individual or company) used by scammers to receive and move stolen funds. Often, scammers pay or manipulate people into handing over their **ATM card and PIN**, or full **online banking access**, effectively turning them into accessories to crime.

Many mule accounts are **dormant companies registered with SSM**, giving the scam a layer of fake legitimacy.

Letting someone use your bank account in exchange for money is risky and illegal. This can make you an accomplice in financial crimes or scams, even if you didn't commit the fraud yourself. Your name will be on the record, not theirs.

4.4 Common Types of Investment Scams in Malaysia

Investment scams continue to evolve, and scammers today use fake identities, cloned websites, and even deepfake videos to appear legitimate. Here are the most common scams happening now:

4.4.1 Clone Firm Scams

These scams involve fraudsters falsely impersonating **licensed intermediaries**, often misusing the names, logos, websites, or registration numbers of legitimate companies. They advertise fake investment schemes via social media or messaging apps while **promising extremely high returns with little or no risk**.

Scammers may claim they are from a company licensed by the Securities Commission Malaysia, or another foreign regulator and may even show **forged certificates** or documents to convince victims.

While it's safe to check official websites and verify licenses, it is not safe to deposit investment money into someone's personal bank account. Licensed platforms never ask you to transfer money directly to individuals. Always pay through proper, regulated channels.

4.4.2 Pre-IPO (Initial Public Offerings) Investment Scams

These scams typically involve **real IPOs targeted for listing** on Bursa Malaysia. Scammers pose as agents offering "exclusive access" to pre-IPO shares at a low entry price. Victims are often added to Chat **Groups without consent**, where they see **fake testimonials** and are asked to make payments into **unrelated personal or company accounts**.

On listing day, the scammer may pretend the shares have gone up and ask for **more money** to "release profits", but of course, it's all fake.

4.4.3 Deepfake Scams

Using **AI-generated videos**, scammers impersonate public figures like CEOs, religious leaders, or even Securities Commission Malaysia officers to falsely endorse investments. These videos look and sound real and usually appear on Facebook or Instagram with a “Learn More” button that links to phishing websites or suspicious apps.

Exploits manipulated videos or audio of well-known figures to deceive individuals into fraudulent schemes. Scammers typically start by posting deepfake videos on social media platforms. These deepfake videos would promote non-existent investments. Typically, redirects interested parties to a sign-up page that gathers their personal information. Once signed up, victims are contacted by agents who then deceive them by asking to transfer money into unrelated mule bank accounts.

4.4.4 Chat Group Scams (e.g. Telegram / WhatsApp)

Ever been suddenly added to a WhatsApp or Telegram group that’s buzzing with “investment tips” or “investment packages”? Public will be added into WhatsApp/Telegram groups unsolicited. Scammers will claim to be an expert and promote non-existent investment products. The group may consist of many members, but most could be part of the scam. The schemes will be accompanied by fake testimonials by other investors to appear credible. Payments will be required to be made to unrelated bank accounts (mule accounts).

4.4.5 Love & Romance Scams

Scammers will befriend the victim through social media or dating sites. After luring the victim into a romantic relationship, the scammers will convince the victims to invest in a non-existent investment scheme. The victim will be asked to deposit the money into mule bank accounts. Eventually, the victim will realise the relationship is a scam.

4.4.6 Job Scams

Fraudsters contact people via WhatsApp or Telegram with a part-time job offer (e.g., liking posts, reviewing products). Victims are paid a small amount to gain trust, and then told they can “earn more” by investing into exclusive schemes which don’t exist.

The scam starts with the perpetrator offering online tasks through social media platforms. Several tasks will be given to interested individuals who will be paid commissions into their bank accounts. Tasks may include buying products online, reviewing Malaysian tourist spots, or liking/following social media pages. After completing tasks and earning the victim’s trust, the scammer will introduce another “agent” or “broker”. The victim will be tempted to invest in fake cryptocurrencies with promised high returns. To invest, they’ll be given mule bank account details for payment.

Victims will be directed to a website to sign up for an investment platform and work with “agents” who claim to invest in cryptocurrencies. They receive fake return updates but can't withdraw their funds when they try.

4.5 What's the Safest Way to Invest?

The safest option is to deposit your money into a licensed investment platform. These platforms are regulated by authorities like the Securities Commission Malaysia. Avoid investing through WhatsApp or sending money directly to strangers, these are common scam tactics. Always check that the platform is licensed or registered.

4.6 What Should You Consider Before Choosing an investment?

It's tempting to focus on how much profit you might earn, but what matters more is the legitimacy of the investment, including its risks and licensing status. Always verify that the company is registered and not flagged in Securities Commission Malaysia Investor Alert Lists. Popularity or friends' recommendations aren't enough. Do your own due diligence.

4.7 What's the First Thing You Should Do if You Realise You've Been Scammed?

The first and most important thing is to immediately stop all contact with the scammer. Don't engage, don't negotiate, and don't give them more time, and more importantly do not transfer any further monies. After cutting off contact, you should report the case to the proper authorities such as Securities Commission Malaysia or PDRM. Quick action can help prevent further damage.

4.8 How to verify the legitimacy of an investment

The Securities Commission Malaysia provides two key tools to help the public make safer investment decisions: the Securities Commission Malaysia's **Investor Alert List** and the **Investment Checker**.

The Securities Commission Malaysia's Investor Alert List contains names of individuals, companies, and platforms that are not licensed or authorised by the Securities Commission Malaysia and may be involved in scams or unregulated investment activities.

Meanwhile, the Investment Checker is a search tool that allows users to verify whether a person, company, or platform is officially licensed or registered with Securities Commission Malaysia to offer investment services.

Additionally, Semak Mule is in an online portal developed and in use by Polis Diraja Malaysia that helps you check if a bank account or phone number has been used in scams. Before making any payment, search the account details there. If it's flagged, don't proceed. This is a free and simple way to avoid being scammed.



4.9 Common Tricks Scammers Use

Scammers often use emotional tactics and fake urgency. Some common red flags include:

- Promises of high returns with zero risk
- “Limited time only” offers
- Guaranteed profits in hours or days

These are all signs of a scam. If it sounds too good to be true, it usually is.

4.10 Final Tips

- **If it sounds too good to be true, it probably is**
- Always ask: “**Is this licensed by the Securities Commission Malaysia?**”
- Stay skeptical, stay informed

5.0 Staying Safe When Using Digital Financial Services

What Are Digital Financial Services?

Digital financial services include **online banking, mobile apps, e-wallets, debit/credit card transactions**, and **buying financial products online**.

5.1 Understanding Debit Cards and e-Wallets

Debit Cards

Most banks offer a debit card when you open a bank account. With a debit card, you spend only the money you've added to your account (savings) such as through transfers or salary deposits. Payments are deducted instantly, making it easier to track your spending and stick to a budget. There's no interest unless you go into overdraft.

Credit Cards

To get a credit card, you'll need to meet eligibility requirements, such as a minimum salary and a credit check. If approved, you can spend up to a set credit limit. You'll receive a monthly bill and must repay it ideally in full to avoid interest. Failing to pay on time may result in interest or late fees. However, credit cards can offer benefits like instalment plans, cashback, and rewards.

5.2 How to Make Sure Your Online Transactions Are Secure

Before entering your card or bank details online, always check that the website starts with "https" and look for a security logo or certificate. These indicators mean your connection is encrypted and more secure. Avoid websites that look suspicious or lack secure indicators.

5.3 Password & PIN Safety

Your bank account password and PIN are personal and must be always kept confidential. Never share them, not even with friends or family, and don't write them down where others can see. If someone else gains access, they can easily drain your money. Only you should know your login details.

Using the same password for everything puts your entire digital life at risk. One good habit is to change your passwords regularly and use different passwords for different apps or sites.

5.4 Public Wi-Fi is Not Safe for Online Shopping

It may be tempting to shop while connected to public Wi-Fi at cafes or malls, but public Wi-Fi is not secure. Hackers can intercept your information, even if you're using a known app. Always use mobile data or a secure private network when making financial transactions.

5.5 What to Do Before Buying Financial Products Online

Before signing up for a loan, insurance, or investment online, you must always ensure the provider is regulated by the relevant authorities. This means checking for licenses and avoiding unverified websites or social media accounts. Just because a deal is online doesn't mean it's legal or safe.

5.6 Why You Should Read Terms and Conditions

Reading terms and conditions may seem boring, but it's important because they tell you your rights as a consumer. You'll learn what you're agreeing to, refund policies, hidden fees, and more. If there's ever a dispute, this is where your protection comes from.

5.7 Oversharing your information online

Be careful what you post on social media. Your personal information can be used by scammers to impersonate you, guess your passwords, or commit identity theft. Things like your birthday, phone number, or address should never be public.

5.8 Preventing Financial Scams

One of the best ways to stay safe is to be very cautious when sharing financial information, even with friends. Don't post transaction screenshots, account balances, or e-wallet QR codes online. If you get messages from unknown numbers asking for money or personal details, block and report them. Stay alert and think before you share.

5.9 Final Thought

Digital financial services are convenient, but they require **smart and safe behaviour**. Always protect your:

- Personal and financial info
- Bank access and passwords
- Decision-making, don't rush or fall for pressure

About InvestSmart



InvestSmart® is an investor empowerment initiative by the Securities Commission Malaysia (SC) that aims to:

- **Create more informed investors who are self-reliant and able to make investment decisions**
- **Educate the public on a range of investment-related topics**
- **Raise awareness on unlicensed activities and scams**

For more information, visit www.investsmartsc.my or follow us on



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