RESEARCH ARTICLE

AWARENESS OF CREDIT MANAGEMENT AMONG PUBLIC SERVANTS IN MALAYSIA THROUGH COUNSELING AND CREDIT MANAGEMENT AGENCY (AKPK)

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Manuscript Info	*Abstract*
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Credit Credit management is a crucial aspect in ensuring financial sustainability within society, particularly among civil servants. Therefore, it is paramount that the general public in Malaysia have a comprehensive understanding and awareness of the Credit Management program through the Credit Counselling and Management Agency (AKPK) to prevent the community from being burdened with high levels of debt, which could potentially lead to bankruptcy. As such, this article aims to analyze the behavior of public servants in the state of Kedah, involving a total of 150 individuals, in order to identify their level of awareness of the credit management program under the AKPK.This study employs quantitative methods to examine demographic factors, as well as the relationship between consumer understanding, awareness, and perception of credit management programs through the Credit Counselling and Management Agency (AKPK) among public servants in Malaysia. The results of this study can be useful in improving the quality of the Credit Management program under AKPK and raising awareness among civil servants towards credit management in Malaysia.

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Introduction:-

The management of credit holds significant importance for individuals, as it serves to ensure financial sustainability at a desirable level, whilst simultaneously avoiding any adverse impact on one's spending ability. Hence, the level of awareness of credit management is crucial towards the effective and judicious utilization of credit.

Furthermore, early disclosure of financial management awareness can prevent individuals from making erroneous decisions and actions pertaining to financial management. The Islamic perspective also stresses the importance of financial planning knowledge for individuals, in order to avoid any future financial difficulties.

This is consistent with the discourse of Allah SWT in Surah Yusuf, as expounded in verses 47 to 48, which convey the meaning that:

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"He (Yusuf) said: "So that you cultivate for seven years (consecutively) as usual; then what you harvest you must leave on the stalk except a little for you to eat. Then after that will come seven very difficult (years), which consume what you saved to face it (difficult years), except for a little of what (wheat seeds) you saved."

The verses cited above provide clear evidence that Islam places great importance on promoting financial education and awareness to prepare for the future and avoid experiencing hunger. The objectives of Shariah, or Maqasid Shariah, also stress the importance of safeguarding property to ensure benefits and prevent harm. Any activity that causes waste or bankruptcy does not fulfill the requirements of Maqasid Shariah in properly preserving wealth. This aligns with the teachings of Allah SWT as follows:

"Indeed, waste is a relative of the devil and the devil is very disobedient to his Lord" (Surah Al-Isra': 27).

Therefore, awareness of poor credit management can cause a person to make wrong decisions and plans which in turn can result in bankruptcy. Through statistics from the Malaysian Insolvency Department, the data shows a significant increase in bankruptcy cases where the number recorded for the period from 2016 to December 2020 is 74,699 people. By group category, the group aged between 25 and 34 years and the group aged between 35 and 44 years are among the highest groups involved in bankruptcy cases. Aware of this fact, Bank Negara Malaysia has taken preventive measures through the establishment of Counseling and Credit Management Agency (AKPK) to provide credit management services to obtain advice and systematic scheduling on a continuous basis related to financial management. Therefore, this study will emphasize the study of awareness of credit management programs among Malaysian civil servants through the Credit Counseling and Management Agency (AKPK).

Problem Statement
Bankruptcy cases in Malaysia have been recorded as many as 294,371 bankrupts that have been identified and administered until December 2020 (Department of Insolvency Malaysia). The increasing cost of expenses and daily needs demands that every layer of society has to take financing to obtain needs such as cars, houses, education and other needs. Among the main reasons Malaysians are declared bankrupt is due to making personal financing, housing, business, vehicles and others and failing to manage the repayment of the loan (Department of Insolvency Malaysia).

Based on data from the Malaysian Insolvency Department for the year 2020, it shows that the age group of 35-44 years is the highest bankrupt group which is 35.51% followed by the age group of 45-54 years with 25.32%. Although the number of bankruptcies is decreasing, the percentage recorded by the youth group is the highest.

Awareness of poor financial management is the main factor in society being declared bankrupt. Financial management programs should be promoted by all responsible parties and clear information about consumer protection, rights and responsibilities should be easily obtained by consumers considering the state of the country, strategies for awareness of credit management programs in helping to provide guidance and repayment rescheduling to improve financial well-being.

In Malaysia, among the main reasons that drive individuals to this program are poor financial planning (36.6%), struggling with the high cost of living (34.9%), failure or slowing down of business activities (12.3%), losing a job, being laid off or losing a breadwinner in the family (8.9%), high medical expenses (5.9%) and others (1.4%). This is due to the pandemic of covid-19 in 2020 to 2022 that is currently sweeping the world, not only affecting the national economy, but also leaving a deep impact on the lives of Malaysians.

Looking at this situation, this study will identify the extent of knowledge among employees in the public sector in Malaysia regarding the awareness of the credit management program provided by the Credit Counseling and Credit Management Agency (AKPK).

Literature Review:-
Awareness is an important to know the level position of a service. Moreover, it is usually specified as the primary target. This is also the main purpose of advertising in the initial months of the service (Pham, Goukens, Lehmann & Stuart, 2010). In this case, for users of the Credit Counselling and Management Agency (AKPK) service, user awareness of credit management and the services offered by the Credit Counselling and Management Agency (AKPK) is important.

If a positive perception can be formed, then positive behaviour and results will also positive. According to the Analysis of UtusanMelayu Online, (Nabila Yasmin Razaib, 2018), since the establishment of the Credit Counselling and Management Agency (AKPK) in 2006, a total of 619,000 users have attended the counseling services of the Credit Counselling and Management Agency (AKPK) and from the total number of which 195,000 people have enrolled in their debt management program. Of those 195,000 people, the Credit Counselling and Management Agency (AKPK) has successfully helped 14,000 people to solve their debt problems with a total of RM 593 million.

Existing research studies show that financial literacy is an important basis for making effective financial decisions, there are significant differences with gender across developed and developing countries (Angela Hung, Joanne Yoong, Elizabeth Brown, 2012).

In addition, (Potrich, Vieira, Coronel, and Bender Filho, 2015) developed an adequate financial literacy model for men and women where men show a higher level of financial literacy on average than women. Moreover, there is a significant difference between men and women explained by the fact that men tend to see money as power and have money to increase their social desirability. Women appear to have a more passive approach to money (Calamato, 2010).

However, the findings of studies by Chen and Volpe (1998), Danes and Harbeman (2007), Manton et al. (2006), Micomonaco (2003), Peng et al. (2007) and Volpe, Chen &Pavlicko (1996) related to demographic factors confirm that the level of financial literacy among men is better than women. This is supported by Lusardi's (2009) study which proves that the elderly and women have a low and worrying level of financial literacy, especially in terms of debt management. A different conclusion was shown by Mohamad Fazli and Teo (2014) where the level of financial literacy among women working in the public sector is moderate on average. However, Dahlia, Rabitah&Zuraidah (2009) revealed that financial literacy among men and women is the same.

(Yew et al. 2017) studied the relationship between attitudes and behavior focusing on credit management and gender. They recommend that credit management programs be disclosed early, especially at the school and university level. In Malaysia, individuals with higher credit management also experience financial difficulties (Loke, 2015). This shows that the awareness of credit management has not yet been fully studied or understood.

Hierarchy of Effects Model (HEM) or Effective Hierarchy Model was created by Lavidge and Steiner (1961), and was adapted by Barry and Howard (1990). HEM has been widely used to understand consumer attitudes and behavior (Dubé et al., 2003). This model describes the stages consumers will go through when making a purchase decision and act sequentially. The components of HEM are cognitive (awareness, learning, knowledge), affective (thoughts, feelings) and conative (action). According to this model, consumers will gain awareness and knowledge through the product. Next, when they create positive and negative feelings or attitudes towards the product before acting to buy or not buy a product (Kotler &Bliemel, 2001). By adapting and improving HEM, this study will investigate the level of awareness of credit management among civil servants in Malaysia through the Credit Counselling and Management Agency (AKPK).

Methodology:-

In order to ensure the selection of the appropriate method for the study, factors such as the objective of the study, the scope of the study and the respondents involved need to be determined to ensure the achievement of the study's goals. In the research method, there are five stages which include the preliminary stage, the literature review stage, the data collection stage, the data analysis stage and the recommendation and conclusion stage. Various methods are used to ensure that this study can achieve the set objectives and goals. Therefore, this chapter will explain the research methodology used by the researcher to complete this study. Aspects discussed include study design, data collection methods and how to analyze data before, during and after the study is conducted.

The purpose of this study is to examine the awareness of credit management among Malaysian civil servants through the services of the Credit Counselling and Management Agency (AKPK) and its relationship with understanding, perception and demographic factors. This study is seen to be more appropriate using quantitative methods to collect numerical data while analyzing using SPSS software.

This study will use a simple random sampling method. In this sampling, each element in the population of the area to be studied has an equal chance of being selected as a sample. Then, non-probability purposive sampling' or purposeful

sampling will be used to obtain respondents who can increase the value of the information desired by the researcher. The selected sample is civil servants in the state of Kedah.

The population is the entire group to be studied. In this study, the target population is civil servants in Malaysia. This study selects government employees in the state of Kedah focusing more on the Kota Setar district of Kedah as the population. In general, population is defined as the entire category of subjects that provide focus and attention in a specific research project (Sekaran, 2003).

Sekaran, (2003) stated that the sample size reflects the number of elements that will be used in the study. Usually to determine a sample size, the sample determination table provided by Krejcie& Morgan (1970) and Cohen et al. (2001) can be used as a reference. For this study, a number of sets of questionnaires were distributed to civil servants in the Kota Setar district, Kedah.

This questionnaire consists of A, B, C and D. The first part refers to demographics which consists of 3 items. The second part is about the respondents' awareness of credit management through the Credit Counselling and Management Agency (AKPK) which consists of 8 items. The third part is about the respondents' understanding of the services of the Credit Counselling and Management Agency (AKPK) which consists of 7 items and finally the fourth part is about the respondents' perception of the services offered at the Credit Counselling and Management Agency (AKPK) with 6 items.

In conclusion, this study used a questionnaire method to collect data. Study design, theoretical framework, hypotheses, data collection methods, data analysis methods such as sample size, population and operational definitions are also discussed.

Conclusion:-
The research findings indicate that understanding has an impact on awareness, while user perception has no influence on awareness. As a result of this study, an understanding of credit management awareness through the Credit Counselling and Management Agency (AKPK) has been gained by individuals and organizations. Thus, all parties could utilize the information gathered from this research to enhance credit management through AKPK. The Credit Management Program (PPK) is a specialized program that provides financial advisory services to individuals facing financial difficulties to develop a personalized loan repayment plan in collaboration with a financial service provider. Credit management programs are accessible to all individuals who require assistance in managing their personal debt with financial institutions. Therefore, the Credit Counselling and Management Agency (AKPK) was established by Bank Negara Malaysia (BNM) in April 2006 to assist individuals in achieving financial stability and attaining peace of mind through prudent credit utilization.

In addition, there is also a program created by the Credit Counselling and Management Agency (AKPK) especially for Malaysians, namely the Debt Management Program, where credit counselors from the Credit Counseling and Management Agency (AKPK) will work with borrowers to draw up a plan personal loan repayment through negotiation with the borrower's financial service provider. Credit management programs are available to all individuals who need assistance in managing their personal debt with financial institutions. This program also does not charge any fees involved for the client during the counseling session and / or if the client wants to follow the Credit Management Program (PPK).

As conclusion, the results of the study can help the Credit Counselling and Management Agency (AKPK) in further improving the quality of the programs carried out in line with making improvements towards efforts to improve financial regulation among public servants towards the Credit Counselling and Management Agency (AKPK) in particular. This study can also show the weaknesses and strengths of the Credit Counselling and Management Agency (AKPK) as an agency established under Bank Negara Malaysia to help Malaysians with daily financial management and education. Through the results of this study, it is hoped that the Credit Counselling and Management Agency (AKPK) will be more competitive in introducing the goals of its establishment to the Malaysian community.

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