



PROSPECTS OF FINANCIAL EDUCATION FOR SMEs EMPLOYEES – THE HRDF PERSPECTIVE

*Seminar on Financial Education and
Retirement Savings*

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INTRODUCTION TO HRDF





INTRODUCTION

HUMAN RESOURCES DEVELOPMENT ACT, 1992

(January 1993)



PEMBANGUNAN SUMBER MANUSIA BERHAD ACT, 2001



HUMAN RESOURCES DEVELOPMENT FUND

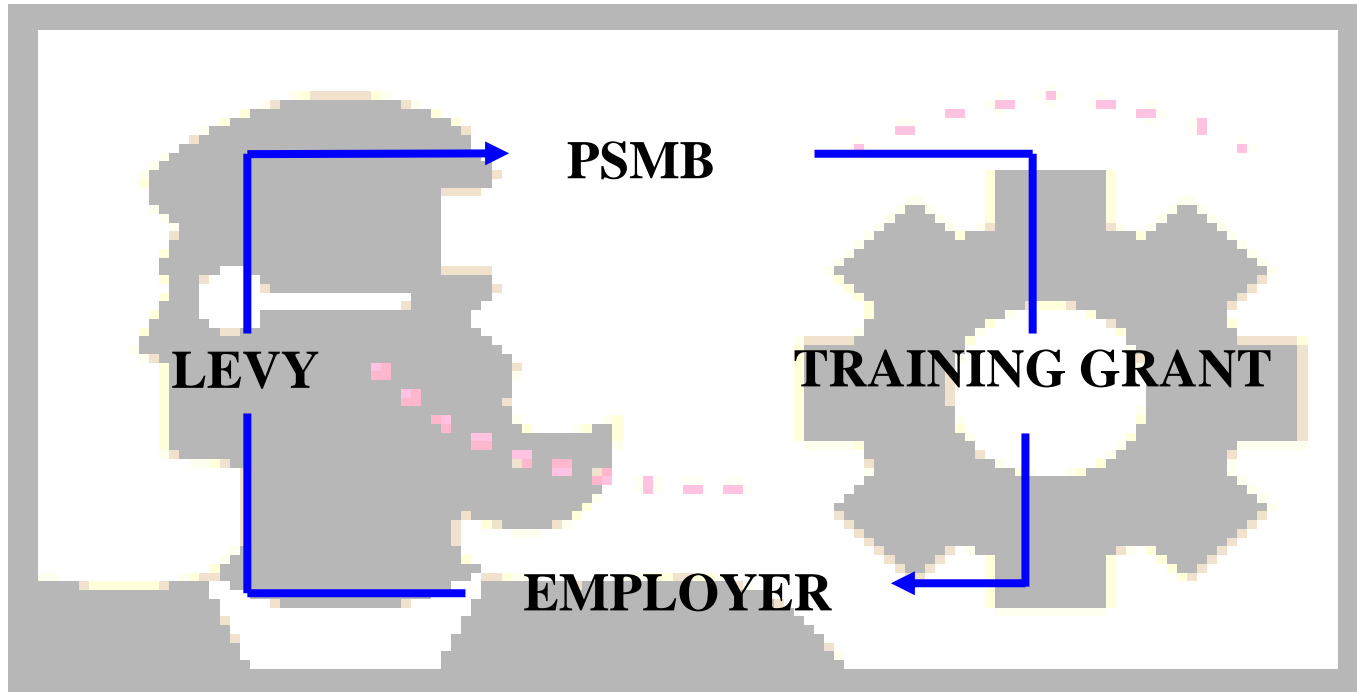


HUMAN RESOURCE DEVELOPMENT BERHAD (TRUSTEE)





HRDF MECHANISM



**0.5 %/1% x employees monthly wages
(Malaysian citizens)**



HRDF AIMS (YEAR 2013~2015)

- ❖ To assist in the up-skilling of employees in line with workforce transformation initiatives under the New Economic Model (NEM);
 - ❖ To inculcate training culture among employers and promote continuous retraining; and
 - ❖ To enhance employees' skills, knowledge and performance in technical, innovation, leadership and HR fields.
- ❖ **TARGET: 745,800 EMPLOYEES TO BE UP-SKILLED BY 2015.**





Beginning year 2013, HRDF concentrates on **UP-SKILLING PROGRAMMES** to transform unskilled and semi-skilled employees to be a highly skilled workforce.



HRDF REGISTERED EMPLOYERS





SECTORS COVERED UNDER THE PSMB ACT, 2001 (ACT 602)

1

Manufacturing Sector

2

Service Sector



MANUFACTURING SECTOR

NO.	NUMBER OF EMPLOYEES	PAID-UP CAPITAL (RM million)	MANDATORY / OPTIONAL
1.	50 and more Employees	-	Mandatory (1%)
2.	10 – 49 Employees	2.5 and above	Mandatory (1%)
3.	10 – 49 Employees	Below 2.5	Optional (0.5%)



MANUFACTURING SECTOR (Cont...)



NUMBER OF EMPLOYERS REGISTERED

- TOTAL: 6,857
- LARGE EMPLOYERS: 1,234
- **SMEs: 5,623**



NUMBER OF EMPLOYEES

- TOTAL: 1,415,182
- LARGE EMPLOYERS: 1,145,002
- **SMEs: 270,180**



LEVY CONTRIBUTION (RM)

- TOTAL COLLECTION: RM2,307.59 million
- LARGE EMPLOYERS: RM1,576.24 million
- **SMEs: RM731.35 million**



LEVY UTILISATION (%)

- TOTAL AVERAGE : 83.20%
- LARGE EMPLOYERS: 85.56%
- **SMEs: 80.84%**



SERVICE SECTOR

Employers with 10 Malaysian employees or more in the following industries:

- Hotel
- Tour Operating Business
- Shipping
- Air Transport
- Telecommunication
- Computer Services
- Advertising
- Postal & Courier Services
- Freight Forwarding
- Private Higher Education
- Energy
- Training
- Direct Selling
- Port Services
- Engineering Support and Maintenance Services
- Research and Development
- Warehousing Services
- Security Services
- Private Hospital Services
- Commercial Land Transport & Railway Transport Services

Employers with 50 Malaysian employees or more in sub-sector of hypermarket, supermarket and departmental store.



SERVICE SECTOR (Cont...)



NUMBER OF EMPLOYERS REGISTERED

- TOTAL: 6,883
- LARGE EMPLOYERS: 2,420
- **SMEs: 4,463**



NUMBER OF EMPLOYEES

- TOTAL: 1,210,707
- LARGE EMPLOYERS: 1,122,047
- **SMEs: 88,660**



LEVY CONTRIBUTION (RM)

- TOTAL COLLECTION: RM1,571.72 million
- LARGE EMPLOYERS: RM1,366.82 million
- **SMEs: RM204.90 million**

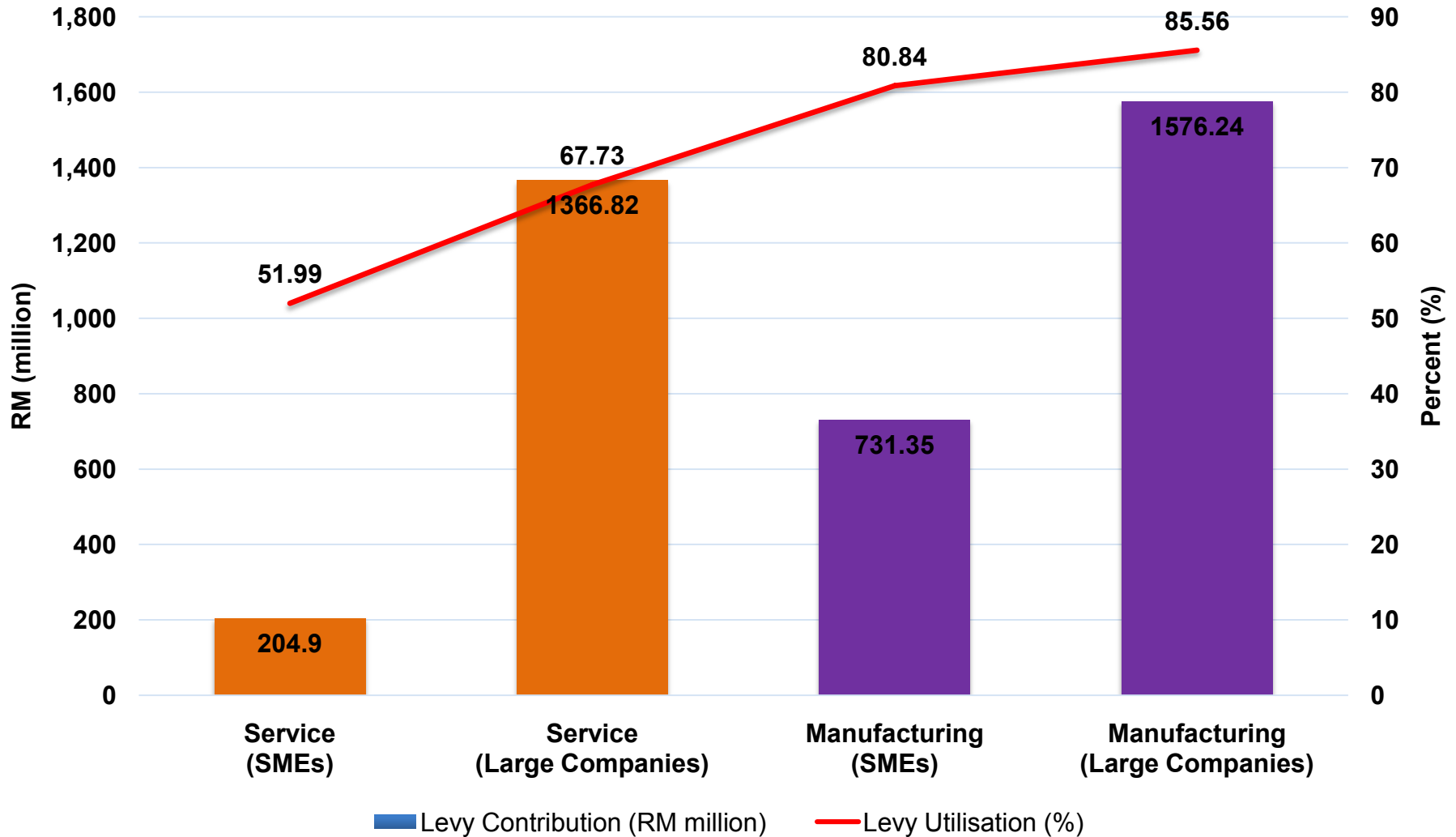


LEVY UTILISATION (%)

- TOTAL AVERAGE : 59.86%
- LARGE EMPLOYERS: 67.73%
- **SMEs: 51.99%**



LEVY CONTRIBUTION Vs. LEVY UTILISATION



INITIATIVES TO ENCOURAGE THE DEVELOPMENT OF FINANCIAL EDUCATION





INITIATIVES TO ENCOURAGE THE DEVELOPMENT OF FINANCIAL EDUCATION

- ❖ HRDF provides its registered employers with various schemes for training and re-training purposes. Among the schemes that are made available are:
 - ❖ SBL Scheme;
 - ❖ SBL – Khas Scheme;
 - ❖ PROLUS Scheme;
 - ❖ PERLA Scheme; and
 - ❖ SME Training Partner (SMETAP) Scheme.

- ❖ Using the above schemes, employers may train their employees in any skill areas. Among the skills areas, but not limited to, are as stated below:
 - ❖ Legal
 - ❖ Safety and Health
 - ❖ **Accounting / Finance**
 - ❖ Engineering
 - ❖ Human Resource Management
 - ❖ Executive Development Programme
 - ❖ Research & Development
 - ❖ ... and many other skill areas...



INITIATIVES TO ENCOURAGE THE DEVELOPMENT OF FINANCIAL EDUCATION (Cont...)

- In support to the development of financial education, HRDF allowed its registered employers to sent their employees to training related to accounting and financial skill areas.
- In May 2013, HRDF had organised the “**Preview on Professional Accounting Courses Approved under HRDF**” to attract and encourage more employers / employees to join the accounting / financial based courses.



INITIATIVES TO ENCOURAGE THE DEVELOPMENT OF FINANCIAL EDUCATION (Cont...)

Route to be a Chartered Accountant

Malaysia needs a highly-trained workforce and also professionals to attract in-flow of Foreign Direct Investments (FDIs) particularly in the economic corridors and newly-identified growth areas.

The Malaysian Government encourages workers to attain dual certifications including one that provides with world class, internationally recognised qualification. Accounting qualifications are generic and HRDF envisage that the accounts and finance functions of all its registered employers are handled by trained professionals who are competent in the accounting field.

Workers with recognised accounting degrees can register directly into professional level of each accounting body. For those whose background are not accounting, they can register into the QE/Fundamentals/Foundation level examinations.

- Attend Talks by Association Representatives**
Get the information you need from the participating accounting bodies
- Meet HRDF Officers**
Get information on application and claim procedures
- Explore New Career Opportunities**
Gain insights into Accounting fields

In Collaboration With:

Inviting all HRDF Registered Employers and the public to:

PREVIEW SESSION

**Venue: Crystal Crown Hotel,
Petaling Jaya**

Date: 20 May 2013

Time: 9.00 AM- 1.00 PM

**For more information, kindly contact
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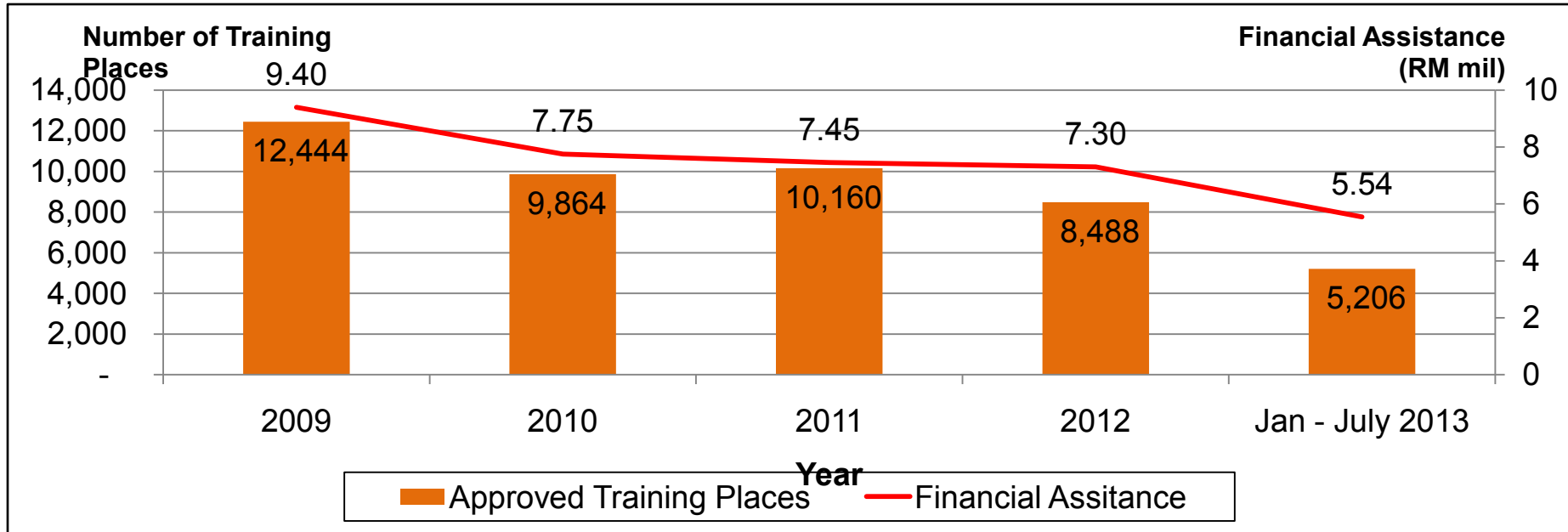
The preview session on Professional Accounting Courses Approved under HRDF was held on 20 May 2013. During the session, three (3) accounting bodies (ACCA, CPA Australia and MIA) had presented their programmes.

A total of 50 participants attended the session.





INITIATIVES TO ENCOURAGE THE DEVELOPMENT OF FINANCIAL EDUCATION (Cont...)



Throughout the years, HRDF had received and approved many applications from the employers to send their employees to accounting / financial based training programmes.

For the year 2013, as at July, HRDF has approved a total of **5,206 training places** with the financial assistance of **RM5.54 million** for accounting / financial based training programmes.

THE IMPORTANCE OF FINANCIAL EDUCATION





INVESTMENT OPPORTUNITIES

Financial literacy opens the window for investment opportunities. By having financially literate employees, organisations may step up its initiatives to seek for more profitable ventures not only within its own niche market but also of that of others.

Apart from that, by carefully considering the different aspects of financial management system, a business can evaluate its overall financial health and determine its ability to invest in potential opportunities.





MANAGING RISK

A business must also carefully evaluate risk. By equipping employees with financial / accounting skills, it will assist the organisation not only to measure but also minimize risks. This can be done by implementing strategies that help the business to counteract to any unforeseen financial possibilities.





REDUCE COMPLIANCE RISK

By exposing employees on current financial standards and issues through training, employers can reduce their risk of non-complaints to the legal requirement related to financial matters, and, equally important, create a positive working environment.





MORE ATTRACTIVE WORKPLACE

Generally, employees seek for working places where they can hone their skills and better their lives, and the best employees are more attracted to organisations that offer such programmes and opportunities for their personal growth.





BASIC FINANCIAL KNOWLEDGE

Through financial education, a person would be able to acquire adequate knowledge on financial aspects especially in terms of investment and planning for the future, including the relationship between risk and return and diversity between short-term and long-term investments, and the ramifications of not planning adequately for retirement.





THE EMPLOYEES' PERSPECTIVES

REFRESH EXISTING SKILLS

In any job, it is very easy to get into habits. Some of those habits will be good, others less so. By doing the same process over and over again it can be easy to blur standard approved practice with your own, perhaps less strictly applied, version.

It is also easy to let less frequently applied skills and knowledge go rusty. Using a training course to refresh the skills you have already learned is a great way to make sure that you stay on top of your game.





AVOID AND SOLVE FINANCIAL PROBLEM

Having financial skills will avoid and solve financial problems, which, in turn, are vital to living a prosperous, healthy and happy life. Financial issues have often become the basis of many other domestic problems such as divorce, mental illness and a variety of other unhappy experiences.





INCREASE CHANCES OF PROMOTION



Learning new skills will always stand an employee in good stead when it comes to gaining promotions. Not only will the employee be equipping him/herself with the skills and knowledge to take on more difficult and responsible positions, but just as importantly they will be demonstrating their abilities to develop and progress. In fact, if the employee instigate the training him/herself, he/she will clearly show his/her bosses that their commitment to career progression, which will make them a far more attractive candidates for promotion.

PROSPECT OF SMEs' EMPLOYEES IN THE FINANCIAL FIELD





THE PROSPECT FOR SME EMPLOYEES

Employees who enrolled in financial education programmes will equip themselves with the skills and knowledge on financial planning. Thus, they would be able to take on more difficult and responsible positions.

Here are some of the prospects for career advancement with regard to professional job positions in the financial field:



Accountant



Financial Analyst



Financial and Investment Advisers

Source: Malaysia Standard Classification of Occupations 2008



Accountants

A professional person who performs accounting functions such as audits or financial statement analysis. Accountants can either be employed with an accounting firm, a large company with an internal accounting department, or can set up an individual practice.

Among the Courses Needed by Accountant:

- CERTIFR - Certificate in International Financial Reporting
- Certificate In International Financial Reporting Standard for SMEs
- CERTIA - Certificate in International Auditing
- DIPIFR - Diploma in International Financial Reporting

(source: Association of Chartered Certified Accountants (ACCA))

- CIMA Certificate in Business Accounting
- Advanced Diploma in Islamic Finance
- CIMA Diploma in Islamic Finance (CDIF)
- CIMA Certificates in Islamic Finance

(source: Chartered Institute of Management Accountants (CIMA))





THE PROSPECT FOR SME EMPLOYEES

Financial Analyst

A financial analyst researches macroeconomic and microeconomic conditions along with company fundamentals to make business, sector and industry recommendations. They also often recommend a course of action, such as to buy or sell a company's stock based upon its overall current and predicted strength. An analyst must be aware of current developments in the field in which he or she specialises as well as in preparing financial models to predict future economic conditions for any number of variables.

Among the Courses Needed by Financial Analyst:

- CFA Program
- CIPM Program
- Claritas Investment Certificate

(Source: Chartered Financial Analyst (CFA) Institute)





THE PROSPECT FOR SME EMPLOYEES

Financial and Investment Advisers

Develops and implements financial plans for individuals or organisations, and advises on investment strategies and their taxation implications, securities, insurance, pension plans and real estate. Registration or licensing may be required.

Among the Courses Needed by Financial and Investment Adviser:

- Project Finance - Financial Risk Assessment and Financing
- Structuring and Negotiating Private Equity Deals (V)
- Financial Markets Certificate
- Financial Derivatives (Forex and Interest Rates)
- Introduction to Structured Products and Derivatives
- Effective Risk Management: Treasury, AML & Derivatives





CONCLUSION

- ✿ HRDF provides platform for employers to send their employees to accounting / financial based training programmes through its various schemes.
- ✿ For this purpose, the HRDF registered employers may utilise their HRD Fund to enhance the skills and knowledge of their employees with regard to financial education.
- ✿ The advantageous and benefits of providing and participating in financial education are apparent not only from the individuals' perspectives but also from the employers'.
- ✿ Financial literacy may serve both the individuals and organisations in long run and HRDF is in support of such initiatives.



THANK YOU

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