

**ISSUE 2:
ENHANCING STUDENTS WELFARE THROUGH PRIVATE SECTOR
PARTNERSHIP AND ONE STOP STUDENTS FINANCIAL CENTER**

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INTRODUCTION

Commodity prices in Malaysia have been on the rise due to the effect of global economy uncertainties which are related to the United States subprime crisis and competition of resources by emerging economies of the world. The Malaysian Institute of Economic Research lowered Malaysian economy prediction to 5.4% for year 2008 as a result of IMF downward revision for the world economy. The surge of price in crude oil to almost US\$ 100 per barrel as predicted by OPEC for the current year 2008 would lead to dramatic increased subsidization cost by the government. These economic factors would lead to an inevitable increase of oil prices which affect directly the rising cost of cooking oil and petrol. By combining these factors, retails products prices would increase despite prediction of a lower consumer price inflation rate to 2.1% in year 2009.

2. Rising prices in products would burden students living costs which include retail usage in terms of food, transportation and costs related directly to rising oil prices. The increase of cost of living allowances (COLA) for local higher learning education students under scholarship from 23% to 84% in early 2007 would provide a cushion for students to sustain costs while pursuing their studies. However, the increase of allowance while interest rate of scholarship in terms of financial loan remains constant, would burden pay back amount in the long run after graduation. Despite the uncertainties of external factors in the Malaysian economy, students living costs and welfare could be sustained through financial planning education and private sector partnership with students-focused market.

ISSUES/MATTERS OF CONCERN

3. Future rising prices of retail prices as a result of increased energy price would burden students living costs in the short and long run. Although there has been increment in living allowance from scholarship loans, there have been reports where the current students living expenses in private institutions is at RM900 per month while government owned Higher Learning Institution recorded RM400 per month.

4. Issues of financial planning among students have been a subjective debate in which reports have been found where students are unable to sustain living expenses in middle of academic semester as a result of financial mismanagement. Recommendable efforts has been made by government institutions such as “Buku Wang Saku” which was published by Bank Negara Malaysia on personal financial management targeted for public on advice terms, but proper financial planning consultation for students from various family income level background by certified financial planners has yet to be undertaken.

5. Interest rates of government owned scholarship loans institutions has not been adjusted with the change of the current economic situation. The current median salary for graduates from the range of 1-4 years of experience would be RM 44,534 per annum in Kuala Lumpur while lower salary should be expected in rural areas. These leads to further financial mismanagement by graduates as credit application is seen as the most viable option to settle debts. In year 2005 alone, the growth of credit card holders has risen to 6.62 million with an outstanding balance growth of 18.37%. It is a concern that graduates could produce marginal economic value to the country as a result of debt issues shortly after their graduation.

6. Fraud attempts have been detected where students utilized their scholarship money in various pyramid structured business which appear to be

unbeneficial in long term investment. There have also been cases where students borrowed money from various sources from family to peers in order to achieve a certain amount to invest in these businesses. It is a grave concern should students' source funds from unauthorized fund managers which would affect them physically and emotionally should they fail to settle their debts.

RECOMMENDATION

7. Partnerships by the Higher Learning Institutions with private sectors which focuses on students as consumers should be formalized by creating a nationwide Students Discount Card headed by a government owned corporation or an appointed firm which provides discounts to students with associated merchants. This would benefit the private sector in terms of sales promotion and would help decrease the effect of rising retail prices with discounts targeted to students. Although student discount cards has been established by prominent corporations such as Malaysia Airlines, retailers which caters to students needs from food to stationery products are yet to be produced.

8. Financial advisory should be provided free to every student for smart financial management starting from the freshman level. Financial planners should be appointed in the Careers and Counseling Unit in every university to assist students from various family income level backgrounds to ensure living expenses could be made affordable at all levels. This would also increase students' awareness of smart financial management upon graduation.

9. Establishment of a One Stop Financial Center in universities with the purpose of connecting students with the financial industry in order to invest their savings in proper financial firms through approved financial instruments such as bonds and fixed deposits which would provide added value in the long run. This would help educate students to analyze fraud attempts in order to avoid students from using their scholarship to invest in 'ponzi' scheme or pyramid level business

which does not give a high rate of successful return. This center could also be utilized as the main tool for the government to introduce students to realities of the global economy which effect government policies and educate opportunities on pursuing a career in various Economic Regions in the country.

CONCLUSION

10. In conclusion, partnerships between the private sector and the establishment of a One Stop Financial Center in Higher Learning Institutions would serve many purposes from providing retail products discounts to students as a result of rising living expenses to educating students to manage their finances wisely. The government could also explain policies as a result of global economy situations to students easily and create an educated society to create added wealth to the country. In short, these recommendations could help the students in the short and long run while the government helps to protect the welfare of students living expenses.

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