

Barriers to Consumer Self-Protection in the Moneylending Decision Process in Klang Valley, Malaysia

Daljit Kaur Sandhu¹, Afida Mastura Muhammad Arif¹, Elistina Abu Bakar¹, Husniyah Abd.Rahim¹

¹Department of Resource Management and Consumer Studies, Faculty of Human Ecology, Universiti Putra Malaysia, Malaysia

Abstract

Licensed moneylending industry supports the credit need of Malaysian consumers who have been denied personal loans by the formal banking sector. This research aims to gain insights into the barriers to consumer self-protection in the moneylending decision process, fortified by the five-step Consumer Decision Process Model. Qualitative research through phenomenology was employed where 14 borrowers were interviewed. Steps taken to analyze the data was done via coding, categorizing and thematizing using the NVivo version 12 software. Based on the research objective, five related areas which were hindering consumers in achieving self-protection were discovered. They were desperation for funds, reliance on friends for moneylender's information, indifferent attitude towards evaluating alternative contract options, passive role in contract rights and obligations, as well as the reluctance to file complaints. In overcoming these barriers, the Ministry of Housing and Local Government could educate consumers on the concept of lawful moneylending process, importance and benefits of self-protection practices. Furthermore, consumers need to enrich their financial acumen in preparation for the forthcoming wave of online and mobile money lending.

Keywords: consumer self-protection, consumer decision process model, moneylenders, phenomenology

1.0 Introduction

From pre-independence, the licensed moneylenders are an integral lifeline for Malaysian consumers who are unable to qualify for short term personal loans from the banks. Acknowledging the vital role of this sector, the governing law which is the Moneylenders Act 1951 (MLA) has been amended in the past to enhance the protection of consumers. Moving on, the Malaysian National Consumer Policy or

NCP (2010) was also formulated based on the consumers' interaction with the ecological systems comprising of the social, economical and political environment. The NCP promotes the collective responsibility among consumers, businesses and the government in uplifting the Malaysian consumer protection (Afida Mastura et al., 2014). One of the main components of NCP is the consumers' ability to achieve self-protection. Self-protection is a safeguarding method, for the individual to shield himself and his property from any harm and danger (Afida Mastura et al., 2014). In the context of this study, consumer self-protection awareness can be achieved through two main avenues, which are from formal and informal sources. The formal source is through the Ministry of Housing and Local Government (MHLG), who is responsible for regulating the licensed moneylenders, whilst the informal source is through information sharing amongst family members, colleagues and friends who have experience dealing with the licensed moneylenders. There is a total of 1,266 number of licensed moneylenders in Klang Valley for a total population of 8.41 million people in 2019 (Table 1). This represents a ratio of one licensed moneylender for 6,642 people.

Table 1 : Population and concentration of licensed moneylenders' statistics in Klang Valley

Location	Population estimates (Department of Statistics Malaysia, 2019)	Licensed moneylenders (Ministry of Housing and Local Government Malaysia, October 2019)
Selangor	6.53 million	754
Federal Territory of Kuala Lumpur	1.78 million	510
Federal Territory of Putrajaya	0.10 million	2
Total	8.41 million	1,266

The purpose of financial consumer protection is not to shield consumers from bad decisions but for them to knowingly choose a deceit-free environment (Markom et al., 2015). In one study in Malaysia, it was generalized that there are two characteristics of people that use the licensed moneylending services which affect their decision process. The first type requires money for emergency out of necessity and the second type seek money out of desperation for habitual or illegal use (Abdullah & Hanafi, 2007). In 2018, the National Consumer

Complaints Centre (NCCC) reported 18.82% of complaints received from 935 consumers were on licensed moneylending with a loss potential of about RM9.7 million (NCCC, 2019).

The main issue that borrowers experience is inadequate self-protection and many were deceived in the moneylending process (Kuala Lumpur Consumers Safety Association, 2015). Lack of borrowers' self-protection has given errant moneylenders the opportunities to use non-transparent transactions to hide certain conditions that subdue consumers. In some cases, borrowers' repayment surpassed the principal loan taken and their interest rates (Guan, 2003). Thus, it is imperative to know why such phenomena were occurring. Besides, the media has also highlighted the violation of borrowers' rights by moneylenders (Justin, 2019; Nelson, 2018), however not much is known about the contributing factors. Past studies in the local context were quite limited. For example, Markom et al. (2015), Arif (2009), Afida and Parry (2008) and Arif (2006) focused on the provisions of the Moneylenders Act 1951 while studies by Singh (2017), Suppiah (2014), Suppiah and Sundara (2013) focused on the Chettiar community contribution as moneylenders. Thus, a gap exists where an in-depth study on the borrowers' experience is crucial to determine the barriers to consumer self-protection in moneylending transactions.

2.0 Literature Review

2.1 Problem Recognition

When consumers have a financial problem, they recognise their scope and limitation in sourcing for funds. Consumers were likely to first approach the banks for loans, liquidate their short-term assets or pawn gold jewellery before searching for information about the licensed moneylenders. A study on payday borrowers pointed out that they have a high amount of debt with a small amount of savings resulting in a high level of perceived scarcity. In cases of hurriedness coupled with perceived scarcity, consumers may overlook the quality of decisions that they are making (Cook & Sadeghein, 2018). This may lead them to accept higher cost personal loans and consequently depriving them of their rights to a cheaper loan. The main barrier consumers have to deal with is a shorter decision-making process time frame. As stated by Kocher and Sutter (2006), there is a link between consumers financial decisions and the time available for making the decisions. In

their study, not forsaking the quality of consumers decisions, the pressure of limited time had significantly led to faster decision-making (Kocher & Sutter, 2006).

2.2 Information Search

Consumers who seek a loan from licensed moneylenders are either borrowing for the first time or repeat borrowers. First-time borrowers need to search for information about interest rates, repayment duration, and creditworthiness requirements on the licensed moneylenders' advertisements.. For those who have a satisfying experience with the licensed moneylenders, they were likely to use the known information to take up further loans. Information imbalance between consumers and financial service providers are becoming broader with technological advancements (Kerton & Ademuyiwa, 2018) as consumers refrain from seeking, learning and accepting technologically related financial information. Research in China by Laforet and Li (2005) showed that poor awareness as well as lack of understanding contributed to the slow adoption of mobile banking. The barriers were a culture of cash-carry, high risks perception, and new skills requirement in technology and computer (Laforet & Li, 2005). Other than borrowers' beliefs of pessimistic credit standing and personal strategy of decision-making, DiLorenzo (2011) mooted the idea of three barriers, consisting of limited transparency, complexity together with the failure of comparison shopping in mortgage loans. Consumers self-protection barriers collectively include behavioural tendencies, self-inflicted limits, cognitive barriers, and characteristics of the market (McCoy, 2007; cited in DiLorenzo, 2011). There are cases of consumers being unaware which information in the personal loans are equal and just (Saleh & Yeon, 2018).

2.3 Evaluation

Once the information search is completed, consumers evaluate and select the licensed moneylenders' loan offerings. The quality of an evaluation depends on the borrowers' capability to analyse the permissible interest rates, ability to make repayment, and meet payment commitment throughout the loan duration. One barrier that is preventing consumers from demanding the permissible interest rates at 1% per month for unsecured loans, without additional costs is the lack of skills to evaluate, speak up, and negotiate the standard contract

terms with the moneylender. The issue of consumers contracts such as moneylending in Malaysia as being unconscionable and unethical was put forward by Ishan and Alam (2009). There have been numerous occasions of borrowers' violation when they were charged higher interest rates (The Malaysian Times, 2015). Distrust in consumers standard form of contracts due to a disparity in bargaining power has been called attention to by Becher (2008). Erasmus et al. (2001) propounded that in real-life decision-making situations, people were usually exposed to fragmented information where well-defined chances were non-existent. Beyond the quantity, the quality of the information received is important for consumers to make decisions. Unlike formal financial institutions with constant and detailed communications by their government agencies, consumers lacked the licensed moneylending knowledge due to the absence of similar efforts from MHLG. The ministry's effort via traditional and electronic media advertisements to inform borrowers of their rights is still insufficient as borrowers were still unaware of their rights (Muslim Consumers Association of Malaysia, 2016). As an example, having incomplete information on the administrative charges a moneylender may impose for late repayment poses a future financial risk to uninformed consumers. Another barrier is that not enough information and lack of educational campaigns in Malaysia contributed to substandard awareness of licensed moneylending among the people (Adelene, 2013). In the opinion of Saleh and Yeon (2018), for less experienced consumers who are entering into standard financial contracts, they require more exposure to their rights and duties.

2.4 Moneylending Transaction

The borrower approaches for a loan from the licensed moneylender once the evaluation among the available options has been conducted. The moneylending transaction occurs between the borrower and licensed moneylender based on a mutual agreement. The moneylending contract is a binding document whereby important terms need to be comprehended by the borrowers. When a default in repayment happens, additional costs are to be borne by the borrowers. Some people were complacent, others were reluctant to learn matters concerning the contract and its legal terms which have an impact during the transaction process. The verbally agreed higher interest rates between borrowers and moneylender differ from the actual attested contract interest rates which are as per law without the knowledge of

the borrower (Guan, 2003). For example, in section 27(3) of the MLA which can be interpreted as any moneylending contract which is not attested is void and not recognised in court. In practice, throughout the moneylending transactions, many borrowers sign contracts where the repayment duration is pre-determined by the moneylenders and they do not have the attested copy of their contract (Ministry of Housing and Local Government Annual Report, 2016). As a consequence, borrowers' have no documentary proof that they have entered into a transaction with the licensed moneylenders.

2.5 Post-transaction

Consumers who enter into credit contracts are prone to information-disadvantaged position and are faced with unfair outcomes in the event of a contract breach (McBride, 2003; cited in Ishan & Alam, 2009) while a study by Abdullah et al. (2019) emphasizes on the procedural and substantive unfairness that consumers encounter in a standard type of contracts. The former focuses on the unjust process when consumers sign the contract while the latter on the discriminatory results consumers have to deal arising from the contract (Abdullah et al., 2019). After the moneylending transaction is completed, the borrower experiences two scenarios of either being satisfied or dissatisfied. Satisfied borrowers may seek a loan from the same licensed moneylender in the future. Meanwhile, dissatisfied borrowers may remain silent and not borrow from the licensed moneylender again or decide to complain. When dissatisfied consumers decide to stop using a financial service without sharing their displeasure with the service provider, it is a loss of opportunity for remedial action.

2.6 Theoretical Background

In a study by Agarwalla et al. (2013), the socio-demographic variables involved in financial decision-making process includes financial knowledge, behaviour, and attitude. The five-step decision-making process pioneered by John Dewey (1910) was later improvised by Engel-Kolat-Blackwell (1978) model in consumer behaviour. The five-steps Consumer Decision Process Model (CDPM) by Blackwell et al. (2006) is deduced to be relevant in providing the understanding of consumer experiences in self-protection when making financial decisions (Kontot et al., 2016). The first step is the purpose of requiring the funds in which consumers identify what situation leads them to seek

money from licensed moneylenders. The second step involves the search for information. When making critical decisions regarding money borrowing, consumers use internal and external information searches (Fan & Chatterjee, 2017). In this study, it covers consumers' awareness about their rights and obligations under the law. The third step is an evaluation of the available information to consumers. For example, consumers must evaluate the influence of traditional and social media money lending advertisements on their decision making. The fourth is the transaction or the process of money lending contract between consumers and moneylenders. The fifth is the post-transaction outcomes which comprise of moneylending complaints, channels to complain, and redress mechanisms. Among the five steps, the first step, problem recognition is the space between consumers' desire and need that triggers the subsequent four steps (Rani, 2014). The factors that influence financial consumers' decision making are knowledge, psychosocial, beliefs and attitude (Greenberg & Hershfield, 2019). In the same way, the quality of decisions made at every step determines the consumers' position in the moneylending contract.

3.0 Methodology

3.1 Sample

The primary data for this study was derived through convenience sampling. The consumer's selection was based on obtaining rich data among those who have experienced the money borrowing phenomena. It matches with Creswell (2013) who stated that primary data should be from the experience of the participants themselves. Polkinghorne (2005) too suggested that in qualitative research, the unit of analysis is the experience. The 14 participants of borrowers selected were above the age of 18, Malaysian citizen, having the experience of obtaining a personal loan from licensed moneylenders located within the Klang Valley, Malaysia. Selangor, Federal Territory of Kuala Lumpur and Federal Territory of Putrajaya is within the composition of Klang Valley. Klang Valley was chosen as the research location for the study as consumers lodged the greatest number of complaints as claimed by a prominent non-governmental organization (Muslim Consumers Association of Malaysia, 2016).

3.2 Method

An interview protocol based on the research objective which is to gain insights on what are the barriers to consumer self-protection in the moneylending transaction was used as a guide to interview the participants. The interview protocol consisted of two parts, where the first part consisted of 18 demographic questions which revealed information on the problem recognition stage. The second part has four sections of questions which gave insights on information search (12 questions), evaluation (27 questions), transaction (42 questions) and post-transaction stage (11 questions). The questions on self-protection were guided by the MLA and CDPM. The meeting location for the interviews was decided by the participants to maintain their privacy. Data collected in the pilot phase was coded manually to enable the researcher to analyse each line and peer-reviewed for enhanced validity. Throughout the actual data collection process, the data was cross-checked via constant comparative approach, which led to amendments of the interview protocol in order to get a complete representation of the phenomena being studied (Baker & Edwards, 2012). Data triangulation was achieved through varied sources of data from interviews and document analysis (Xu et al., 2012). Borrowers interviews started from 2018 until 2019, where the researcher spent her time by going to the moneylenders' business sites and non-governmental organisation (NGO) consumer group offices where these borrowers can be accessed. The study of people is not straightforward, and the data gathered is proof of their experience on the phenomena that is being explored (Polkinghorne, 2005).

3.3 Data Analysis

The meaning of self-protection as experienced by the 14 participants is described in this study using the Interpretive Phenomenology Analysis (IPA) approach that derives from phenomenology, hermeneutics and idiography (Pietkiewicz & Smith, 2014; Smith & Osborn, 2008). Since very limited information is available on the topic of consumers that utilize the service of licensed moneylenders, the research methodology that was found to be suitable was via Heideggerian Phenomenology (Heidegger, 1927). IPA's focuses on understanding the phenomena of the participants' perspectives (Alase, 2017). The process of analysis in IPA, known as double hermeneutics, relies on the participants making sense of the

phenomena, followed by the researcher decrypting and making sense of participants' interpretation (Pietkiewicz & Smith, 2014). The phenomena being studied are the experience and shared meanings (Daher et al., 2017) of consumer decision-making as well as the protection of their rights.

The various sources of data through the actual phase were managed using NVivo12 data management software to increase the trustworthiness of the findings (Figure 1). Once the transcripts were uploaded, open coding, categorisation and themes were made complying to the NVivo qualitative data analysis strategy by renowned authors (Jackson & Bazeley, 2019; Bazeley & Jackson, 2013). In addition, Saldana (2015) coding procedure was adapted for this study where the verbatim transcripts were re-read a few times to encapsulate the meaning of barriers to self-protection from the participants' perspectives. Coding enabled reduction of data and meaning extraction (Maguire et al., 2017) from the participants' that generated the five themes (Figure 1). A general overview of a thematic map (Maguire et al., 2017) with five themes with numerous categories throughout the moneylending process (Figure 2) was then produced. Any coding similarities, differences, and frequencies contained in the transcripts were thoroughly analysed (Hatch, 2002). To increase the validity of the study, the derived five themes were examined and re-examined with the underlying model of CDPM (Figure 2).

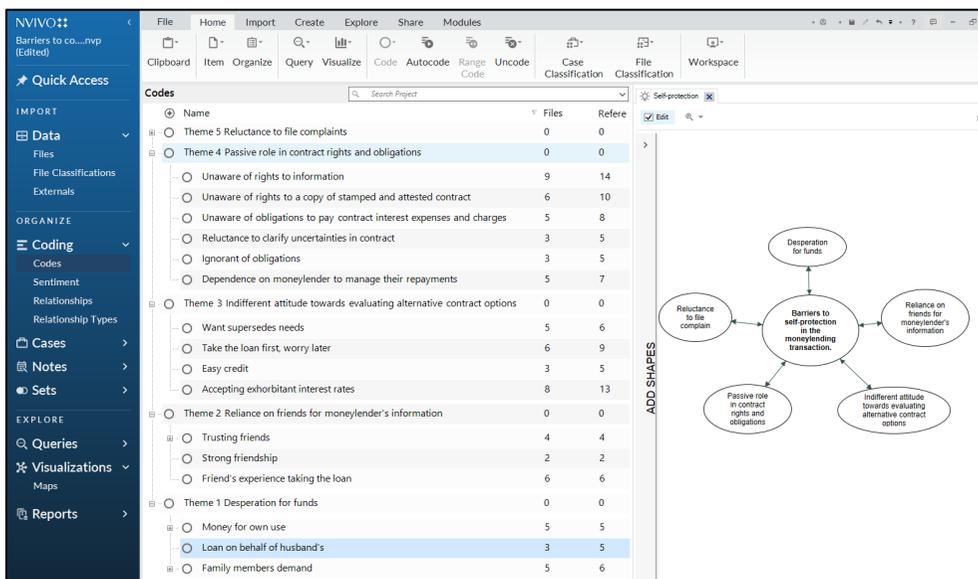


Figure 1 : Data management in NVivo 12

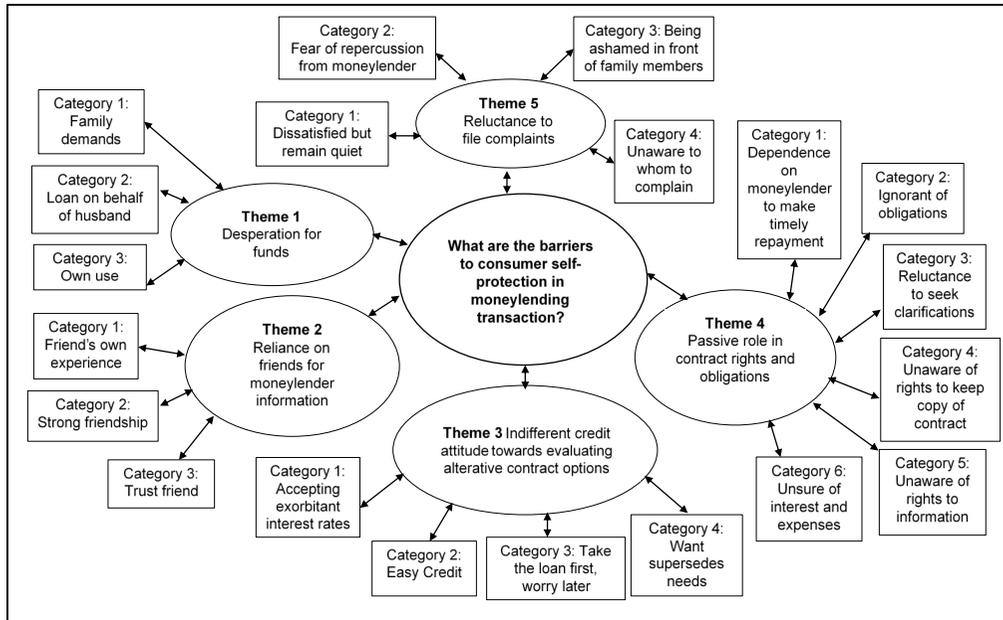


Figure 2 : Thematic map

4.0 Findings and Discussion

The participants interviewed (Table 2) consists of various ethnicity, age and gender. All of them have a monthly income; eight out of the 14 participants work with government agencies and the remainder six work in the private sector. 10 female participants were interviewed, outnumbering the four male participants. Several female participants took personal loans on behalf of their spouses (Table 3). The lowest income per month is RM1,500 earned by Borrower 11, whilst the highest income per month is RM7,000, earned by Borrower 6. In terms of the year the loan is taken, the earliest was in 1993 as experienced by Borrower 1 and the latest is 2018, taken by Borrower 4, which is still an active loan. The lowest personal loan amount reported is RM1,000 by Borrower 7 and the highest amount is RM20,000 taken by Borrower 5 and Borrower 13. Extended personal loans from the same licensed moneylenders were experienced by Borrower 4, Borrower 5, Borrower 7, Borrower 10 and Borrower 13. Interest rates too have a big discrepancy, where the lowest rate is at 1 per cent per month and the highest at 20 per cent per month. In hindsight, the monthly interest rates at one per cent may appear to comply with the approved unsecured interest rates but additional

hidden costs like insurance charges were found to be borne by Borrower 8 and Borrower 11.

The shortest duration for personal loan was two and a half months experienced by Borrower 6 and the longest with one overlap incident involving Borrower 13 extended the period to 12 years. Consumers seek licensed moneylenders for credit to fulfill their crucial needs for consumption. In most situations, it is justifiable, whereas on a few occasions the decision was due to trivial matters such as experienced by Borrower 10. The loan was taken for a holiday, which could have been postponed until the consumer can afford it using his own savings (Table 2).

Table 2 : Participants demographic profile

Borrower, age, gender, private or government	The income per month (RM)	Year loan is taken	Situation	Loan amount, interest rates per month	Duration
Borrower 1, 66, Female, Private	2,500	1993	Husband's demise, house loan repayment.	RM5,000, 20%	5 years
Borrower 2, 56, Male, Government	6,000	2012	Sister's wedding expenses.	RM3,000, 10%	10 months
Borrower 3, 56, Female, Private	3,000	2016	Cash rollover for business.	RM5,000, 10%	3 years
Borrower 4, 50, Female, Private	4,000	2016 and 2018	Cash rollover for husband's business.	RM2,000 and RM2000, 10%	2 years and ongoing
Borrower 5, 46, Female, Private	4,000	2006, 2009 and 2011	Fire destroyed house. Unemployment. Children's education expenses. Car purchase for e-hailing service (GRAB).	RM3,000, RM10,000 and RM20,000, 10%	3 years, 5 years and 2 years.
Borrower 6, 37, Male, Private	7,000	2015	Own wedding expenses.	RM10,000, 50%	2.5 months
Borrower 7, 29, Female, Private	1,600	2015	Paid off a loan shark.	RM1,000, RM4,000 and RM3,200, 20%	4 years

Table 2 : Participants demographic profile - continue

Borrower, age, gender, private or government	The income per month (RM)	Year loan is taken	Situation	Loan amount, interest rates per month	Duration
Borrower 8, 25, Female, Government	2,500	2017	Overdue banking loan. Purchased a second-hand car for her newborn's arrival.	RM15,000, 1%	2 years
Borrower 9, 30, Male, Government	3,000	2017	Proof of commitment for future loans application to the bank.	RM10,000, 1.5%	3 years
Borrower 10, 33, Male, Government	2,400	2011 and 2015	Spent on holiday with wife. Purchased a motorbike.	RM5,000 and RM7,000, 2%	6 years
Borrower 11, 28, Female, Government	1,500	2018	Deposit payment for a new house.	RM13,000, 1%	5 years
Borrower 12, 39, Female, Government	4,000	2017	Husband needed fast cash to pay off the bank loan.	RM12,000, 2.5%	2 years
Borrower 13, 35, Female, Government	2,800	2014	Initial payment deadline to build a new house on her land.	RM20,000 with an overlap, 3% and 2%	12 years (5 years overlap to another 7 years)
Borrower 14, 39, Female	2,900	2015	Household expenses for 7 people including her 5 children.	RM10,000, 3%	7 years

Regarding consumers rationality in deciding on the personal loan, the research unearths a deficient in borrowers' accountability throughout the five-step involved in decision making which leads to the pitfalls of self-protection. Figure 3 provides the Consumer Decision Process Model (CDPM) on barriers to self-protection for borrowers in licensed moneylending. During step 1 which is the problem recognition, the desperate financial situation as experienced by consumers eliminates rational behaviour and as a consequence, they accept any moneylender that they first encounter. The following step 2 which is the information search, consumers make no concrete effort to source for information on moneylenders. This behaviour is likely due to their tendency to believe entirely what people share with them. In step 3

which is the evaluation, it was found that consumers had little drive to confirm the information obtained from the media and other people. The following step 4 which is the transaction, is a resultant or a domino effect of the previous three steps. Poor problem recognition, lack of information search and limited evaluation cause consumers to fail in applying their rights as well as their prescribed duties in the moneylending contract with the moneylender. Thus, step 5 which is the post-transaction, reflects a state of the dissatisfied consumer. This step is important for the improvement of future consumer experiences. However, many consumers were hesitant to complain, not aware of where to complain, and what are the available redress mechanisms.

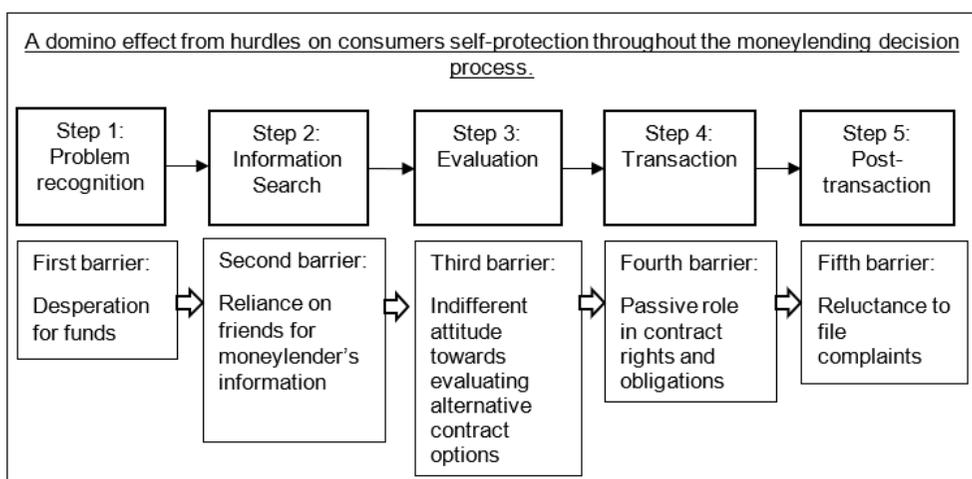


Figure 3 : Consumer Decision Process Model (CDPM) on barriers to self-protection

First barrier: Desperation for funds

Three categories emerged for the first barrier which is the desperation for funds. The first is the demand for money from family members, second is the personal loan taken on behalf of the husband, and third is money for own use (Figure 2). Almost all of the 14 borrowers (Table 2) claim to receive cash from moneylenders within 24 hours of signing the contract. Being desperate for funds is a very damaging factor as it causes most of the borrowers to rush through the information written in the contract. A need can be either a pressing need or non-urgent need and it is directly related to motivation (Rani, 2014). An awareness of need means that the consumer has recognised

a problem which requires a solution. Borrowers' urgent need for funds deprive their rational thinking. As an example, Borrower 1 did not have the liberty of thinking about what information to check regarding her moneylender and the proper process of obtaining money. Upon her husband's demise, her mission was to get cash to pay for her house instalment, utilities, and children's school transport. She stated:

“That time I didn't think of all this because I want to settle myself first, because if I don't pay, the house will be put for auction and my children cannot go to school if I don't pay the school bus, I didn't pay the electricity bill, water bill, all was cut you know so that time all this thing came, I just want the money that's all”.
(Line CQ1.3, Borrower 1)

The above statement shows a quick decision was made in an unplanned situation and this contradicts the study by Jain (2019) regarding consumers behaviour when making decisions in low and high involvement situations. Depending on their situations, consumers experience different decision-making scenarios. In routine purchases, the decision requires little thought and is completed fast. In new or unfamiliar purchases, the decision requires substantial thought and takes longer for completion (Jain, 2019).

Second barrier: Reliance on friends for moneylender's information

Three categories contributed to the second barrier which is reliance on friends for moneylender's information. The first is based on their friend's own experience, second is having a strong friendship, and third is trusting their friend (Figure 2). Borrowers were found to be highly dependent on their friends when scouting for legitimate moneylender and the contract information such as interest rates as well as repayment terms. As an example, Borrower 5 stated:

“Very easy. Through some of my business friends, I got to know them (licensed moneylenders). Somebody shared with me, so I went through them. Not family but my close friend”. (Line CQ2.2, Borrower 5)

Some borrowers solely trusted their friends for moneylending information with almost no effort to cross-check whether the information supplied to them is accurate or otherwise. Correspondingly, according to a study by Dickerson (2016), people generally source information from friends or family in their purchase decision-making processes. This finding brings forward the past 50 years of works of literature reviewed by DeVaney (2016) that issues faced by consumers originated mainly from the information search stage. Consumers search for information can be divided into two; internal and external search. The internal search constitutes consumers memory of banking experiences whereas the external search revolves around gathering information from the environment influenced by culture, social class such as friends, and personal influences such as their life cycle stage (Akinyode et al., 2015; Rani, 2014).

Third barrier: Indifferent attitude towards evaluating alternative contract options

The third barrier, indifferent attitude towards evaluating alternative contract options or uncertain attitude towards loan terms (Snell et al., 2013) were discovered from four categories. The first category is accepting exorbitant interest rates from the moneylenders, the second is the perception of an easy credit source, the third is the concept of taking the personal loan first, worry later, and the fourth is borrowers' want supersedes their needs (Figure 2). Consumers' indifferent credit attitude may vary due to the financial education exposure that they have had in their lives. The interest rates offered by the moneylenders were much higher with examples of rates between 10% per month to more than 50% per month in one case, yet none of the borrowers cross-checked whether the same interest rates information is legitimate and what is stated in the contract. Despite higher borrowing costs, the borrowers' indifferent credit attitude may appear as though a reasoned choice was made (Agarwal & Bos, 2019). Agarwal and Bos (2019) reiterated that borrowers' choice is attributed to the fact that they have had bad experiences of being rejected by mainstream banking. Correspondingly, in this study, it was found that borrowers do not question the terms and conditions of the moneylending contract out of misplaced fear of not qualifying for the personal loan. That being so, unfair bargaining power lies with the moneylenders, thus dictating the contract terms. As an illustration,

Borrower 2 didn't take the liberty of checking that each part of the contract information will be filled-up by the moneylender. He mentioned:

"I just sign the contract, the rest they (licensed moneylender) will fill-up". (Line CQ3.31, Borrower 2)

"Kontrak tu saya cuma tandatangan, yang lain-lain tu mereka (pemberi pinjam wang berlesen) akan isilah". (Barisan CQ3.31, Peminjam 2)

"They (licensed moneylender) straightaway give the money". (Line CQ3.32, Borrower 2)

"Mereka (pemberi pinjam wang berlesen) terus bagi wang". (Barisan CQ3.32, Peminjam 2)

Nearly all the borrowers were unable to define the terms unsecured loan and secured loan which is written in the moneylending contract. They were unaware of the meaning and the different scope of Schedule J for an unsecured loan, Schedule K for a secured loan as well as the First Schedule repayment calculations. Another predicament was due to not fully understanding the repayment duration and its implications in the contract.

Participants gave the impression of minimum concern on the aftermath of taking the personal loans from licensed moneylenders. This indifferent credit attitude displayed by the borrowers supports the finding of a previous study on credit cards in Malaysia. It was discovered that apart from excessive spending, consumers display unconcerned attitude with the presumption that credit is easily available in abundance without thinking about repayment consequences (Ahmed et al., 2010).

Fourth barrier: Passive role in contract rights and obligations

Six categories accorded the fourth barrier on the consumers' passive role in contract rights and obligations. The first is borrowers' dependence on moneylender to make timely repayment, second is ignorance of their obligations to make timely payments, third is the reluctance to seek repayment clarification from a moneylender, fourth is borrowers were unaware on their rights to keep a copy of the

contract, fifth is borrowers were unaware of their right to seek information from a moneylender, and sixth is that borrowers were unsure of interest and expenses charges (Figure 2). The findings point out that borrowers leave it to the moneylenders where the execution of the moneylending contract is concerned without reassessing their existing overwhelming debt. This is proven when the majority of the borrowers who signed their moneylending contracts were dissatisfied with the actual given interest rates, which were much higher than the legal interest rates of 1.5 per cent per month for unsecured loans. There is a gap in monitoring the contract obligations between the moneylender and the borrower. Borrowers failed to read the contract thoroughly and question the moneylender on contents that were different from what was verbally agreed. Almost all of the borrowers interviewed claim not to have received a copy of their repayment receipts. When probed further, a few of the borrowers received notification via short messaging service that their bank account has been deducted for a given amount. It is the borrowers' responsibility to obtain a hardcopy proof of the repayment receipt from the moneylender on a monthly basis. Furthermore, the borrowers interviewed did not receive the attested moneylending contract copies. As an example, Borrower 6 stated he didn't receive the copy of the contract:

"I received the moneylending Schedule, but I don't receive the agreement itself." (Line CQ1.8, Borrower 6)

In this finding, Borrower 13 acknowledged that the moneylender is better than the bank and the repayment responsibility was passed onto her spouse. The moneylender gave the personal loan based on the borrower's spouse's creditworthiness, decided on the qualified principal loan, monthly repayment amount, and timeline. This is a breach of the vital requirement of a contract, which is an agreement made between two parties, the borrower and the moneylender (Arif, 2006). The resulting finding is opposite to previous literature that suggests consumers predominantly determines whether to take a loan, level of their savings, amount of loan to seek, and when to repay the debt (Greenberg & Hershfield, 2019).

"Coincidentally at that time, it was easy (to obtain a loan), so I was happy, except that his (licensed moneylender)

interest was a little more. However, he (licensed moneylender) indeed is better than the bank. Because that thing (money) was obtained quickly, only with a bit more interest. But I am okay because husband helps to pay. So, no problem. They (licensed moneylender) straightaway give the money". (Line CQ1.3, Borrower 12)

"Kebetulan waktu tu senang (dapatkan pinjaman) jadi saya puashati lah cuma dia (pemberi pinjam wang berlesen) punya interest tu lebih sikitlah. Tapi, dia (pemberi pinjam wang berlesen) memang lebih baik daripada bank. Sebab benda (wang) tu cepat dapatkan tu dia faedah lebih sikit lah. Tapi saya ok sebab suami yang tolong bayar. Jadi tak ada apa-apa masalah. Mereka (pemberi pinjam wang berlesen) terus bagi wang". (Barisan CQ1.3, Peminjam 12)

In the case of Borrower 12, she is putting herself at high risk and is liable in the event her spouse refuses to make payment to the licensed moneylender. The onus for on-time repayment is on the borrower, where a lapse means an additional interest on late payment will be charged by the moneylender as per the law. Interestingly, in Scotland, to discourage late repayment behaviour, the consumers are given an upfront warning by the lenders themselves as a reminder that serious money problems could arise (Citizens Advice Scotland, 2015; cited in Cook & Sadeghein, 2018).

Fifth barrier: Reluctance to file complaints

There were four categories in the fifth barrier on reluctance to file complaints. The first is dissatisfied borrowers remain quiet, second is the fear of repercussion from the moneylender, third is being ashamed in front of family members, and fourth is being unaware to whom to complain (Figure 2). Among the dissatisfied borrowers, when asked whether they would complain of their situation of over-repayment, the common answer is no as they do not want anyone to learn that they have taken personal loans from a licensed moneylender. Others were unaware to whom a complain can be made to. Besides the deduction of the first-month interest fees, there seem to be additional processing fees such as administration fees, travelling fees

to the lawyer, and runners' fees incurred without borrowers' knowledge. Some borrowers were asked to take up insurance schemes depending on the amount of loan applied for the protection of the moneylenders. Hence, the resulting principal amount received by the borrower is further depreciated. Borrower 10 lamented his dissatisfaction when harassed daily by the licensed moneylender over the phone:

"He will phone us every day until we pay. He will find us and blacklist our names". (Line CQ3.10, Borrower 10)

"Dia akan talipon kita hari-hari sampai kita bayar. Dia akan cari kita dan nama kita akan tersenarai hitam. (Barisan CQ3.10, Peminjam 10)

Borrower 7 suggested that her resistance to file a complaint is due to not knowing the proper channel to put her report.

"I don't know where I want to go and complain or report". (Line CQ4.9, Borrower 7)

Chin and Yusoff (2016) studied consumer protection from the association between right and remedy. In cases where consumers contracts are done with unequal bargaining power, the next option to uphold their rights is to seek redress (Chin & Yusoff, 2016). When dissatisfied consumers choose to remain silent and not complain, the opportunity for a redressal is diminished and the problem remains unresolved. In another instance, the Muslim Consumers Association of Malaysia has been the likely place for borrowers to complain regarding moneylending. In 2017, a total number of 2,430 complains were lodged. However, there is insufficient information on the resolution rates of these complains and details of the administrative costs incurred by consumers. The goodwill of such middlemen organisations may obstruct consumers from complaining and seeking direct redress at no additional costs from the rightful provider, which is the MHLG.

5.0 Conclusion and Implications

In terms of consumer self-protection, consumers are apprehensive to learn and educate themselves. It can be further concluded that in licensed moneylending, borrowers perceived rights and duties are still very low. The borrowers are presently unaware of

legitimate interest rates, the terms secured and unsecured loans, mode of repayment, repayment schedule, duration of repayment, not allowing the withholding of borrowers debit card, and their rights to receive a copy of the attested contract and payment receipts. Apart from adding to the literature on consumer decision making, the results of this study contribute to the practical understanding of borrowers, licensed moneylenders, and regulator. As for the government agency responsible for policy development, the garnered discoveries give a glimpse of the vast disparity that consumers have in their self-protection. The significant contribution towards policy could be done through the understanding of consumers' protection as experienced by the borrowers.

To make a good financial risk assessment, consumer financial literacy programs require consistency from the regulator (Reifner & Herwig, 2003). In the context of this study, MHLG should increase tailored programs according to borrowers' financial literacy needs according to demographics and extend engagements with moneylenders for consumer social responsibility. A study on credit indicated a positive relationship with higher educational levels (Snell et al., 2013). Hence, the Malaysian public needs to be taught about the permitting process in licensed moneylending with focus on value and merit of self-protection. Consumers need to educate themselves constantly as financial services keep evolving (Kerton & Ademuyiwa, 2018). As an example, borrowers should scrutinise their decision-making phases, where the right way is to accept funds only after the stamped and attested contract copy has been received from the licensed moneylender. This will ensure that the borrowers' rights are protected and become a pivotal role should any dispute arise. With regards to seeking expedited redress, the Kuala Lumpur Consumer Safety Association suggested that a moneylending tribunal could provide a favourable avenue for borrowers (Bernama, 2015). Plans are underway, where related acts are analysed and new standard operating procedures are being drafted (Nor et al., 2019). With these new developments, besides overcoming the existing barriers to self-protection, consumers need to upgrade their knowledge quickly in anticipation of the new financial technological wave.

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