With its niche in Islamic finance, Malaysia seems bent on making Kuala Lumpur a global city and financial hub to rival its southern neighbor Singapore. One thing standing in the way is a more financially literate population.

Malaysians are [weighed down](http://www.themalaymailonline.com/malaysia/article/malaysias-household-debt-to-gdp-stands-at-89.1pc) by household debt, which collectively equals nearly 90% of its GDP—making Malaysian households among the most indebted in Asia. This debt is just one signal that Malaysians struggle with personal financial matters and thus do not present an attractive labor pool for global financial firms that might want to set up shop in Kuala Lumpur.

Other developing nations have set financial literacy goals for the same reason. [Turkish authorities](http://business.time.com/2013/06/04/dodging-tear-gas-over-discussions-of-turkeys-financial-future/) decided in 2004 that they wanted to turn Istanbul into a global financial center and that in order to do so its citizens would have to know a lot more about how money works. The country established a formal strategy for financial literacy in 2013.

In Malaysia, a lot of pieces are already in place. Islamic finance, which operates under a different set of rules than traditional banking, is [growing](http://www.cnn.com/2014/09/05/business/9-finance-capitals-of-the-future/) two to three times faster than conventional banking. Kuala Lumpur stands out as having a relatively stable political and economic environment, and trusted legal system. But the population needs to be more money savvy.

Deputy Finance Minister Datuk Johari Abdul Ghani has asked the financial industry to step its financial education efforts and help turn the tide. “Financial literacy is increasingly significant, not only to those who are involved in the financial field but also applies to every individual as a tool to manage his money accordingly,” [Ghani said](http://www.thestar.com.my/business/business-news/2016/03/24/pressing-need-for-malaysia-to-improve-financial-literacy/) last year in Kuala Lumpur at a conference on wealth management and financial planning.

Far too many Malaysians still fall for scams and get-rich-quick schemes because they don’t understand financial products, he said. But he added that to grow into an international finance hub Malaysia must continue to introduce innovative products and services, and to do that “Islamic financial education remains a pressing challenge.” The country needs “more talent to further develop innovative products,” he told reporters.

With that call to action Malaysia’s central bank, Bank Negara Malaysia, has stepped up efforts nationwide. It is expanding financial education programs in schools and universities, and ensuring that financial literacy and advisory services reach people across all levels of society.

The central bank recently convened a three-day “Finance Carnival” that drew more than 20,000 individuals wanting to learn about financial services—especially debt management. The event targeted a diverse range of people of varying income levels and careers and included workers, homemakers and students.

Immediately following the carnival, local banks reported opening more than 500 new savings accounts—a small step towards a big goal.

[Dodging Tear Gas for Turkey’s Financial Future](Dodging%20Tear%20Gas%20Over%20Discussion%20of%20Turkey%E2%80%99s%20Financial%20Future)