UNIVERSITI TEKNOLOGI MARA

FBM *Insights*

FACULTY OF BUSINESS AND MANAGEMENT
UNIVERSITI TEKNOLOGI MARA, CAWANGAN KEDAH

2025
VOLUME 12

UiTM di hatiku

eISSN 2716-599X

e-ISSN 2716-599X

FBM INSIGHTS

Faculty of Business and Management

Universiti Teknologi MARA Cawangan Kedah

e-ISSN 2716-599X

The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

Published by : Faculty of Business and Management,
Universiti Teknologi MARA Cawangan Kedah

Published date : 9 October 2025

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ASSESSING THE ROLE OF CASH TRANSFER PROGRAMS IN ADDRESSING MALAYSIA'S COST-OF-LIVING CHALLENGES

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INTRODUCTION

In recent years, the rising cost of living has become a pressing concern for many individuals and families. The steady rise in essential expenses such as housing, transportation, food, and healthcare has not been matched by a corresponding increase in household income. This growing disparity has placed considerable financial strain on households, particularly those in low-income and middle-income groups. As a result, people are forced to make difficult trade-offs, often sacrificing health, well-being, and quality of life to make ends meet. Furthermore, this growing economic strain affects daily living and contributes to long-term mental and physical health challenges, highlighting the urgent need for systemic support and sustainable solutions.
In response to these challenges, the Malaysian government has implemented targeted social assistance initiatives such as the Sumbangan Asas Rahmah (SARA) and MyKasih programmes. These efforts are designed to alleviate financial burdens by enhancing access to essential goods for vulnerable groups. Through SARA, direct financial support will be extended to approximately 700,000 low-income individuals nationwide, reflecting the government's commitment to inclusive and sustainable welfare policies.

EFFECTIVENESS OF GOVERNMENT AID (CASH TRANSFER)

This article seeks to examine the effectiveness of such government aid, with a particular focus on cash transfer programmes. One prominent example is the MyKasih initiative, which offers financial assistance directly to low-income families through a cashless system. Even modest monthly disbursements, which range from RM100 to RM200, can have a meaningful impact by boosting disposable income, enabling families to better afford daily necessities such as food, transportation, and educational costs. This increase in financial flexibility enhances overall purchasing power and improves living standards.

Moreover, cash transfer schemes contribute to narrowing the poverty gap, offering immediate support to those in greatest need and promoting a more equitable distribution of income. This enables recipients to build human capital (including better health), accruing savings to purchase productive assets, and obtaining access to loans with better conditions (Pega et al., 2022). Thus, by reducing disparities between the poorest and middle-income groups, such initiatives help to mitigate extreme poverty and foster greater social cohesion. These programmes also play a vital role in stimulating local economies, as increased consumer spending among low-income households drives demand for goods and services, thereby supporting small businesses and generating positive economic ripple effects.

From an operational perspective, the use of digital disbursement mechanisms, such as cashless cards or mobile banking, enhances administrative efficiency. These technologies streamline the delivery of aid, reduce bureaucratic delays, and minimize the risk of corruption or fund mismanagement. In addition, digital systems facilitate more accurate tracking, targeted assistance, and greater transparency, ultimately strengthening the accountability and cost-effectiveness of government support programmes like MyKasih.

CONCLUSION

In conclusion, government aid programmes such as SARA and MyKasih play a crucial role in addressing the economic challenges faced by low- and middle-income groups amid rising living costs. Notably, by providing direct cash transfers, these initiatives effectively enhance disposable income, reduce the poverty gap, and stimulate local economic activity. Additionally, the integration of digital disbursement systems further strengthens administrative efficiency, ensuring that aid is delivered transparently and reaches the intended beneficiaries. Overall, such targeted support alleviates immediate financial pressures and contributes to long-term social stability and economic resilience.

However, providing continuous monetary assistance or subsidies to vulnerable population groups is not a sustainable long-term solution. Instead, those receiving government aid should be empowered to achieve greater self-reliance in managing their daily lives (Azman et al., 2014). The core objective is to break the cycle of poverty by equipping recipients with the necessary skills and capabilities to sustain themselves. To achieve this, comprehensive support and close monitoring by relevant agencies and stakeholders are essential in guiding vulnerable individuals toward sustainable and independent livelihoods.

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