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Exploring financial capability and rent arrears among PPR residents in Kuala Lumpur: A capability approach

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Abstract

The inability of residents to pay monthly rent for the Public Housing Programme (PPR) is a persistent social housing issue often associated with limited financial capability. Limited financial knowledge may weaken spending skills, debt prioritisation and long-term financial planning, thereby increasing the risk of rent arrears among low-income households. This study aims to explore the financial capability among PPR residents in Kuala Lumpur. Guided by the Capability Approach, the study conceptualises financial capability not only as knowledge but as the real opportunities' individuals have to make meaningful financial decisions within structural constraints. A qualitative case study design was conducted. Three PPR in Kuala Lumpur were selected using purposive sampling specifically PPR Kampung Muhibbah, PPR Seri Pahang and PPR Seri Pantai. All data were collected using a semi-structured interview guideline with informed consent from all informants. A total of 15 residents were purposively selected based on predefined inclusion and exclusion criteria. Data were analysed through thematic analysis supported by NVivo 15 software for systematic coding, categorising and theme development. The findings reveal four main themes of financial capability such as knowledge of spending, knowledge of financial protection, knowledge of debt management and financial attitudes and behaviour. By applying the Capability Approach, this study extends financial capability discussions beyond individual knowledge to include socio-economic constraints affecting financial well-being. The findings offer policy-relevant insights for improving PPR management sustainably and strengthening social worker interventions within urban low-income communities.

Keywords: Capability approach theory, financial capability, Public Housing Programme (PPR), rent arrears

Introduction

Globally, public and social housing programs continue to encounter persistent challenges related to housing affordability and rental arrears among low-income urban populations. Rapid urbanisation, employment insecurity and rising living costs have deepened financial vulnerability, limiting households' ability to consistently fulfil housing payment commitments. This pattern demonstrates that housing instability is not solely a technical or administrative concern. However, it is closely associated with residents' financial capability and their capacity to effectively manage limited and uncertain resources within challenging socio-economic environments. In Malaysia, the Program Perumahan Rakyat (PPR) serves as a strategic government initiative to provide affordable housing for targeted groups in high-density urban areas such as Kuala Lumpur (Nur Amani Amalina et al., 2024). The program is intended to improve the quality of life of the B40 group, asnaf and the urban poor by ensuring access to safe housing and basic amenities (Azlyn et al., 2019). Nevertheless, the management of PPR continues to face significant constraints particularly high maintenance costs and persistent rental arrears (Khazanah Research Institute, 2023). Rental arrears have been identified in the Dasar Komuniti Negara as a social issue requiring urgent attention. Recent data reveal the seriousness of the situation, with rental arrears for PPR schemes under the supervision of Dewan Bandaraya Kuala Lumpur reaching RM28.72 million by the end of 2023 (Astro Awani, 2024). This raises critical questions regarding the structural and contextual factors that contribute to the continued inability of low-income residents to meet their rental obligations.

Although earlier studies have frequently emphasised financial literacy, focusing primarily on knowledge and understanding of financial concepts such an approach offers only a partial explanation. Financial capability provides a more comprehensive lens, encompassing not only financial knowledge but also practical skills, behavioural competencies, access to financial services and the enabling or constraining structural conditions that shape financial action (Loke, Chin & Hamid, 2022). For low-income urban households, financial capability is profoundly influenced by income volatility, informal or unstable employment, rising urban living expenses, and limited access to formal financial support systems. These constraints significantly narrow the range of feasible financial choices, even among residents who demonstrate basic financial awareness.

This study employs the Capability Approach as its principal theoretical framework to address this gap. The Capability Approach redirects attention from resources or knowledge alone to individuals’ real freedoms and opportunities to achieve outcomes they value. Within this framework, financial capability is conceptualized as the substantive freedom households possess to manage financial responsibilities such as rent payments within the structural realities of their socio-economic environment. While financial capability among low-income groups has received increasing academic attention, much of the existing literature remains quantitatively driven and reliant on measurable indicators. There remains limited qualitative insight into how financial capability is enacted and constrained in everyday life within public housing settings, where economic and social pressures intersect.

Accordingly, this study responds to this limitation by examining financial capability as a structurally shaped phenomenon within public housing contexts. Drawing on qualitative evidence from PPR residents in Kuala Lumpur, the study argues that rental arrears should not be viewed solely as a consequence of individual financial shortcomings but rather as an outcome of constrained capabilities and limited opportunities to attain financial stability. In doing so, the study contributes to both housing and financial capability scholarship by advancing a capability-oriented framework for understanding rental sustainability among low-income urban households.

Literature review

Financial capability is now widely recognised as a multidimensional concept encompassing the knowledge, skills, attitudes and behaviours that enable individuals to make informed and effective financial decisions. The Organisation for Economic Co-operation and Development (OECD, 2020) defines financial capability as a combination of awareness, knowledge, skills and behaviours necessary to achieve financial well-being. However, within a capability framework, the emphasis shifts toward practical ability and Lone and Bhat (2022) highlights individuals’ capacity to understand and use personal financial information, while Nogueira et al. (2025) emphasises financial knowledge, attitudes and behaviours as core components. Collectively, these perspectives suggest that financial capability goes beyond the possession of information and includes the real capacity to translate knowledge into responsible financial practices within the scope of available opportunities.

Financial knowledge forms the foundation of this capability, referring to individuals' understanding of financial concepts such as inflation, returns, debt management, and investment (Hasfazli & Ramli, 2021; Zaimah et al., 2023; Yogasnumurti et al., 2021). This knowledge is essential for managing daily expenses as well as long-term financial planning. Empirical studies indicate that individuals with higher levels of financial knowledge tend to be more confident in decision-making and better able to manage their financial resources (Financial Education Network, 2025). Conversely, limited financial knowledge is often associated with poor financial outcomes, including debt mismanagement and financial stress (Susanti & Widiastuti, 2021). As a result, financial education is frequently promoted as a strategy to enhance knowledge and improve overall financial well-being (Hairunnizam & Siti Aisyah, 2020; Hasfazli & Ramli, 2021). However, knowledge alone does not guarantee sound financial behaviour if it is not supported by the capability to act. Financial attitudes are defined as individuals' beliefs, values and emotional orientations toward money which play a crucial role in shaping financial decisions (OECD, 2024; Rohaizah & Noordeyana, 2023). For example, although individuals may understand the importance of saving, an attitude that prioritises immediate consumption may result in insufficient saving behaviour. Financial behaviour, in turn, represents individuals' actual actions in managing their finances, such as budgeting, saving, borrowing, and repaying debts. Research shows that these behaviours are influenced by the interaction between knowledge and attitudes (Nogueira et al., 2025). Positive attitudes tend to foster disciplined financial practices, whereas negative attitudes may lead to unsustainable practices, even among those with adequate knowledge (Ashade et al., 2021).

In the context of low-income urban communities, financial capability holds additional significance because it is closely linked to housing stability and the ability to meet basic living expenses. Managing limited and often irregular income requires households to prioritize expenditures, control debt, and plan for unexpected financial shocks. Weak financial capability may reduce households' ability to balance competing financial demands, thereby increasing vulnerability to financial distress. When housing costs constitute a substantial portion of household expenditure, constraints in financial capability may heighten the risk of rental arrears and housing insecurity. Previous studies indicate that low financial capability is associated with higher levels of indebtedness, financial hardship and difficulties in meeting basic needs among low-income populations (Hairunnizam & Siti Aisyah, 2020; Hasfazli & Ramli, 2021; Susanti & Widiastuti, 2021; Rohaizah & Noordeyana, 2023; Zaimah et al., 2023). In urban areas with high living costs, these pressures may undermine households' capacity to make regular housing payments. This suggests that financial capability plays a crucial role not only in personal well-being but also in sustaining housing tenure. Nevertheless, much of the existing literature treats financial literacy primarily as an individual attribute focused on knowledge levels, without sufficiently considering the broader socio-economic environment in which financial decisions are made.

Theoretical framework for capability approach

To address this limitation, this study adopts the Capability Approach introduced by Amartya Sen as its primary theoretical framework (Robeyns, 2017). Rather than centre on financial literacy as a measure of individual knowledge and behaviour, the Capability Approach emphasizes individuals' real opportunities and freedoms to achieve valued outcomes. It differentiates between resources, capabilities and functioning, underscoring that the ability to make effective financial choices depends not only on personal competencies, but also on social, economic, and institutional conditions. From this standpoint, financial capability is conceptualized as a multidimensional construct shaped by contextual factors such as employment opportunities, income stability, social protection mechanisms, and access to financial and community support systems. Within the context of the *Program Perumahan Rakyat* (PPR), the Capability Approach offers a valuable lens for interpreting rent arrears. Even when residents demonstrate basic financial knowledge and responsible attitudes, their capacity to sustain regular rent payments may be constrained by irregular earnings, precarious employment, rising living costs and competing household priorities. Rent arrears, therefore, are understood not merely as the outcome of weak personal financial management, but as a manifestation of restricted financial capabilities within a challenging socio-economic environment. This perspective shifts the analytical focus away from individual blame and toward the structural conditions that shape residents' financial options and outcomes. Although financial capability has gained increasing attention in discussions of personal financial management, limited research has applied the Capability Approach to examine financial decision-making within public housing settings. In particular, there is a shortage of qualitative studies exploring how low-income residents experience and navigate financial constraints in their daily lives and how these constraints influence their ability to meet housing payment obligations. This gap is especially evident in research on rent arrears in public housing, where possessing financial knowledge does not automatically translate into genuine financial capability or long-term stability. By integrating the concept of financial capability with the Capability Approach, this study aims to offer a more comprehensive understanding of how knowledge, skills, attitudes and behaviours interact with structural constraints to shape rent payment practices among PPR residents.

Method and study area

This study adopts a qualitative research design using a case study approach to explore the lived financial experiences of residents in PPR. Guided by a constructivist paradigm, the study assumes that social reality is shaped through individuals' interpretations of their economic and social environments. The case study orientation aligns with the Capability Approach, as both emphasise individuals' lived experiences and the opportunities and constraints influencing their ability to make meaningful financial decisions. The study was conducted in three selected PPR namely PPR Kampung Muhibbah, PPR Seri Pahang and PPR Seri Pantai located in high-density urban areas of Kuala Lumpur. These PPR were chosen due to their concentration of low-income households and reported challenges related to rent arrears (Dewan Bandaraya Kuala Lumpur, 2023), making these PPR relevant settings for examining financial vulnerability in public housing contexts.

Sampling and data collection

Purposive sampling was employed to select informants who met specific inclusion criteria: (1) household members (husband or wife) aged between 21 and 55; (2) registered tenants of PPR housing; (3) household income within the B40 category (below RM5,250.00); (4) having dependents living in the household; and (5) having rent arrears. Thirty potential informants were initially identified, of whom 15 met the criteria and consented to participate. The final sample size was considered sufficient as data saturation was reached, where no substantially new themes emerged from additional interviews. Data were collected through face-to-face semi-structured interviews conducted between January and March 2025 at the selected PPR.

The interview protocol covered topics such as income management, expenditure prioritisation, debt practices, coping strategies during financial shortfalls and perceptions of housing payment obligations. Ethical approval for the study was obtained from the UKM Research Ethics Committee (JEPUKM) (Ref: UKM PPI/111/8, dated 2 January 2025). This study does not aim for statistical representativeness of all PPR residents in Kuala Lumpur. Instead, the selected informants represent a range of lived experiences among low-income PPR tenants, allowing a deeper understanding of financial challenges within similar urban public housing environments.

Data analysis and credibility

All interviews were transcribed verbatim and analysed using thematic analysis based on the six-step framework proposed by Braun and Clarke (2006): (i) familiarisation with the data, (ii) generation of initial codes, (iii) searching for themes, (iv) reviewing themes, (v) defining and naming themes and (vi) producing the report. NVivo 15 software was used not merely as a data storage tool but as an analytic platform to organise codes into hierarchical nodes, develop thematic networks and maintain an audit trail of coding decisions. This facilitated systematic comparison across interviews and enhanced transparency in the theme development process. Several strategies were used to ensure credibility and trustworthiness. Member checking was conducted by sharing interview transcripts and summaries of preliminary findings with informants to verify the accuracy of interpretations. Peer debriefing sessions with fellow researchers were held to obtain critical feedback on coding and theme development, reducing potential researcher bias. In addition, expert consultation with scholars in housing sociology and financial behaviour provided further validation of the study's interpretations.

Results and discussion

The findings of this study are divided into two main sections namely informant profiles and thematic analysis of financial literacy among PPR residents. This section delves deeply into the four main financial capability themes that emerged from the interview data, explicitly linking them to the Capability Approach theory as the analytical framework.

Profile of PPR residents as informants

A total of 15 informants participated in this study, comprising eleven women and four men. This reflects the significant financial and caregiving responsibilities that are often borne by low-income households, including women. Most informants were married, while three were single mothers and one was a single father. In terms of education, the majority of informants had a formal education level, such as Sijil Pelajaran Malaysia (SPM), *Penilaian Menengah Rendah* (PMR) and diplomas. However, there was also one informant who had no formal education. All informants fell within the B40 income category, with monthly household incomes below RM5,250. Most earned between RM1,000 and RM3,000, while three reported incomes below RM1,000. Despite receiving various forms of financial and in-kind assistance from agencies such as the Social Welfare Department (JKM) and Baitulmal Majlis Agama Islam Wilayah Perseketuan (MAIWP), the majority of informants reported rent and utility arrears ranging from one month to more than six months. This pattern suggests that existing assistance mechanisms may alleviate immediate hardship but do not fully address the underlying financial vulnerabilities faced by PPR residents. Detailed demographic information for each informant is presented in Table 1.

Table 1. Demographic information

No of informant	Race	Gender	Age (Year)	Marital status	Level of education	Monthly income	Rent and utility bill arrears (Month)
1	Malay	Female	47	Married	SPM	RM1000	1
2	Malay	Female	32	Married	Diploma	RM3000	1
3	Malay	Female	54	Married	SPM	<RM1000	1
4	Malay	Female	52	Single Mother	PMR	<RM1000	2
5	Malay	Female	44	Married	SPM	RM2400	5
6	Malay	Female	36	Married	Diploma	<RM1000	1
7	Malay	Female	35	Married	Certificate	RM2500	1
8	Malay	Female	30	Married	SPM	RM2500	5
9	Indian	Female	37	Married	SPM	RM2000	6
10	Malay	Female	39	Single Mother	SPM	RM1200	>6
11	Malay	Male	34	Married	Certificate	RM2500	6
12	Malay	Female	51	Single Mother	PMR	RM1400	>6
13	Malay	Male	44	Married	SPM	RM2400	3
14	Malay	Male	46	Single Father	No	RM1000	>6
15	Malay	Male	47	Married	PMR	RM4000	>6

Thematic analysis

The qualitative data obtained from semi-structured interviews were analysed using NVivo 15 to ensure a systematic, transparent and rigorous thematic analysis process. All interview transcripts were imported into the software and analysed using an inductive–deductive approach guided by the financial capability framework. The analysis involved several stages, including coding the data, clustering/categorizing and theme/thematizing. Initially, coding the data makes it easier to search the data, to make comparisons and to identify any patterns that require further investigation. Coding the data was conducted through line-by-line reading of each transcript. Meaningful segments of text related to financial literacy like Knowledge of spending, Knowledge of financial protection, Knowledge of debt management, Financial attitudes and behaviour were coded into initial nodes. Examples of early nodes included basic needs spending, income instability, use of savings for emergencies, rent priority, informal borrowing, and limited program participation. These free nodes were then refined and organised into hierarchical nodes to form broader thematic categories. Through iterative comparison using NVivo’s coding comparison and node summary features, overlapping nodes were merged and conceptually related nodes were grouped together. This process resulted in four main parent nodes representing the core dimensions of financial literacy among PPR residents namely Knowledge of spending, Knowledge of financial protection, Knowledge of debt management, Financial attitudes and behaviour. The hierarchical structure enabled the researcher to examine relationships between knowledge, behaviour and structural constraints experienced by the informants.

Theme 1: Knowledge of spending

Under the parent node Knowledge of Spending, several sub-nodes were identified, including prioritizing basic needs, needs versus wants, income-based spending discipline, and lack of financial planning due to unstable income. Coding results indicated that most informants demonstrated the ability to differentiate between essential and non-essential expenditures. The study found that most informants were able to differentiate between needs and wants. This ability was not due to formal financial education but was driven by daily financial pressure, which forced them to prioritize necessities like food, their children's education and household commitments. This strategy, as explained by Informants 10 and 13, is a necessity for survival.

> "Spending on necessities, buying necessities, that's it."
>
> (Informant 10, female, 39 years old)

> "Spending is very obvious, like daily spending for the children, that's what's most obvious. We need money to support our children for school, their daily expenses."
>
> (Informant 13, male, 44 years old)

Informant 15, on the other hand, showed high discipline in spending, making decisions based on static income and avoiding waste.

> "We already know how much our expenses are, our salary is at the same level, there's no increase or decrease. Every month I know what essential items I need to buy; if they're not essential, I don't buy them."
>
> (Informant 15, male, 47 years old)

However, the data also showed that this knowledge of spending could not be translated into the need for stable financial planning due to limited capabilities, especially income instability. This is clear through the experience of Informant 12, who struggles as a single mother. She is unable to make regular monthly plans because her income source is not fixed.

> "The planning is different every month. If I have items, I don't buy new ones; I just add to them. There's really no planning because the money in hand is sometimes there and sometimes not enough."
>
> (Informant 12, female, 51 years old)

This situation reflects the Capability Approach concept, where a lack of "substantive freedoms" to generate stable income prevents individuals from realizing the "capabilities" for sustainable financial planning. Matrix coding queries further showed that statements about financial planning frequently co-occurred with references to income uncertainty and insufficient funds. This pattern indicates that although residents possess basic spending awareness, their ability to implement structured financial planning is constrained by unstable income sources. From the perspective of the Capability Approach, these findings reflect limited substantive freedoms, which restrict the translation of knowledge into sustainable financial functioning.

Theme 2: Knowledge of financial protection

The second parent node, Knowledge of Financial Protection, included sub-nodes such as awareness of savings, inability to maintain savings, withdrawal of long-term funds and lack of insurance or investment. NVivo coding frequency analysis showed a high number of references to emergency financial shocks and the repeated use of savings to meet immediate needs. PPR residents have a basic awareness of the importance of emergency savings, investments and insurance. However, this knowledge cannot be translated into consistent behaviour due to severe financial constraints. This indicates that knowledge alone is not enough without the capabilities that allow them to act. Informants 1 and 7, for example, are aware of the importance of savings but are unable to maintain them because of unstable income and urgent needs.

> "Even if I save, there's always something. Sometimes we have an emergency and we have no choice but to use it."
>
> (Informant 1, female, 47 years old)

> "We can't make savings. If I want to save, for example, from a part-time job, we just use it to top up expenses for the kids because their expenses are high now."
>
> (Informant 7, female, 35 years old)

This lack of capabilities also prevents them from making necessary investments and having insurance. Although some have investment accounts like ASB or EPF, these accounts often become a source of emergency funds rather than long-term investments.

> "I have EPF. I used to have a little, about RM5,000. Then during the MCO, the government said we could withdraw RM500 a month and we were happy because we didn't have much money. We took RM500 every month and it's all gone now."
>
> (Informant 4, female, 52 years old)

This situation shows that for this group, the capabilities to invest or contribute to insurance do not exist because their primary function is to survive. Even though the government provides instrumental freedoms like EPF withdrawals, it does not help improve their long-term capabilities. Word frequency and text search queries revealed that terms such as emergency, use savings, and not enough appeared consistently across informants. This indicates that although residents understand the importance of financial protection mechanisms, structural financial pressures prevent them from maintaining long-term financial security. The co-occurrence of savings with urgent expenses further supports the interpretation that survival functioning takes precedence over future-oriented financial planning.

Theme 3: Knowledge of debt management

The parent node Knowledge of Debt Management comprised sub-nodes including rent as priority, rent arrears due to income disruption, high living costs and informal or unlicensed borrowing. Coding analysis showed that almost all informants expressed strong awareness of the obligation to pay rent, with NVivo matrix queries indicating frequent overlap between rent priority and fear of losing housing. The informants had clear knowledge of debt management, especially when it came to paying rent. They were aware that rent was an absolute priority to avoid the risk of homelessness, which is a necessity.

> "I have to pay. If I don't pay, where will I live tomorrow?"
>
> (Informant 12, female, 51 years old)

However, like in other aspects, they could not consistently actualize the functioning of debt repayment. This capability was limited by various unfreedoms such as unstable income

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and high cost of living. This explains why many informants still had arrears, even though they were fully aware of its importance.

> "Of course we want to pay. If we live here, we must pay. But there's a reason we don't pay, sometimes we miss income that month, or expenses are higher, for example when children start school."
>
> (Informant 13, male, 44 years old)

Additionally, the informants also faced other unfreedoms such as a lack of understanding of the formal financial system, which led to unlicensed debt, as experienced by Informant 9.

> "I just have a little debt from a moneylender. Not a personal loan, but like a loan shark. It happened two or three times; the last one is all settled. That's why I'm scared now and don't want to take out any more loans."
>
> (Informant 9, female, 37 years old)

This event shows how a lack of capabilities in terms of knowledge and access to a safe financial system exposed them to the risk of exploitation. However, node comparison revealed a recurring pattern where awareness of responsibility coexisted with references to income loss, school expenses, and unexpected costs. This suggests that rent arrears were not primarily driven by low financial knowledge but by capability constraints. Additionally, several coded segments highlighted engagement with informal lenders, indicating limited access to safe and formal financial services.

Theme 4: Financial attitudes and behaviour

The final parent node, Financial Attitudes and Behaviour, included sub-nodes such as interest in financial learning, time constraints, lack of information and reactive financial behaviour. NVivo coding queries showed that expressions of willingness to attend financial programs frequently co-occurred with barriers such as work commitments, childcare responsibilities, and limited access to information. The findings show that while there was an interest in participating in financial management programs, most informants did not have the capabilities or freedom to do so. This was due to time constraints and a lack of relevant information.

> "I would like to improve my knowledge, but time and commitment are what sometimes hold me back."
>
> (Informant 13, male, 44 years old)

> "I'm interested in knowing more. If I have free time, I will go and join."
>
> (Informant 5, female, 44 years old)

This analysis once again emphasizes the role of the Capability Approach. Although PPR residents may have the well-being (curiosity and interest) to improve their financial knowledge, they do not have the capabilities (substantive freedoms) to attend and participate in these programs. This prevents them from gaining the functioning (knowledge and skills) needed to make better financial decisions. Their financial attitudes and behaviour are largely reactive, rather than proactive, as they are forced to react to their unstable current circumstances instead of planning for a better future. Node summaries suggest that while residents exhibit positive attitudes toward improving their financial knowledge, their participation is restricted by structural limitations. Their financial behaviour therefore tends to be reactive rather than proactive, as decisions are driven by immediate financial pressures rather than long-term planning.

To strengthen the analysis, matrix coding queries were conducted to examine the relationship between financial knowledge nodes and constraint-related nodes such as income instability, high cost of living, and family responsibilities. The results showed strong co-occurrence across all four themes, confirming that financial literacy among PPR residents operates within a context of structural limitations. These NVivo-generated patterns support the interpretation based on the Capability Approach, which emphasises the gap between knowledge (capability potential) and actual functioning (ability to act) due to the presence of economic and social unfreedoms.

NVivo's project map and conceptual modelling tools were used to visualise the relationships between the four main themes and the overarching concept of capability constraints. The visual model illustrates that financial knowledge exists across multiple domains. However, income instability, high living costs and limited institutional access act as cross-cutting barriers that prevent residents from achieving desired financial outcomes such as consistent rent payment and emergency savings. Thematic analysis demonstrates that PPR residents possess basic financial awareness across spending, protection and debt management domains. However, coding patterns, co-occurrence analysis and thematic relationships consistently indicate that financial behaviour is shaped more by structural constraints than by knowledge deficits alone. The findings therefore suggest that rent arrears and financial vulnerability reflect a capability gap rather than purely low financial literacy.

The findings of this study confirm that the issue of rent arrears in PPR housing stems from weak financial capability but this must be understood within the context of the inhabitant's lived constraints. While the findings on spending knowledge and debt management are consistent with previous studies, the interpretation using the Capability Approach Theory provides a unique lens that highlights the reasons behind their behaviour. Our finding that PPR residents prioritize basic spending aligns with the views of Basri et al. (2024) and Maslow's Hierarchy of Needs (Maslow, 1973). This behaviour is also supported by a Financial Education Network (2025) showing that the B40 group spends most of their income on basic needs. However, our analysis found that even though they have the knowledge to plan, income instability and a high cost of living are unfreedoms that prevent them from realizing their capabilities. This finding distinguishes our study from others that only measure literacy levels by highlighting why knowledge cannot be translated into action. In terms of debt management, our finding that residents have a high awareness of their obligation to pay rent differs from the view of Lawrence Etoromat (2022), who linked low knowledge with poor debt management. Our findings suggest that their main issue is not a lack of knowledge, but a lack of capabilities to pay, such as stable income. They have the functioning (desire) to pay, but they do not have the freedom to do so.

This study shows that financial capability cannot be separated from the context of PPR residents' capabilities. Knowledge alone is not enough to guarantee financial well-being. The Capability Approach helps us understand that even if individuals have capabilities in the form of knowledge about spending or debt, unfreedoms like unstable income, family commitments and a lack of access to formal support systems limit them. This situation prevents them from achieving functioning (the state of being or doing something valuable) like settling rent arrears or building emergency savings. Therefore, the problem of rent arrears is an indicator of the imbalance between knowledge and the ability to act.

The findings of this study offer important implications for practice and policy in addressing the financial problems faced by PPR residents. Financial capability programs should not be generic and they need to be designed to address the specific challenges faced by

PPR residents such as complex debt management, financial planning in an unstable income environment and building an emergency fund. Additionally, the role of social workers needs to be expanded from merely providing social assistance to offering personal financial guidance (Adzis, Mohamad & Rajaratnam, 2025). This guidance could include help with budgeting, negotiating with creditors and connecting residents with relevant aid agencies. Interventions should also include skills development programs like micro-entrepreneurship or technical skills that can help residents increase their income. This will expand their capabilities to generate a more stable income.

DBKL could consider more flexible rent payment policies, such as providing a grace period or allowing installment payments, especially for residents who face unexpected financial difficulties. Aid programs also need to shift from merely providing cash assistance to more holistic programs. The government could consider combining aid with mandatory skills training and financial guidance programs. This would help residents build sustainable capabilities for the long term, not just a temporary solution. Finally, the financial health of PPR residents requires closer collaboration between various agencies, including housing authorities, the Social Welfare Department (JKM), Baitulmal MAIWP and non-governmental organisations. This collaboration would ensure integrated and comprehensive support.

Conclusion

Overall, this study confirms that financial capability is a crucial element influencing the ability of PPR residents to manage their lives. Although they have a basic awareness and knowledge of spending, saving and debt, our findings show that this knowledge is insufficient without a supportive social and environmental context. The issues of rent arrears and persistent financial instability continue because their capabilities to act are limited by factors beyond their control, such as unstable income, family commitments and a lack of access to relevant financial education programs. Therefore, building positive financial behaviour requires not just education but also a change in attitude, internal motivation and continuous social interaction. This study offers several important implications for practice and policy, including recommendations for financial literacy programs to be designed more specifically, for social workers to expand their roles as financial guides and for the government to implement more flexible rent payment policies. Aid needs to shift from mere cash support to holistic programs that build the residents' capacity to generate income and manage finances sustainably. Given that this study was limited to a qualitative approach and PPR locations in Kuala Lumpur, researchers suggest several directions for future studies. Future research could use a quantitative approach to measure the level of financial literacy among PPR residents on a broader scale. This would allow for the generalisation of findings and comparisons between different locations. Additionally, further studies could explore in more depth the role of social workers or Community Development Workers in improving residents' financial capability. It is also recommended to conduct a study that examines the challenges of collecting rent arrears from the perspective of authorities or enforcement agencies. The findings from such a study could be compared with our findings to provide a more holistic picture of the problem and help in planning more effective interventions

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