

Let's Analyze!

Who are we?

So, what is wrong?

What are the  
objectives of this  
project?

Let's see the income  
distribution in  
Malaysia!

What about the  
expenditure trends  
in Malaysia?

Let's take a look at  
the poverty issues in  
Malaysia.

Why does income  
inequality still  
happen in Malaysia?

How does income  
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# ANALYZING INCOME DISPARITIES IN MALAYSIA



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## Group Members



### GROUP XKesah



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Member #1



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Member #4

## PROBLEM STATEMENTS

### 1 Income disparity in Malaysia worsens after the COVID-19 Pandemic



"Report: National household income growth stifled by pandemic, bolstered by Selangor's strong showing"

### 2 Malaysians expenses outgrows the growth of income



"DOSM: Household spending grew faster than incomes in 2019-2022, partly fuelled by EPF withdrawals, govt handouts"

### 3 High Poverty rates in states across Malaysia



"East Malaysian states, Kedah, Perlis still have higher poverty level"



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## OBJECTIVES



To analyze the income distribution across different percentile divisions in Malaysia



To explore the mean income across all Malaysian states



To assess income inequality using the Gini index across Malaysian states



To investigate the relationship between income, expenditure, and poverty across Malaysian states



To explore the factors and the impacts of income inequality in Malaysia



To propose steps and ways to reduce income inequality in Malaysia

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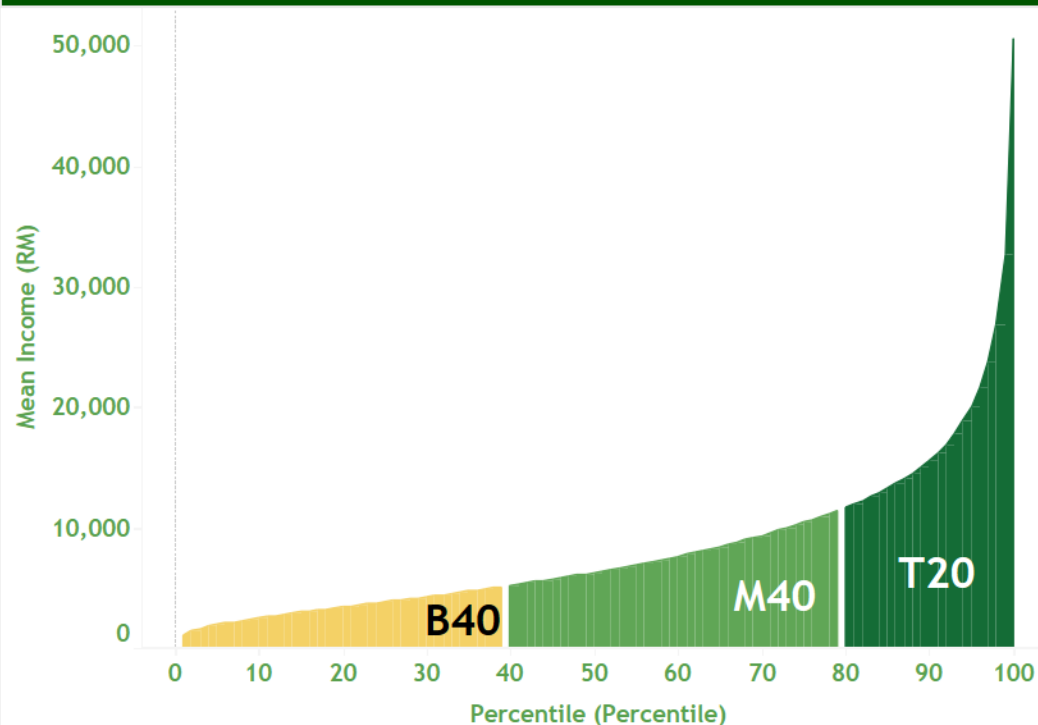
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## Malaysians Household Income & Gini Index (2022)

### Income Distribution by Percentile



The **income distribution** across Malaysia's **household percentile divisions** illustrates a rapid increase in income as you move up the percentiles. This exponential growth highlights a significant disparity between the income classes, with the **T20** earning substantially more than the **B40** and **M40** combined.

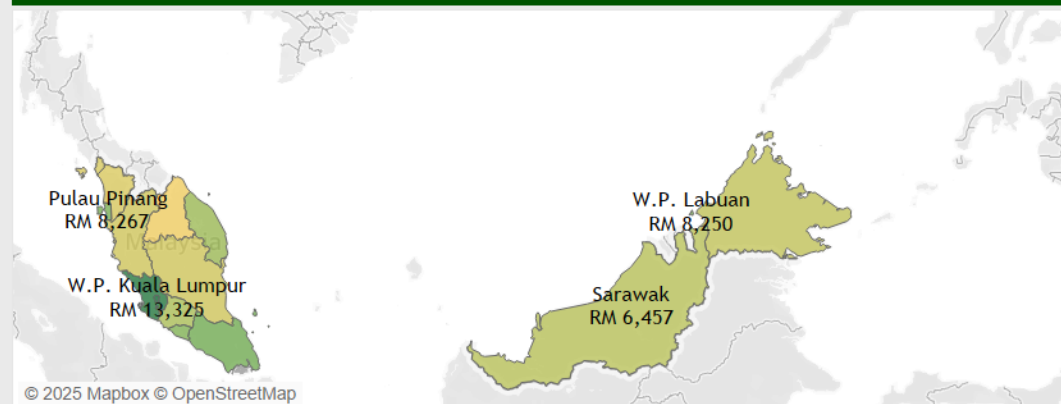
### Average Gini Index of Malaysia

0.3590

**GINI INDEX:** Measures **income inequality** within a population, ranging from 0 (perfect equality) to 1 (maximum inequality).

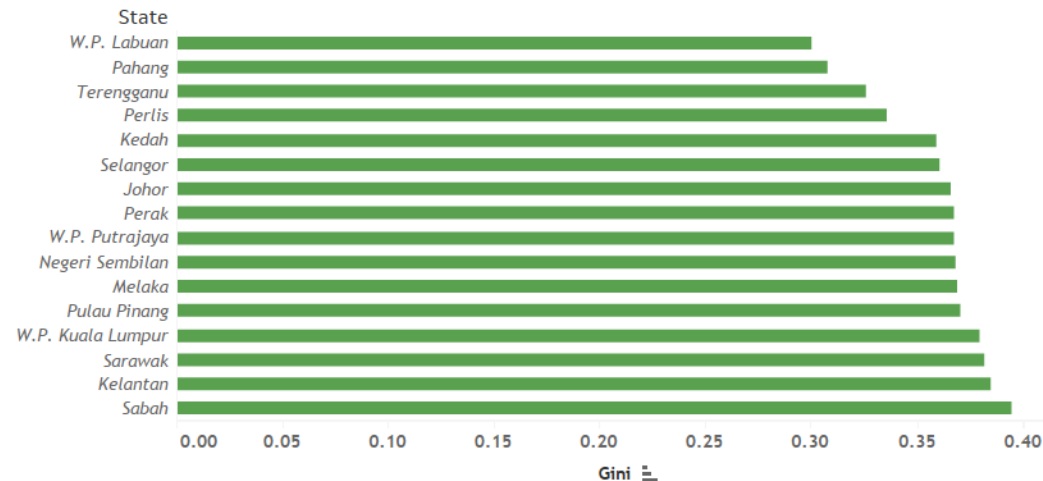
In Malaysia, the Gini index sits at **0.3590** indicating a **moderate level** of income inequality where wealth distribution is uneven, with higher-income households earning significantly more than lower-income ones.

### Income Distribution by State



The heat map illustrates **income distribution** across **Malaysian states**, identifying regions with **higher** and **lower** average incomes. This visualization reflects the income inequality between states, with lower-income regions often impacted by factors such as limited access to economic opportunities, lower industrial development, or disparities in education and infrastructure.

### Gini Index by State



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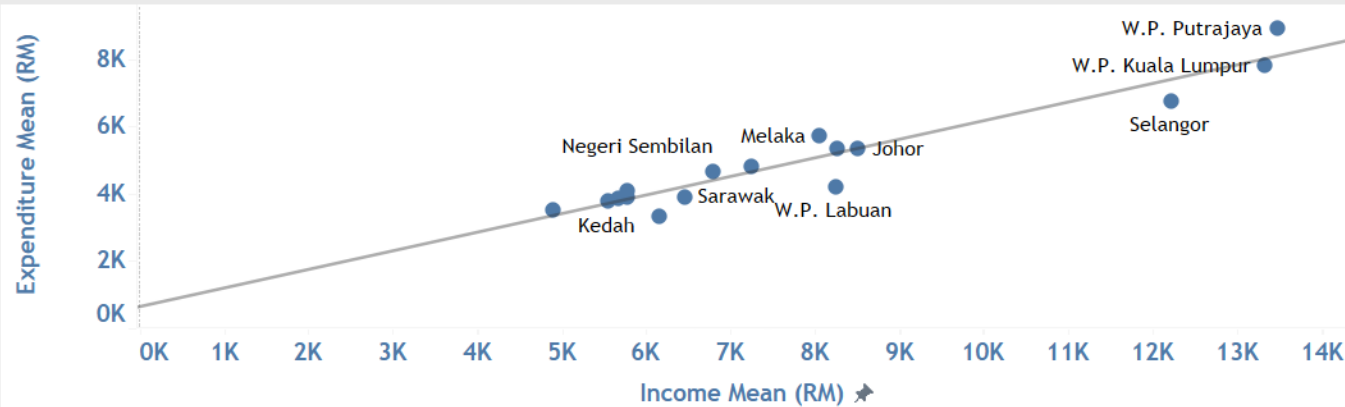
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## Malaysians Household Expenditures (2022)

### Income vs. Expenditure by State



The scatter plot shows a **strong positive correlation** between **income** and **expenditure** across states, with an R-squared of 0.91, indicating that income is a significant driver of expenditure trends. States **above** the trendline spend more than expected based on their income, while those **below** spend less.

### 3 Highest Expenditure State



6,770

Selangor



7,823

W.P. Kuala Lumpur



8,897

W.P. Putrajaya

The visualization highlights that states like **W.P. Putrajaya**, **W.P. Kuala Lumpur**, and **Selangor** have significantly higher expenditures, likely reflecting higher cost of living, urbanization, and economic activity.

### Expenditure Trends by State



© 2025 Mapbox © OpenStreetMap

The heat map highlights the distribution of **expenditure trends** by state, visually identifying areas with **higher** or **lower** spending patterns, which could reflect differences in cost of living, economic activity, or financial priorities.

### 3 Lowest Expenditure State



3,765

Kedah



3,505

Kelantan



3,342

Sabah

The visualization shows that states like **Kedah**, **Kelantan**, and **Sabah** have comparatively lower expenditures, potentially due to lower cost of living, rural lifestyles, or economic constraints.

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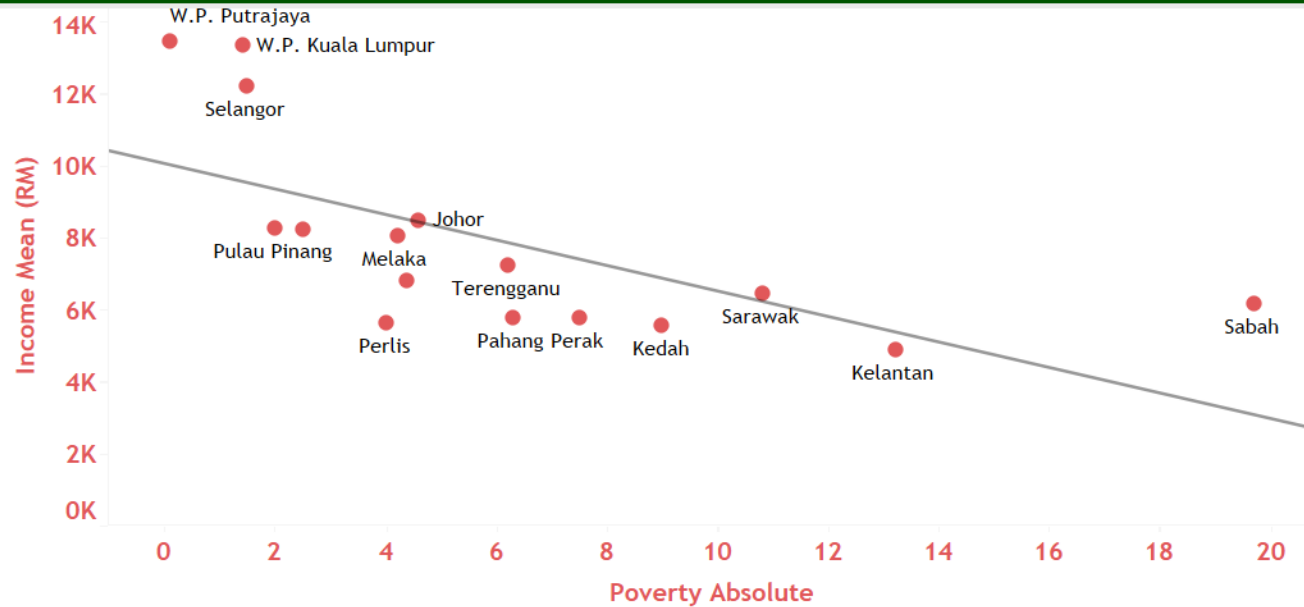
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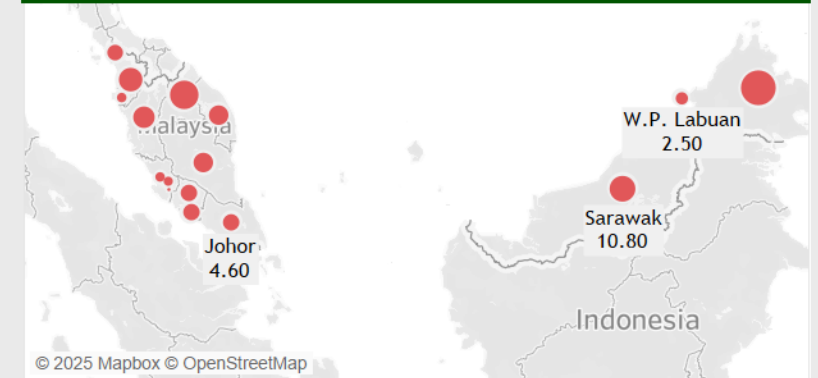
## Poverty Rates in Malaysia (2022)

### Income vs. Poverty by State



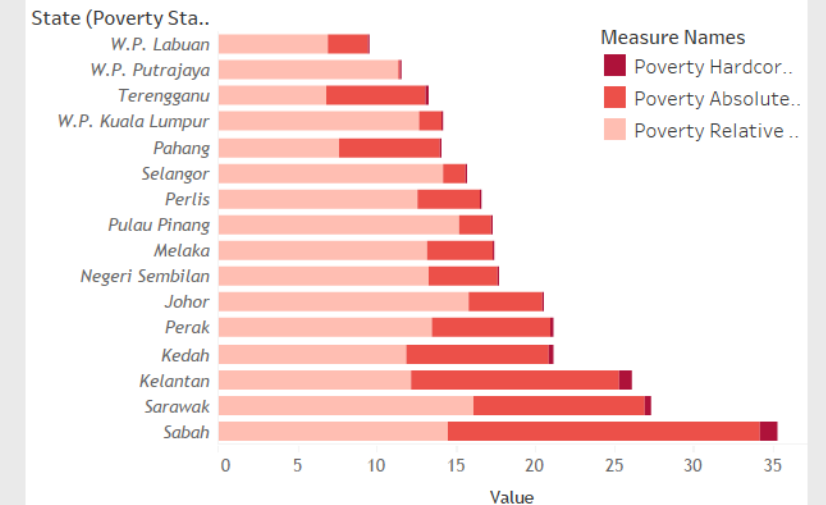
The scatter plot shows the negative relationship between **income mean** and **poverty absolute** by state. An R-Squared of 0.425044 shows that approximately **42.5%** income plays a significant role in influencing poverty, remaining **57.5%** have considerable influence such as education, infrastructure, healthcare access, or government policies.

### Poverty by State



The symbol map highlights the **distribution of poverty trends** by state, visually identifying areas with **higher** or **lower** poverty, which could reflect differences in income distribution, employment opportunities, cost of living, education access, and healthcare..

### Poverty Types by State



### Poverty Relative

- A household is in relative poverty if their income is **less than half the national median**, highlighting economic inequality within society. It becomes more relevant as absolute and hardcore poverty decline.

### Poverty Absolute

- A household is in absolute poverty if their income is **below the Poverty Line Income (PLI)**, meaning they cannot afford **basic necessities** for a dignified life.

### Poverty Hardcore

- A household is in hardcore poverty if their income is **below the Food Poverty Line Income (Food PLI)**, unable to afford **enough food for survival**. It is a severe form of absolute poverty.

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### Urban-Rural Disparity

Urban areas typically have better access to infrastructure, education, and employment opportunities compared to rural regions, leading to unequal income distribution.



### States Economic Imbalance

Wealth is concentrated in states like Selangor, Kuala Lumpur, and Penang, while poorer states like Kelantan and Sabah lag behind in economically.

## 5 FACTORS of income inequality in Malaysia



### Ethnic Inequality

There are historical and systemic differences in access to education, employment opportunities, and economic resources among the major ethnic groups, between the Malay, Chinese, and Indian communities.



### Sectoral Disparities

Workers in higher-skilled sectors such as finances and technology earn more than those in low-skilled or informal sectors, such as farmer and cleaner.



### Unequal Educational Attainment

Unequal access to quality education, particularly in rural areas, affects earning potential and creates income inequality



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# 5 IMPACTS of income inequality in Malaysia



## Hinders Economic Growth

Reducing low-income groups' purchasing power, limit spending on goods and services, and slowing economic activity.



## Creates Poverty and Social Exclusion

Income inequality creates poverty, restricting marginalized groups' access to education, healthcare, and jobs, creating a cycle of disadvantage.



## Increases Crime

Income inequality fosters social tensions and crime, as economic exclusion fuels dissatisfaction, protests, and violence.



## Limits Access to Education and Healthcare

Limits access to quality education and healthcare, trapping low-income families in a cycle of generational disadvantage.



## Undermines Society's Cohesion and Trust

Income inequality undermines social cohesion and trust in institutions, as perceived economic unfairness erodes faith in governance and weakens social bonds.

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## 3 Steps to Reduce Income Inequality



# INDIVIDUAL



# 1

### Support Local & Small Businesses

Choose to buy goods and services from local and small businesses, particularly in rural or underdeveloped areas.



# 2

### Invest in Personal & Community Education

Upskill yourselves or help others access quality education and training such as volunteering in community education programs or mentoring youth.



# 3

### Educate for Fair Labor Practices

Advocating equal pay for equal work regardless of gender or ethnicity in any labor practices.

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## 3 Steps to Reduce Income Inequality

# GOVERNMENT



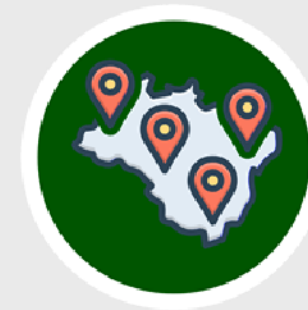
### 1 Implement Progressive Taxation

Design a tax system where higher-income earners contribute a larger proportion of their income compared to those in lower-income brackets.



### 2 Improve Access to Quality Education

Prioritize improving rural schools' infrastructure, offering scholarships for low-income students, and promoting skill-based learning programs in underdeveloped regions.



### 3 Promote Regional Development

Directing government resources toward underdeveloped areas especially infrastructures such as roads, internet connectivity, and hospitals.