

Humane Economics and Household Financial Planning: Antecedents and Consequences

Hafizah Nawı , Salwa Muda , Asma' Rashidah Idris , Chen Yuen Nee

National Defence University of Malaysia

Abstract

Household financial planning is central to economic security and well-being, yet traditional economic approaches often frame it within rational choice theory, emphasizing optimization and efficiency. Such frameworks overlook the moral, cultural, and social dimensions of financial life. This paper situates household financial planning within the paradigm of humane economics, which emphasizes dignity, empathy, sustainability, and ethical responsibility in economic practices. It identifies key antecedents—financial literacy, cultural and religious values, institutional trust, behavioral dispositions, and socioeconomic status—that shape household decision-making. The consequences of financial planning are considered not only in economic terms, such as wealth accumulation, debt management, and retirement preparedness, but also in non-material dimensions, including psychological stability, family cohesion, and intergenerational equity. The analysis integrates theoretical arguments with regional illustrations, particularly from Malaysia and the broader ASEAN context, while drawing comparative insights from other regions such as Africa, Latin America, and Europe. The paper argues that humane economics provides a critical corrective to conventional financial planning models by restoring the centrality of human flourishing and collective well-being. It also highlights the relevance of humane financial planning in contemporary contexts marked by global crises, including the COVID-19 pandemic, the rising cost of living, and structural challenges faced by gig economy workers. By embedding financial practices in humane values, households can better navigate economic uncertainty while fostering dignity and resilience across generations.

Keywords: Humane economics, household, financial planning, well-being, financial literacy.