

INVEST+ COMPETITION

If we want to be financially literate, we need to stop viewing our parents as if they were an on-demand ATM machine, who supply money in abundance whenever we need it. When we are young and money seems infinite (thanks mum and dad!), our definition of it becomes flawed, and our ability to use it wisely gets hindered. In a society where you can get the phone you really want for just a €25 payment per month, a society that is littered with easy payment schemes that allow you to buy now and pay later, it is evident that we are valuing our today more than our tomorrow, and this is exactly what financial literacy is not. The expenses of tomorrow can be overwhelming without proper adequate planning, as a car, a place to live in, insurance, a marriage, a honeymoon, and a baby (or two) can add up quickly, so learning how to manage money early on is a huge win. Being young can be an asset or a liability, as one can choose to ignore their responsibilities as a financially literate young-adult or one can tackle the bull by the horns early on and get a head start on their finances. This will make all the difference when one is 35 and a house owner, and their friend from school is struggling to pay their rent. Only when we can understand the true value of money, can we appreciate it and start our quest to achieve financial literacy, and consequently financial freedom.

Like many worthwhile things, financial literacy starts at home. It ought to be taught at home first, and then at schools. So what can parents or relatives do to encourage the youngsters to be more mindful with the way they use their money? The most difficult thing to do would be to stop giving away money for free and introduce some way of earning it, like for instance through chores. While it is good to get financial help from your parents, some of us never grow out of it, and this is the single and most important thing a parent can do, yet it is the most overlooked and frowned upon as many believe they are denying their child to enjoy themselves on a Friday night. Entitlement is poison and the antidote to financial success is teaching our kids a set of values that will cultivate confidence and allow them to thrive and stand on their own two feet, and help them to be mindful of how they use their hard-earned money.

Programming financial literacy in the brains of the youth would require discipline, and more so a major overhaul in the way we look at money. While I believe financial literacy is a personal matter, as it is your choice at the end of the day to decide how much of your wage or salary you decide to spend; the fact that schools were founded to prepare us for life at work, what happens after we earn a wage or salary is equally as important knowledge as the knowledge that enables us to earn it in the first place. Thus, the first obvious step to enhancing awareness on such an important topic is to introduce it as a study unit in schools, nation-wide. The contents of these study units should focus on topics such as managing and limiting one's expenses, why we should be saving more money than we think we should, finding a secondary source of income so that we are not so reliant on one source of income (diversification), setting a budget so as to keep spending on track, how to use the financial instruments that are available to us, the importance of setting financial goals, and also how much debt it is acceptable to take on, just to name a few.

If neither parents or schools teach the youth about financial literacy, who will? Financial literacy should be loudly spoken about and its wisdom should be widely available to all. In order to popularize financial literacy, one would require some type of involvement from the government, banks, and financial institutions, and the idea here is to make financial education fun and even cool. In my opinion this would require a series of short educational videos done with government funding and in partnership with banks and other financial institutions, where the goal is to acquire the attention of the audience and use it in a way that entertains, while also teaching something useful in the long-run. This will give them exposure to various money-managing ideas and introduce them to new ways of thinking about money.

Therefore, teaching financial literacy is a team effort between the parents, schools, and the government. Whether the youth get their knowledge from home or outside the home, from school or via an educational campaign on financial literacy, this would ensure no matter what, financial literacy is reaching the youth from all angles and it is up to them to listen and digest the information that is coming their way. Parents have the responsibility to limit the amount of money they give to their children and make them work for it. Schools must step in and introduce study units on various topics concerning financial literacy, and the government should work hard to popularize this subject and make information widely available to all, either through an online campaign, or even through a series of hands-on workshops. The youth must pull their weight too, and make use of all the information that is available to them, as if they don't make an effort to learn, all the combined efforts between the three aforementioned parties are futile and only when they are actively involved can we truly prepare for the financial responsibilities that lie ahead.

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