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# INVEST+ Competition Submission

Financial stability is a factor that determines one's quality of life and their ability to get by comfortably. Expenses constantly eat away at our income and we are constantly finding new ways to spend more money, but how does one successfully manage to find a balance? Like all things we do, spending is best done in moderation, keeping in mind that it is always a good idea to have something saved up for a rainy day. However, this is easier said than done, especially as an adolescent with a nominal income immersed in a world of enticing ways to spend your money.

This is where financial literacy shows its true importance. Certain people, especially ones whose character is not as mature, struggle to understand the true value of money. If as of a young age, a child is given whatever he or she asks for, that trains their brain to never wait for something. This builds a desire in their subconscious with very little patience – always looking to find something new to cling onto, without every appreciating what they currently have and how they acquired it. As these people grow older, they struggle to manage their funds, as their spending has become uncontrollable and habitual. This results in an addiction, where one spends literally for the thrill of spending. The consequences of such a lifestyle results in a constant struggle to make ends meet, as money is never put aside with the future in mind.

As students in Malta are given a stipend, initiatives on how to manage such funds are a must. Should teenagers already have a concept of why it is essential to save money, the upcoming generations would collectively struggle less with financial issues. This would implement the ideology that money is not there just to be spent as soon as it is credited into our accounts, a perception many young people have due to their overenthusiasm for their first monetary reward. Frequent spending might not be done intentionally, as it mostly happens because teenagers feel a sense of liberty in their expenditure, after having to be dependant on their parents for all their lives. Certain parents, for this exact reason, start a Savings Account for their children with restricted access, allowing them only to withdraw money from it past a certain age, for example. The money is there, but not available to be spent, allowing it to accumulate without interruption from accustomed spending.

A savings account would be a good start to informing more people about financial literacy, but it is not the only way. Information can be passed on to students who are between secondary school and 6$^{th}$ form level, using social media. The brain is most influential at this age scientifically speaking, so anything learned at this age will remain with them for the rest of their lives. Informing societies of the concept of money and the risks of poverty will imprint the need for proper overseeing of money ever since a young age. We are constantly in contact with the latest trends and news through online networks. These can be used to shed a new light on the topic of financial literacy to the public, particularly the previously mentioned demographic. Informative videos and interactive websites have proved to be very powerful with raising awareness, both of which could be ways to get the message across.

Knowledge can also be spread through the use of an app. We have different apps to do different things nowadays, even ones to access our financial accounts. What better way to access financial guidelines if not through the use of our own phones? Along with the traditional mobile banking app, features can be implemented to help one monitor their spending and encourage them to save through different incentives. One can have the option to set aside money for every categorised activity; an amount to spend on necessities, an amount to save, and amount to spend freely, like dining and entertainment, all of which assigned proportionally. Students are already encouraged by banks through the concept of Student Accounts, where one is offered a gift in return after opening a deposit account for the first time as a student. Moving along the same concept, better interest and credit rates can be given to those who deposit a certain amount of money per month into a Savings Account, for example. This can be subsidised by the government in addition to the bank itself, to help attract more people into preserving a portion of their monthly income.

The fact that people are receiving something in return would serve as a stimulus for them to keep doing it, more so when it is related to money. This way, forthcoming generations can be more financially proficient, having been given the information as to why they should save, and the encouragement to actually save and manage their money better.

Maimonides, a Jewish philosopher, once said “Give a man a fish and you feed him for a day, teach a man to fish and you feed him for a lifetime”. With relation to the management of finances, should someone be taught to save money for the sake of it, they will do it for no reason or not do it at all. Better yet, if they can understand why it is important and how it can impact their life, they will do it with their best intentions in mind. Therefore, it is important for the delivery of information to be done effectively and in a way that influences positively, rather than with the intention of startling them. With the right implementations and notions, the knowledge barrier with regards to financial literacy can be overcome, and future standards of living can be guaranteed of improvements. This would be a good step towards tackling poverty, in ways that can also be passed onto future generations.