



Welcome to the Monthly Public Awareness column with the Reserve Bank of Fiji. This month we focus on teaching our children about managing money from an early age. We hope that you will find the article interesting and informative.

Why Raising Money Smart Children is a Must

In the current challenging times brought about by global economic crisis, it is now even more important to be open with your children about your finances. Allowing them to learn money management skills can help you in reducing your household bills. Bearing in mind how prices of consumer goods keep increasing, you will need all the help you can get from members of your family, no matter how young they are. So, why not begin with your precious young ones by teaching them good money management habits!

Want to know why this is one of the best things you can do for your children and ultimately for yourself and your family? Read on, and you will find out.

Build a solid foundation in life

Let's face it – managing your finances is a necessary life skill, particularly in this day and age where virtually everything requires money. Unfortunately, when it comes to children and money, most parents neglect to teach their children about the basics of money management. This results in a good number of adults in Fiji who do not know how to manage their finances. This is something parents need to work on because just as you teach your children other good habits, such as brushing their teeth and cleaning up after themselves, you can also teach them good money management habits. What is most important is teaching your children the value of saving money and not spending their savings on an impulse. This is the starting block that will help them establish solid money management habits that will benefit you and your children.

Money doesn't grow on trees

Or does it? Children these days really do believe that money is easy to come by. Many of our children think that the ATM is a constant supply of cash. Picture this – your child asks you to withdraw more money from an ATM machine when you tell him “No, I can't buy you that new toy because I don't have any money left”.

Want to know why he can so casually suggest that to you? It's because he thinks there is an endless flow of cash coming from the ATM machine. That is your more sophisticated version rebutting the ever famous “Money doesn't grow on trees” excuse commonly used by moms and dads worldwide.

Children naturally go through those stages where they want this, want that, want more and don't know that money has to be earned and prioritised. Once your child hits this stage in their life, you will know it is time to teach them some money management skills.

Instill discipline and save your wallet!

One of the best lifelong lessons that our children can gain from learning money management skills is the art of discipline and we all know how much children need that! Children these days are different and many may be shaking their heads right now saying that children nowadays have a mind of their own, not like children in yesteryears and instilling discipline is easier said than done. We can all argue about this till the cows come home, but we need to realize that discipline is a must.

It takes discipline to put aside your hard-earned money - regardless whether from a salary or from your little business – into a savings account or a simple money box. However, as our children learn the differences between needs and wants, and start saving their money, the discipline gained will spread to other areas of their lives. And ultimately your wallet! They will learn the importance, and have the discipline, to live within their means and reduce the amount of holes they put in our pocket.

Avoid Generation Debt

If your child is now a young adult who is still studying in university or is in the early years of their career, then they are part of the generation known as Generation Debt. If this doesn't sound familiar, then it is because your children have not come to an age where they need to start venturing out on their own yet. But as sure as the sun will come up the next morning, our children will get to that stage in their lives eventually. And when they do, there is a great possibility that their financial decisions will create a spillover effect that we, the beloved parents, will be left to deal with.

Most young adults nowadays enter the workforce with student loans and virtually no savings. Add to that the skyrocketing prices of consumer goods and housing and the debt just adds up.

Therefore, to prevent our children from falling into the same trap as many of us did, we have to assist our children in learning how to manage their money today! No matter how little they earn or save the lesson and discipline taught through this process will serve them well in the future. Many adults buy into the “*I will start saving when I earn more*” myth. This is a trap because if we do not discipline ourselves when we have and earn little then it is almost impossible that this will happen when we earn a bigger salary or have more money.

Become charitable adults

Money management not only involves learning how to save, spend and invest wisely, it also involves learning the art of giving back to society. This is our opportunity to give our children exposure to charitable organisations and people less fortunate than they are, and a great way to

educate the next generation about family values and establishing a sense of appreciation and gratitude for the luxuries they enjoy. By encouraging charitable action from a young age, our children will eventually become empathic adults who know that their actions can have a positive impact on their surroundings.

You can create an exhaustive list of why it is important to teach your children money management skills. However, knowing the five reasons mentioned in this article is sufficient for you to begin that process.

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