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Financial Lessons for the whole family

July is Savings Month and this is the ideal month to share some sound financial lessons with the kids in the family. Many of the financial decisions you're making today are a result of what you were taught, or what you observed from your parents, growing up. So, it's super important to teach your children good financial habits from an early age.

Your child can learn about money and its value from as little as four years old. You may not be intentionally teaching them about money, but from your actions, they get to learn about finances. This is because kids learn through observation and repetition — they do what we do, more than what we say. So the more regularly you talk about money and demonstrate the role it plays, the quicker they can start to make better choices.

Learning how to save money isn't much different. Instead of telling bana (children) that saving is important, give them a hands-on experience. Why not open a bank account that you can use to save, send his/her allowance, monitor their spending habits, teach them about interest rates, etc.

If you haven't started already there is no better time than the present. Here are some ideas you can try during July. With many children working remotely these days, family lessons can become fun.

1. How to save

Many adults today have little or no emergency fund savings. Although this may be due to a lack of finances, it also exposes the lack of savings lessons they received when they were young. Saving works off the power of habit. So from an early age give your child their own savings account and explain how important low bank fees are and why high interest rates matter.

Rather than giving your kids monetary gifts or an allowance for tuck shop at school, placing that cash into a Savings account and let them start using their own card.

2. The difference between short- and long-term savings

Some of the best savings accounts in South Africa come with online tools that let customers set multiple savings goals. With African Bank's MyWORLD account for example, you can set goals with your child and open up to 5 Pockets – you can choose a combination of Power Pockets or Savings Pockets, each named after the goal your child is saving for. Some Pockets can be for short-term savings like Friday night takeaways, while others can be for long-term savings goals like buying a much sought after play station.

3. Finances don't have to be boring

Topics such as investing and saving money aren't really exciting for kids. That makes it important to keep things light and engaging. Access to online banking is a great way to keep them engaged. If they own a smartphone or they have access to a laptop at home, they can download a banking App and play an active role in their finances via cellphone banking or internet banking.

4. The value of money

Many schools have fund raising initiatives where children are required to bake or make something they can sell. You can use their MyWORLD Power Pocket to deposit their earnings from these school sales. Children are more likely to appreciate the value of money when they've worked hard to earn it.

5. Money management

Knowing where your money is going is one of the biggest steps a child can take when it comes to enhancing money management skills. By teaching kids to track their spending, you'll help teach them to be mindful of how much they are saving and spending each month. This will make budgeting a breeze in the future.

Although everyone wants their kids to enjoy healthy financial futures, parents often forget to provide children with a good understanding of money. With a start up savings account, every parent can help to create a solid financial foundation and teach kids good personal finance habits so that they can become money-minded adults.

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