

The importance of financial literacy and education amongst students and youths

The banking community considers financial education as a very important issue to be tackled actively. It is an essential component of the empowerment of consumers as it gives them a better understanding of how to manage their finances, and how to avoid unnecessary risks, excessive debt and, possibly, financial exclusion. Moreover, it enables people to improve their understanding of the financial opportunities that the products which are available to them may offer. Today, under EU rules, banks are strictly obliged to provide clear and comprehensive information on any financial products which they sell to their customers. But what is the use of bombarding customers with all this information if the customers don't understand it? Clearly, therefore, the obligation to provide information to consumers, and financial education of consumers, are different but very complementary issues.

Yet a number of international surveys have evidenced a rather low level of understanding of financial matters and of basic economics among the average consumer. Even relatively straightforward financial products can appear quite complex to the average citizen who has little or no financial education. Many individuals fail to plan ahead or to choose products that meet their needs. This exposes them to the risk of falling into debt, and of experiencing difficulties in the event of some unexpected adverse circumstance. It also makes it harder for individuals to ensure a satisfactory standard of living in retirement. So ultimately, financial education is all about improving the financial well-being of individuals and society.

Clearly, it is essential to promote financial education amongst students and youths from an early age, as the knowledge and skills acquired by them at that stage will serve them in good stead as they progress through life. It is commendable, therefore, that aspects of financial literacy are being tackled through some subject syllabi studied at both primary and secondary school levels.

The banking sector has felt the need to increase its contribution towards this aim by launching an annual event, the European Money Week, three years ago. This is an initiative of the European Banking Federation, and encompasses national banking associations from across Europe, including the Malta Bankers' Association. During the Money Week, which this year is being held between 27 and 31 March, a series of events are organised in each EU Member State in order to draw attention to the importance and benefits of financial education and improving financial literacy amongst students.

A full programme covering various activities for students ranging from age 10 to 16+ has been put together by the Malta Bankers' Association working in close collaboration with the Department of Curriculum Management's Home Economics Seminar Centre, the Central Bank of Malta, the Malta Financial Services Authority, the Malta Stock Exchange, and the Institute of Financial Services. This cooperation clearly reflects the common interest which the entire financial community has in the area of financial literacy, and demonstrates the readiness of these entities to support such initiatives as part of their Corporate Social Responsibility policies.

James Bonello, Secretary General

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