

Money Matter\$ - 28 January 2021

By Standard Chartered Bank

Title: Teaching your child money sense

It's important for us to teach children how to save and manage money from a young age. Cultivating good money management skills from young would result in a financially savvy adult.

Children of today are quite different from children of yesterday. This perhaps is a result of the advanced world we live in now. Many of you would agree that your two year old is perhaps smart enough to open their Youtube and select their favourite cartoon channel. Young children are also very computer literate and can be seen surfing the net, playing games and so forth. With all the attractions around them, it is important for you to make money management equally as fun.

So, how do you start? Many parents start the old-fashioned way with the good old coin box method. There are many attractive coin boxes in the market or better still, have your child make their own coin box. Start off by giving your child a coin or two each day and get them excited about filling up their coin box. Another fun way to save coins is to have different boxes or jars for different denominations and see which jar fills up the fastest.

Once coin boxes are filled, count the coins together with your child. Take time to do this in the most interesting way possible. You could count by the same denomination, make lines of coins, see how many 10 cent stacks you can make and so forth. Once your child understands how much they have collected or saved, take them out for a shopping trip to choose a treat that they have earned with their hard earned savings. Ensure that they understand the value of the item they intend to purchase and the amount of money they have in total to spend. Encourage them to only spend half the amount saved and keep the other half for another day. This is a good opportunity for you to open your child a bank account to keep the remainder of savings from their coin box.

It's never too early to introduce your child to banking. It is a good opportunity to engage your child in banking by bringing them along when you go to the bank to open their own account. Being part of the process of opening their account would bring about a greater sense of ownership from the child.

One of the best ways to save money is to actually never see it. Hence, putting aside money in a bank account not only keeps your child away from temptation of spending all their money, but it is also a wise way of saving their money as they can earn interest on their savings.

When you are out shopping, it is good to educate your children on the different prices of items. To make it more fun, you can start off a game with them to remember the price of an item in one store and look for the same item in another to compare prices. You can also encourage them to look at like items and discuss why the same items of a different brand are priced differently. This exercise will teach them that different items are valued differently.

Giving your child pocket money provides them with a good opportunity to learn how to manage their own money. Children should understand that their pocket money should be used to buy items that they desire and at times, they would need to save up for weeks or even months to achieve their end goal. As parents, it is good for us to nurture the habit of saving up for a desired item. Much as it is easier to please our children by simply buying what they like, more often than not, the item they desire would be more valued and treasured if they had to save up for it rather than getting it easily.

Another opportunity for us to encourage our child to save and instil some good habits is to make our children work for their money, not in the hard sense, but simple chores such as making ones bed, helping to wash the family car and helping with dishes can earn your child some extra money. Good behaviour or results can also be rewarded with money. Children will then be able to put this extra money aside to add to their pocket money or savings for their desired treats.

These are only a few tips to teach your child money sense. Try them out and see how they work for you.

This article is for general information purposes only and whilst the information in it is believed to be reliable, it has not been independently verified by us. You are advised to exercise your own independent judgment with the contents in this article.