

Going beyond the ABCs of saving

The Lien Ying Chow Library has stepped up efforts to develop financial literacy among students

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Nine in 10 students recognise the importance of financial literacy, but only 57 per cent of those surveyed practise any form of wealth management.

The poll of 100 students by npTribune also revealed that most of them believe that making regular deposits into their savings account alone is adequate when it comes to money management.

On the findings of the poll, Mrs Choo Jin Yi, an academic manager from the School of Business & Accountancy (BA), says, "It is not enough just to put our money in a savings account. There are many financial instruments in the market, carrying various degrees of risks, which we can use. Understanding the risks and reward associated with those instruments, and our own risk tolerance, will help us to better manage our hard-earned money."

Recognising the importance of financial literacy among youth, the Lien Ying Chow Library has, in recent years, been collaborating with the BA Investment Club to organise monthly talks on financial literacy for NP students.

The talks, which cover investments and wealth management, are held at the Wealth

Creation Infocentre on level 3 in the library.

Mrs Lim Bee Ang, the Reference and Information Services manager of the library, says that the library organises these talks to "help NP students become prudent and confident investors in time to come."

At the root of this misconception is an incomplete understanding of financial literacy, with seven in 10 respondents indicating that they have little to no knowledge on how to manage their assets.

Statistics from the DP Credit Bureau (DPCB) last year indicated that Singaporeans between the age of 21 to 29 years old are struggling with credit and debt management.

The rate of credit card defaults in this group is 126.89 per cent higher than the national average of 3.11 per cent, DPCB revealed in a Straits Times article titled 'Struggling with credit, debt' on May 19, 2010.

Says Mr Chong Kek Weng, a BA lecturer, "It puts students in good stead when they start working as they will need to undergird their future with the strong foundations of discipline, thrift, savings, spending within one's means and a long term stance to grow one's savings through investments."

Mylene Tan Gek Jia, 17, a first-year Pharmacy Science student, who has attended one such talk, was all praises for the talks' usefulness. She says, "I have learnt how to manage my finances in a smarter and more creative manner. I strongly encourage other students to attend such talks as they are enriching."

At the Wealth Creation Infocentre, students can also find books, periodicals, media, and even simulated games to enhance their learning experience.

The next financial talk will be held in June. To find out more about upcoming talks, visit <http://www.np.edu.sg/library/announcement/Pages/default.aspx>

Millionaire, or not

1) Diversification is the spreading out of investments to _____ risks by combining a wide variety of investments.

a) Eliminate, b) Transfer, c) Reduce

2) Albert Einstein once coined compounding as the 8th wonder of the world. What is an example of compounding?

a) Reinvesting your dividends or interest of your investment over a long period, b) Buying gold in anticipation of a rise in prices, c) Working longer Hours and doing odd jobs to enhance your income.

3) 'The market has been bearish for the past few months but may correct soon.' What does bearish mean?

a) Prices stagnating, b) Prices falling, c) Prices rising

4) What is speculation?

a) Buying or selling an instrument for a very short period to make quick profits, b) Buying or selling an instrument and holding it for a long period to earn large profits, c) Buying or selling an instrument over either short or long periods with borrowed funds.

5) _____ is the act of borrowing money from a broker to purchase equities. It can generate great returns but the risk of incurring huge losses is also very high.

a) Share Leasing, b) Money Laundering, c) Margin Trading

What's your score? (1 point for each correct answer)

0: Take this as a wake up call. Mark that date for the next talk on financial literacy at the Library!

1 - 3: You get the point but you still have a long way to go.

4 - 5: Congratulations! Now, apply what you know into your daily life, and maybe, one day, you might just give Bill Gates a run for his money. Maybe.



NPT / JASMINE CHONG

QUIZ ANSWERS: 1)c, 2)a, 3)b, 4)a, 5)c