

# Why are South Africa's youth under informed when it comes to financial planning?

There is no doubt that South African consumers, in general, are in an appalling state of debt, but how does this translate to the youth of our country - are they in the same type of debt and does their frame of mind regarding money influence their financial situation in the short and long term? The answer?



Image: [www.freedigitalphotos.net](http://www.freedigitalphotos.net)

Yes, the purchasing behaviour of students and graduates is all about instant, as opposed to delayed gratification. What this means is that students will purchase items instantly on credit instead of saving up the money and paying cash when they truly can afford it. It is this frame of mind that may very well be the gateway to a lifetime of financial uncertainty - if not tackled TODAY!

In fact, Student Village's 2014 student spend survey reiterates that students have a very real disposition towards spending all that they have to live their lives in the fast lane and keep up with the 'Joneses'. This puts them into a vulnerable position which could lead to debt - a fact of life that is hard enough to tackle as a working adult, never mind as a graduate starting out in the working world.

So while they buy what they want when they have the available funds, we have to ask; how much does the South African youth know about managing and planning their finances? Are they aware of the ways to avoid bad debt and are they equipped to plan for a better financial future?

## Money management

Essentially, there is a gap that lies in formal financial education - be it in the home or school environment, the majority of South African youth are not educated at grass roots level around the importance of saving as well as basic money management. In the long term this leads to a lack of understanding of how money affects the present as well as the future and, in many instances, also leads to bad debt by making poor financial decisions.

It is for this reason that we need to start looking at ways of introducing financial education into the classrooms and lecture

halls, empowering youngsters to become comfortable with and responsible for effectively managing their finances. Through this, we are encouraging financial freedom and the opportunity for young South Africans to become viable contributors to our country's economy.

How do we achieve this? Well, it takes commitment from those in the know, commitment from financial institutions, the corporate sector and government to provide financial education to children and teens as early as possible - to avoid seeing them make the same mistakes their parents and grandparents may have made, and to provide them with the right financial tools to get ahead in life. Such education is priceless because while it enables them to manage personal finances, it also provides good grounding for managing business finances - providing stronger entrepreneurship and leadership skills within the local economy.

As it is our responsibility to implement the change we want to see, 1Life have developed an initiative called the Truth About Money that aims to educate all South Africans around financial matters including; money management, avoiding debt, savings and estate planning. We have taken this initiative one step further by working with Boston City Campus and Business Colleges nationwide to ensure that all students who study through their campuses undertake a mandatory Truth About Money financial literacy and education course.

We have to start somewhere and we believe that this is a great way of ensuring that these youth are comfortable with their finances today, know how to ensure their finances are in place for tomorrow, and are equipped with the right knowledge and skill when it comes to money management.

Through initiatives like this, we believe we are able to change the lives of all South Africans, by realising how money can really work for them and not against them. The youth is a vital area for us as they are still early on in the road to financial independence and are able to avoid the mistakes that will negatively impact them in the future. This initiative has the long term view in mind of mitigating the bad state of debt in South Africa - which will take time - however, with larger industry commitment we believe we have created a foundation for the positive change that South Africans have been looking for.

For more, visit: <https://www.bizcommunity.com>