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Feature

### **How to be a financially savvy consumer**

*Every year Financial Literacy Month is celebrated in April. The Financial Literacy Month is not only a celebration but is a challenge. This is your opportunity to review your finances and gradually improve them. The following article by the Consumer Council of Fiji marks the international financial literacy month.*

One of the biggest problems in today's generation and economy is the lack of financial literacy. Financial literacy is the ability to make informed judgments and to make effective decisions regarding the use and management of money. The single biggest difference between financial success and financial failure is how well you manage your money. It is simple, to master money, you must manage your money wisely and this begins at home. National Financial Literacy month is recognized each year in April to raise public awareness of the importance of financial literacy and maintaining smart money management habits.

The ability to be financially stable was a major concern when the nation was hit by the COVID-19 pandemic not too long ago, with a number of families not having enough in their savings to put food on the table, repay their loans, or stay afloat while being laid off from their work. Financial literacy is particularly important for individuals, businesses and communities, given that is a developing country with a small economy that faces numerous economic challenges.

Hence, consumers need to be financially literate to navigate these challenges and make sound financial decisions that can sustain their growth and success. Financially literate individuals can also help their communities by imparting and sharing the know-how of saving, investing, and how to manage one's debts.

#### **Importance of financial literacy**

- Financial literacy prepares people for emergencies: Financial literacy topics such as saving or emergency preparedness get individuals ready for the uncertain. Though losing a job or having a major unexpected expense are always financially impactful, an individual can cushion the blow by implementing their financial literacy in advance by being ready for emergencies.
- Financial literacy can help individuals reach their goals: By better understanding how to budget and save money, individuals can create plans that set expectations, hold them



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accountable to their finances, and set a course for achieving seemingly unachievable goals. Though someone may not be able to afford a dream today, they can always make a plan to better increase their odds of making it happen.

- Financial literacy invokes confidence: Imagine making a life-changing decision without all the information you need to make the best decision. By being armed with the appropriate knowledge about finances, individuals can approach major life choices with greater confidence realizing that they are less likely to be surprised or negatively impacted by unforeseen outcomes.

### How can you be financially prudent?

There are several tips that can be helpful in educating and creating awareness on financial literacy in different sectors and communities, and here are some of them:

- **Create a monthly budget:** Live within your means by creating a budget in the beginning of every month. Stick to this budget and avoid overspending on unnecessary items. From whatever amount you take home every week or fortnight, save atleast a portion of your take home salary.
- **Make buying decisions on the VALUE you get:** If you are planning to buy a house, or a car or a motorcycle, your decision should be based on the value you get for the same over its entire lifecycle. It is ideal to plan the amount you are comfortable spending on the purchase, and then look for options that fit into your budget. Opt for an asset which gives a higher residual value. This allows you to enjoy the asset and get a healthy return when you decide to dispose it.
- **Automated monthly transfer to a dedicated savings/ contingency account:** This is the real trick behind saving. Set a particular amount aside and opt for automated transfer that will help you save for your big buy or for your next holiday or simply for retirement. Whenever you begin to earn, this is the first step towards forced saving. A contingency account helps you when there is an emergency or a sudden need for money.
- **Avoiding impulse purchases:** Don't indulge in an impulsive buy, or try to curb extravagant habits as much as possible. As a responsible consumer, compare products from different shops and see what they have to offer. Impulse purchases will leave you regretting



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in a couple of days when you see better offers and the same product available at a cheaper rate.

- **Planning for the long term:** Financial planning means planning for the long term. Be it for a month, year or for your long-term goals. Set aside certain financial goals for the long term and plan for the same. Maintain a budget and set aside a particular amount to achieve the financial goal. Planning for long term should begin now. You will have to work towards your goals and save and spend accordingly.

### **Work done by the Council**

The Consumer Council closely works with relevant stakeholder partners such as the United Nations Capital Development Fund to continuously advocate on the importance of being financially prudent. These advocacy sessions include community visits and workshops.

Earlier this year, the Council hosted a Financial Literacy Panel Discussion with the theme, “Better Together: The Networked Path to Financial Literacy”. Present at the discussion was the Minister for Finance, Strategic Planning, National Development & Statistics, and representatives from the Banking Industry, International organisations, and Statutory Bodies, with the inclusion of Academics from reputable Tertiary Institutions.

The aim of the Panel discussion was to identify gaps, challenges and opportunities in promoting financial literacy on Grassroot and Academic Levels. Also, the discussion delved into the role of policy in fostering the challenges faced, and how it can provide a way forward in encouraging financial literacy across the different levels of society.

### **Consumer Tips Relating to Financial Literacy in the Market Place**

#### **1. Responsibility to be aware about different products offered**

Customers must not opt for the first financial product/institution they stumble across – they have the responsibility to do comparative shopping. Comparing different products will cite the better option, backed with evidence and functionalities. By doing comparative shopping customers can end up saving thousands.



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## **2. Responsibility to provide the financial institution with accurate, up-to-date information**

It is your responsibility as a customer to provide your financial institution with the latest and accurate information – ‘fully and truthfully’. If anything changes in your circumstances, it is your responsibility as a customer to timely inform your financial institution. This could be a change in your financial status, a change of location, or a change in any of the documents submitted as “Know-Your-Customer” (KYC) documents.

## **3. Responsibility to deal with only licensed financial institutions**

It is also your responsibility to ensure that as a customer, you only deal with licensed financial institutions. Where a customer is not sure about the status of an entity, he/she contemplates dealing with, it is their responsibility to undertake the necessary due diligence, including making an inquiry with the Regulators. Consumers can contact the Consumer Council of Fiji or Reserve Bank of Fiji to check if a company is a licensed financial institution.

## **4. Responsibility to report unethical, fraudulent practices/ misconduct**

It is your responsibility as a consumer to report unethical practices, fraud or errors that occur in your dealings with your bank.

If you have been subjected to unfair terms/conditions or business practices, then reach out to the Consumer Council of Fiji immediately via the Consumer Council of Fiji Mobile App, Toll Free Number 155 or via [complaints@consumersfiji.org](mailto:complaints@consumersfiji.org).