

Why Financial Literacy and Budgeting Matter to Young People

Old Mutual x Nedbank Budget Speech Competition Essay

I am excited to enter the Old Mutual x Nedbank Budget Speech Competition because it gives me an opportunity to think more deeply about money, the economy, and the choices that shape our future. As a young person in South Africa, I believe financial knowledge is an important life skill. We all use money in one way or another, whether we are buying food, paying for transport, saving for something important, or helping our families. However, knowing how to earn money is only one part of financial success. We also need to understand how to manage it wisely, plan ahead, and make informed decisions.

One economic topic I am especially passionate about is financial literacy, particularly budgeting and saving. Financial literacy means understanding basic financial matters and using that knowledge to make responsible decisions. A budget is a plan for how money will be received and spent. It helps a person identify what is necessary, what can wait, and how much can be put aside for future needs. Without a budget, it can be easy to spend money without noticing how quickly small purchases add up. With a realistic budget, people can keep track of their expenses and make choices that match their priorities.

Budgeting is important because many households have to make difficult decisions when their income is limited and the cost of living is high. Families may need to pay for groceries, electricity, water, transport, school expenses, and other essentials from the same income. When prices increase, the same amount of money may not buy as much as it did before. This is one way economic issues such as inflation affect everyday life. Understanding these issues helps people see why planning is necessary and why changes in the economy can affect their personal finances.

I believe young people should learn about money management as early as possible. Many of us have goals, such as continuing our education, finding employment, starting a small business, or supporting our families. These goals often require planning and patience. Learning to separate needs from wants can help us avoid unnecessary spending. Saving even a small amount when possible can also build a useful habit. The amount saved may be small at first, but consistency and clear goals can help a person prepare for future expenses and unexpected challenges.

Financial literacy also includes understanding borrowing, interest, bank accounts, and the importance of reading financial agreements carefully. Credit can sometimes help people meet important needs, but borrowing without understanding the costs can create financial pressure. Interest and fees can increase the amount that must be repaid. Before taking on debt, people should understand the repayment terms and consider whether the payments will fit into their budget. Learning these skills can help young people protect themselves from poor financial decisions and recognise offers that seem too good to be true.

The national Budget Speech is relevant to these concerns because government decisions about public spending, taxes, and the economy can influence people's lives. Budget announcements may affect areas such as education, healthcare, transport, social support, and opportunities for economic growth. It is important for young people to pay attention to these decisions instead of assuming that the economy is something only adults or experts need to understand. When we understand the issues being discussed, we can ask better questions, take part in conversations, and think critically about how policies may affect communities and future generations.

I would also like to see more practical financial education for young people in schools and communities. Lessons could teach learners how to create a simple budget, compare prices, understand payslips, set savings goals, and recognise scams. These are skills that people can use throughout their lives. Young people should also be encouraged to discuss money in a responsible way with trusted adults and to seek reliable information before making financial decisions. Access to clear, understandable information can help people feel more confident and prepared.

For me, financial security does not mean having unlimited money or becoming wealthy overnight. It means making thoughtful choices, preparing for the future where possible, and understanding the consequences of financial decisions. It also means recognising that people face different circumstances and that not everyone has the same income or opportunities. Financial education cannot solve every economic problem, but it can give individuals useful tools to manage the resources available to them and make informed choices.

Through the Old Mutual x Nedbank Budget Speech Competition, I am excited to learn more about South Africa's economy and the relationship between government decisions and ordinary people's lives. I hope the competition encourages young people to become curious, ask questions, and take an active interest in their

financial futures. My message is simple: budgeting, saving, and financial literacy are not just topics for the classroom; they are practical skills that can help us work towards our goals and make better decisions.

In conclusion, I believe that improving financial literacy among young people is an investment in the future of South Africa. When young people understand budgeting, saving, borrowing, and economic issues, they are better prepared to face financial challenges and make responsible choices. I am excited to enter this competition because it offers a chance to reflect on these issues and share why they matter. By learning about money today, we can take meaningful steps towards a more informed, confident, and financially secure tomorrow.