

Why Financial Literacy and Inclusive Economic Growth Matter

Old Mutual x Nedbank Budget Speech Competition

Introduction: Why the Budget Matters

I am excited to enter the Old Mutual x Nedbank Budget Speech Competition because it gives young people an opportunity to think about the economic decisions that shape our daily lives and our future. A national budget may sound like a topic meant only for politicians and economists, but it affects households, learners, students, workers, businesses, and communities. Decisions about public spending, taxes, education, healthcare, transport, and job creation can influence the opportunities people have and the services they depend on.

For me, taking an interest in the Budget Speech is part of becoming an informed citizen. When we understand how public money is collected and spent, we can ask meaningful questions about whether resources are being used fairly, responsibly, and effectively. We can also better understand why economic challenges such as unemployment, rising prices, and unequal access to opportunities require attention from both government and society.

1. Financial Literacy Gives Young People Confidence

Financial literacy is the ability to understand and use financial information when making decisions. It includes budgeting, saving, understanding interest, comparing financial products, and knowing the risks of borrowing. These skills matter because nearly every stage of life involves money. Young people may need to plan transport costs, pay for study materials, contribute at home, or save towards a personal goal. Without basic knowledge, it can be difficult to judge whether a financial choice is sensible.

Financial education is important because it builds independence and confidence. A young person who understands a bank statement, fees, or a repayment agreement is better prepared to ask questions and avoid decisions they do not fully understand. Schools and community organisations can help by teaching practical examples, rather than only definitions. For example, learners can practise planning a monthly budget, comparing prices, and working out how interest changes the total cost of borrowing.

2. Budgeting Helps People Make Priorities

A budget is a plan that compares the money a person expects to receive with the expenses they need to pay. It helps separate essential costs, such as food, housing, transport, electricity, and education, from spending that can be delayed. A budget can also make it easier to plan for future expenses instead of being surprised by them. Keeping a simple record of spending can reveal where money goes and help people decide whether their habits match their goals.

Budgeting is especially important when money is limited. It does not create extra income by itself, and it cannot solve poverty or unemployment on its own. However, it can help people use the money available to them more deliberately. A realistic budget should reflect a person's actual circumstances and allow for necessary expenses first. People should not feel ashamed if they cannot save; sometimes income is simply not enough to cover basic needs. In those situations, access to work, support, and affordable services is also essential.

3. Inflation and the Cost of Living

Inflation is a general increase in prices over time. When prices rise, the same amount of money buys fewer goods and services than before. If the cost of groceries, electricity, transport, and school supplies increases faster than a household's income, the family may have to make difficult choices. This is why economic news is not separate from everyday life: changes in prices can affect what families can afford and how much money remains for other needs.

Understanding inflation helps people compare prices, plan purchases, and recognise why a budget may need to change. It also helps citizens understand discussions about interest rates and the economy. Individuals can plan carefully, but the wider response matters too. Stable economic conditions, productive businesses, effective public services, and opportunities for decent work can help households manage

pressure. It is important to remember that the impact of rising prices is not the same for everyone, especially for people with low or irregular incomes.

4. Youth Unemployment and Skills Development

Youth unemployment is a major concern because work provides income, experience, and a chance to develop skills. When young people cannot find jobs, it can delay their independence and make it harder to pay for education, transport, or household needs. A strong economy should create opportunities for young people to enter the workplace and gain experience, including those who are applying for their first job and may not yet have a long work history.

Skills development can help connect young people with employment. Apprenticeships, internships, vocational training, digital skills, career guidance, and support for job applications can make a practical difference. Employers, educational institutions, government, and communities all have roles to play. Programmes should be accessible and transparent so young people can identify legitimate opportunities. Economic growth is most meaningful when it creates real, inclusive opportunities rather than leaving large groups of people behind.

5. Entrepreneurship and Small Businesses

Small businesses can provide goods and services, support local communities, and create employment. Entrepreneurship can also give people a way to turn a useful idea into an income-generating activity. However, running a business requires planning as well as determination. Business owners need to understand costs, set fair prices, keep records, treat customers well, and monitor whether income is enough to cover expenses.

Financial knowledge is important for entrepreneurs because personal money and business money should be tracked separately where possible. A simple cash-flow plan can help a business owner prepare for stock, transport, equipment, and other costs. Training, mentorship, access to markets, reliable infrastructure, and responsible funding can also help small businesses survive and grow. Borrowing should be approached carefully: a business owner needs to understand repayment terms and consider whether the business can realistically afford the debt.

6. Why Government Spending and Public Services Matter

The Budget Speech explains the government's plans for raising and spending public money. These choices matter because public funds support services and infrastructure that communities rely on. Education can prepare learners for further study and work; healthcare supports people's wellbeing; transport can help people reach schools and jobs; and infrastructure can make it easier for businesses to operate. Decisions about these priorities can influence both the quality of life today and the country's long-term development.

Public money is limited, so spending choices should be carefully considered and clearly explained. Citizens have a right to ask whether programmes achieve their goals, whether spending is transparent, and whether services reach the communities that need them. Accountability is important because money intended for public benefit should be used responsibly. It is not enough to announce plans; implementation and results matter too. People should be able to understand what was promised, what was delivered, and how progress is measured.

7. Safe Banking and Protection from Scams

Access to banking and digital payments can make it easier to receive income, pay bills, and track spending. However, people also need to know how to protect themselves. A bank PIN, password, or one-time password should never be shared with someone who contacts them unexpectedly. Suspicious links, pressure to act immediately, and promises of guaranteed rewards or quick profits are warning signs. People should confirm offers through official channels and contact their bank using trusted details if they are unsure.

This matters particularly for young people who encounter job offers, competitions, online shops, and financial promotions through social media. Before sharing personal information or paying a fee, it is wise to check whether the organisation is genuine and whether the offer appears on its official channels. Financial inclusion should mean more than having an account; it should also mean understanding how to use financial services safely, recognising risks, and knowing where to ask for help.

8. Saving, Emergency Planning, and Long-Term Goals

Saving can help people prepare for future needs and unexpected expenses. A savings goal might be study materials, transport to a job interview, equipment for a small business, or an emergency cost. It is useful to identify a clear goal, decide what amount is realistic, and review progress regularly. Starting with a small amount can help build a habit, but the amount someone can save depends on their circumstances and income.

An emergency fund can reduce the need to borrow when an unexpected expense occurs, although building one may not be possible for everyone. Saving should therefore be encouraged without judging people whose income is already committed to basic needs. Long-term planning also means checking the details of financial products, understanding fees and risks, and seeking reliable information before making decisions. The most important principle is to make choices that are realistic, informed, and suitable for one's situation.

9. The Role of Schools and Communities

Schools and community programmes can make financial education more practical by using examples from everyday life. Learners could compare phone contracts, calculate interest, read a sample payslip, plan a grocery budget, or discuss the effect of inflation on purchasing power. They could also learn how to identify misinformation, compare financial products, and ask questions before signing agreements. These activities would help learners connect economic ideas with real decisions they may face as adults.

Financial education should also recognise that families have different incomes and responsibilities. The goal is not to suggest that every financial difficulty can be solved by budgeting. Instead, it is to give people useful knowledge while acknowledging the importance of decent employment, fair opportunities, and accessible services. When young people can discuss money without embarrassment and get trustworthy advice, they may be better prepared to make decisions and support one another.

Conclusion: Building a More Secure Future

In conclusion, I believe financial literacy and inclusive economic growth are important for South Africa's future. Budgeting helps people plan; saving can support future goals; understanding inflation explains changes in purchasing power; and safe financial habits can protect people from scams and costly mistakes. At the same time, skills development, job creation, entrepreneurship, effective public services, and accountable government spending are important for expanding opportunities.

I am excited to enter the Old Mutual x Nedbank Budget Speech Competition because it encourages young people to take an interest in the economy and understand how public decisions affect everyday life. I hope more young people will learn about the national budget, ask questions, and take part in conversations about the country's future. Financial education cannot solve every economic challenge, but it can give people tools to make informed decisions. Combined with fair opportunities and responsible public leadership, these tools can help build a more confident, resilient, and financially secure society.