Awareness. Personal finance isn't a math-based skill, it's more about emotion, behaviour and attitude, Pinto believes

THE MYTHS OF FINANCIAL LITERACY

Becoming financial literate is hugely important to Gen Z but challenges exist around education

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For most of Gen Z, financial literacy is an 'unconscious incompetence'. They are unaware of how critically important this skill is to their future. But aside from this, there are a number of widely pervading myths surrounding the acquisition of this key skill.

1. It's not relevant to their career choice

Many Gen Zers assume that financial literacy is only important to those choosing careers in finance, economics or banking. This couldn't be further from the truth. And what compounds this unfortunate situation is the fact that even students studying finance and economics aren't taught how to manage their money. They assume they will be. But they won't.

Financial literacy is hugely relevant to every Gen Zer, irrespective of their career choice. It doesn't matter whether they want to be doctors, professional athletes or entrepreneurs. Every career path is strewn with examples of people who had their success thwarted because of poor money decisions. Not understanding how money works or how to manage their money smartly and responsibly will stymie their success and put their future at risk.

2. It's boring and difficult, especially if they aren't good at math

This myth is possibly one that does the most to hinder Gen Z on their journey of financial literacy. Again, one that's completely unfounded. If taught well, financial literacy is incredibly interesting to them because it's immediately relevant and instantly applicable their daily lives. They begin to view the world through this new powerful lens and are thrilled at how so much of what they didn't understand before now makes perfect sense.

Personal finance isn't a math-based skill, it's more about emotion, behaviour and attitude. So as long as they can compute basic math, it won't hinder their ability to become good at managing their money.

> "BEING FINANCIALLY LITERATE IS SO MUCH MORE THAN JUST TRACKING WHERE YOUR MONEY GOES OR KNOWING HOW MUCH YOU SPENT THAT MONTH"

3. It's something they can learn when they grow up

Gen Zers today are inundated with school work so it's understandable that they'd like to defer any optional studying until they become adults. Except that this doesn't work out so well with respect to learning about money. It's not impossible, it's just much harder and less effective.

Just as it's easier for youngsters to learn a new language as compared to adults, it's also easier for them to imbibe the principles of personal finance at that age. This gets hardwired in them and it becomes second nature when they grow up.

Giving youngsters a good foundation in this skill helps them build good money habits early on. And these habits form the basis of responsible money behaviour. In addition, learning about this early gives them more time to practice and with practice comes mastery. They now don't have to waste precious time and money learning through trial and error, as most adults do when they haven't learned this early on.

Money matters. It's important to understand that becoming financially literate is a marathon, not a sprint

4. Watching a few topical videos on YouTube or TikTok is enough to become financially literate

How I wish this were true but it's not, not by a long shot. Personal finance is a nuanced, complex and extremely personal topic and none of this is captured in a short, snappy, generalised video. It's important to understand that becoming financially literate is a marathon, not a sprint.

It's unlikely that any video or article on 'tips and tricks will have a real impact on changing the mindset, attitude and behaviour of any young adult. Aside from deep-rooted subject knowledge, this requires deep awareness, curated discussions, and profound reflection – all of which are conspicuous by their absence on social media platforms.

5. Using a credit card or a payment/budgeting app makes them financially literate

30%

The proportion of young people (aged between 12 and 24 years) in the Arab region's working population, according to a report by the Arab Monetary Fund (AMF)

Most Gen Zers nowadays have credit/debit cards and might use payment/budgeting apps to help them track their spending. This, many times leads them to believe that they know all there is to know about managing money. This however is a monumental leap of logic. While these cards and apps are super convenient for monitoring spending and making payments securely offline and online, they cannot be substituted or should not be mistaken for financial literacy.

Being financially literate is so much more than just tracking where your money goes or knowing how much you spent that month. It's developing a proper money mindset free of limiting beliefs. It's cultivating a pattern of good money habits that set the stage for a smart and responsible money behaviours. It's developing a highly evolved understanding of financial freedom and how best to achieve it given our personal circumstance. No app or card can accomplish this. A well-designed financial education programme however, does just that.

It's easy to see why these five myths commonly deter Gen Z from becoming financially literate. At first glance, these seem perfectly plausible and grown-ups often fall for them too. But Gen Zers need to be more discerning. A deeper scrutiny reveals how misleading these myths are and how easily they are debunked.

Now all that's left is for Gen Z to take definitive steps that will start them on their financial literacy journey.