

# Use Money wisely!



The information here is useful to the **general population**. For example, children, youth and adults!



## Why should you use money wisely?

Life is getting more and more difficult because of the ever-increasing cost of living. Money is not enough for the ever-growing needs and wants. As a result, you tend to make bad decisions, such as joining pyramid schemes to cope.

This shows that you do not plan to manage and use money wisely.

The information in this booklet is meant to assist you to use your money well.

My life became miserable because of not planning to use my money well. I had to learn to use money wisely!



There are many good choices that you can make to avoid staying miserable to the point of seriously thinking about taking your precious life.  
**Always budget and use money wisely!**

# 1 "HOW CAN YOU MANAGE MONEY?"

It is tough nowadays. My money problems are bad. I feel helpless!

## What is budgeting?

You must always budget. A budget is a plan that clearly shows you how you will use your money against your total income over a period of time, usually a month.

It is an important money management skill that we all need. It means you must:

- prioritize your **needs** and **wants**;
- live within your means and your budget; and
- always **balance income** and **expenditure**.

As part of budgeting, you need to recognize the importance of knowing your **needs** and **wants**. You can get your wants by making sacrifices and reducing unnecessary use of money.

### Needs

Things that you require, and you cannot live without them. They include food, clothing, shelter and health care.

### Wants

Things that are not necessary, which you desire or wish for but can live without.

## Budgeting makes your life easy!

## Why is it important for everyone to have a budget?

A budget enables you to plan very well how you will use and manage your money. It directly helps you:

- to balance your income with expenses;
- to live within your means;
- to save and invest some money;
- to avoid unnecessary debt; and
- to take control of your money.

## What are the steps that you can follow to budget?

1

Make a list of all your monthly expenses, including the amount of money you would want to save.

2

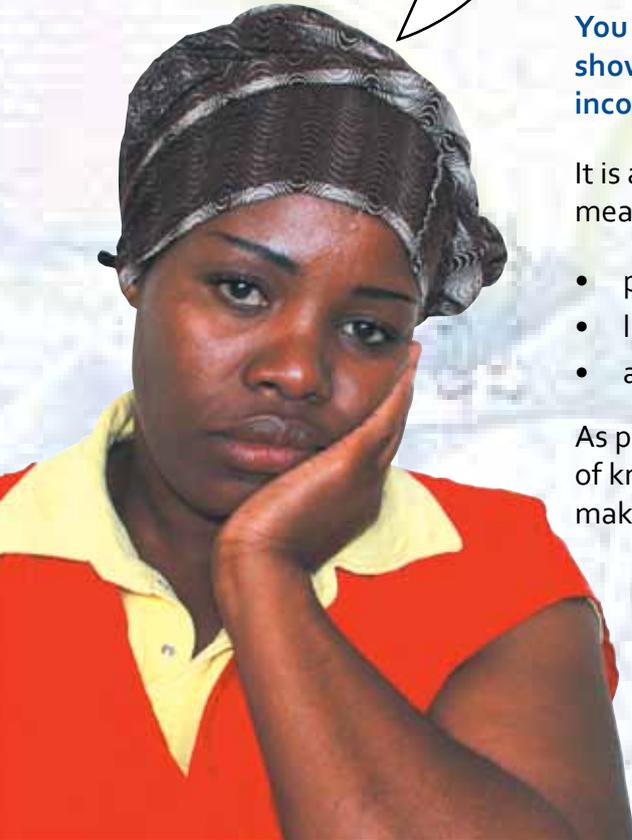
Compare your expenses with your income, especially your monthly income.

3

If your expenses do not match your income, identify the items that you can remove from the budget. Usually, these are the expenses that you can do without, which are usually called wants.

4

Stick to your budget to avoid using too much money, especially not well.





“Look at an example of a budget below.  
We also learn about the importance of a budget at school!”

A simple example of a budget is as follows:



BUDGET FOR MARCH			
Income (money to receive)		Expenditure (money to be spent)	
Salary/wage/allowance/payment/profit	M2000.00	Grocery	M650.00
Gifts	M200.00	Savings	M250.00
Other	M120.00	Transport	M400.00
		Entertainment	M120.00
		Mobile phone	M300.00
		Air time	M200.00
		Lunch	M400.00
<b>Total Income</b>	<b>M2320.00</b>	<b>Total Expenditure</b>	<b>M2320.00</b>
Income less expenditure = M0.00			
N.B. Note that both income and expenditure may be less or more than anticipated.			

Grab a piece of paper and write your budget!

And it is important to think about the following things!



**Think about these:**

- Do you usually prepare a monthly budget?
- What items are usually at the top of your priority list in the budget?
- Which of these items are needs, and which ones are wants?
- Are you happy with the way you budget?
- How often do you manage to stick to your budget?



Budgeting, plus saving money is good!



“Saving money is one of the very important ways that can help you manage and use your money wisely!”

## What is saving?

Saving means putting some money aside for future use. The money can be saved in a deposit account, a pension account, an investment fund, or as cash for future use.

## Why should you save money?

Saving money is not very easy, especially when the expenses are increasing much more than income. But, it is important to save money for the following reasons:

- **Emergencies.** You must keep money aside in a bank account for the unknown and unexpected in future, including family emergencies, such as paying hospital bills in a case of a family member being involved in an accident in which he/she is seriously hurt.
- **Expensive or not easily affordable things.** You must save money to purchase very expensive items, or pay a deposit for them. For instance, buying a vehicle, a house or paying for university tuition fees.



You can save  
to pay for medical bills



You can save for  
university fees



You can save for  
a holiday

- You can also save to reach your financial goals. Achieving financial goals, such as school fees, saving towards long term investment and a holiday.



## Remember!

It is wise to save money before you become miserable. Also remember that you may not have a financial support during your desperate times.

“I often hear people saying they do not know how to save money. There are a number of ways of saving money!”



## How can you save money?

There are a number of ways of saving money. Some of them are the following:

- **Pay your bills on time** to avoid penalties and other extra charges;
- **Use credit card only when it is necessary.** Remember a credit card could have a very high interest compared to other methods of payment;
- **Always have an amount of money for saving** in your monthly budget;
- **Monitor your budget and try to do away with unnecessary expenditure;**
- **Live within your means.** This helps you to avoid problems like debts;
- **Avoid unnecessary buying.** This is important for saving money for important needs;
- **Always save accumulated money** in order to avoid using it unnecessarily; and
- **Have a long-term financial planning.** This helps to manage and save money.

### Methods of saving

Formal	Non-formal
Bank deposits	Saving money at home
Postal deposits	Stokvels
Credit union	Rotating-saving associations, etc.
Mobile money, etc.	

### An evaluation

- Which method has the highest risk? And why?
- Which one is the safest? And why?

Now I realise that there are many ways to avoid financial problems headache!

### Think about these:

- **Do you ever keep receipts of items on which you spent money?**
- **Why is it important to keep track of money spent and saved?**

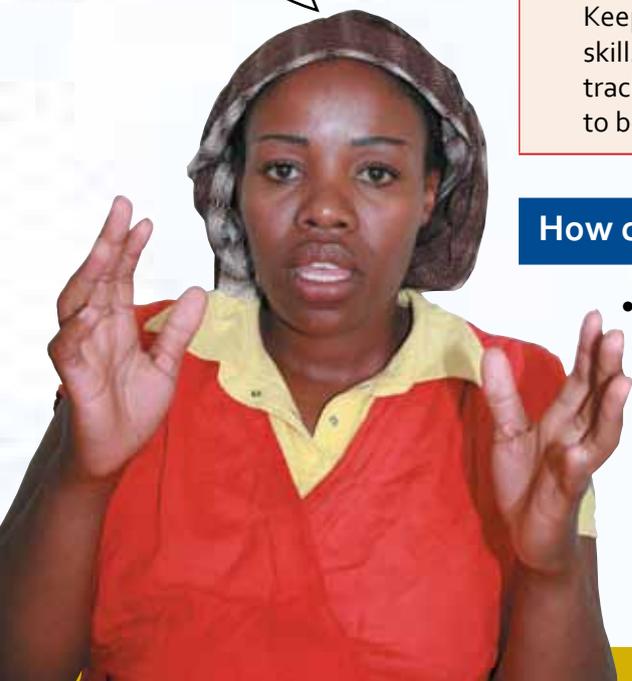
Keeping financial records is an important money management skill. It involves checking receipts and bank statements to keep track of money spent and saved. Having this skill helps individuals to be in control of their money.

### How can you be in control of your money?

- Prepare monthly budgets.
- Carefully monitor expenses.
- Live within your means.

**Remember!**

**It is not impossible to save money.**



# 2 "WHAT IS YOUR PERSONALITY ABOUT SPENDING AND SAVING MONEY?"



Are you an over spender or obsessive saver?

What? What do you mean?

Check below:

Money personalities		Money saver	
<b>Over spender</b>		<b>Money saver</b>	
Uses money for showing off.		Always prepares a budget plan.	
Likes impulsive shopping.		Uses appropriate methods of payment for shopping.	
Strongly believes that money is there to be spent.		Always sets money aside, sometimes in large amounts.	
Has a strong belief in material things.		Keeps financial records, including tracks of bank accounts, receipts and invoices.	
Spends on others to win acceptance or love at any cost.		Lives within his/her budget.	
Uses credit card most of the time.			
Does not make financial plans and live up to them.			

If you are an over spender, you should know that you will often have financial problems!





**“Think for a moment. Do you see yourself as an over spender?  
Or, are you a money saver? Be honest about yourself!”**

### Think about these:

- Are you an over spender or obsessive saver? Or both?
- What are the good and bad of each of the two personalities?
- If you are an over spender, how can you change?  
(You need to think seriously about these.)

### How can I be a careful spender and a good saver?

Both spending and saving are important for everyone. However, you need to be a saver and careful spender. Here are some tips:

- use your cards (for example, debit card and credit card) wisely;
- learn how to budget properly;
- buy in bulk if you can afford;
- track your expenses;
- take your time to shop around;
- pay your debts/bills on time;
- make savings on the use of energy and other resources;
- avoid keeping idle money in your bank account, you can transfer it into an investment account; and
- seek information of your saving and/or purchasing plans whenever you have doubts.

#### Know your consumer rights and responsibilities

Right to equality in the consumer market and protection against discriminatory marketing practices.

Right to privacy.

Right to choose.

Right to disclosure of information.

Right to fair and responsible marketing.

Right to fair and honest dealing.

Right to fair, just and reasonable terms and conditions.

Right to fair value, good quality and safety.

Right to accountability from suppliers.

Right to fair value, good quality and safety.

Right to be protected from all hazardous goods & services.

Right to be fully informed about the performance and quality of all goods and services.

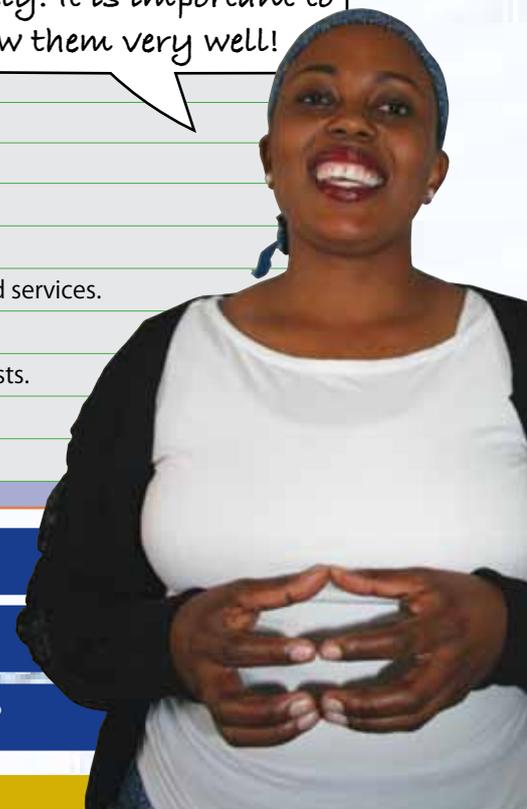
Right to free choice of goods and services.

Right to be heard in all decision-making processes related to customer interests.

Right to complete consumer education.

Right to seek redressal, whenever consumer rights have been infringed.

These rights are very useful for using money wisely. It is important to know them very well!



- Which of the above rights are most relevant to you?
- Have you exercised any of the above rights?
- What do you think are your responsibilities as a consumer?

**“In order to enjoy the above rights, you have the responsibilities shown in the box below!”**



**Consumer’s responsibilities**

- Make an effort to know your rights.
- Buy only standard goods, whenever possible.
- Read labels carefully about prices, weight, quality and expiry date of the product.
- Carefully check manufacturers instructions for use of product, and use it safely.
- Avoid black marketing as you might lose your money or you may not get value for money.
- Develop a social concern by caring for people with disability and senior citizens.
- Join consumer organisations/action groups so that your voice can be heard.
- Maintain healthy environmental standards. Avoid littering.

**What is value for money?**

Value for money is a comparison of the cost price of an item or service with its quality. It does not only reflect cheapest items but most importantly as a consumer/spender, one needs to understand the cost element of the item sold and assess that its cost matches the desired quality at a lowest price.

Value for money is a personal matter. For example, if you buy cheapest biscuits you can find but no one in the family likes them, they are not cost-effective as they could be wasted.

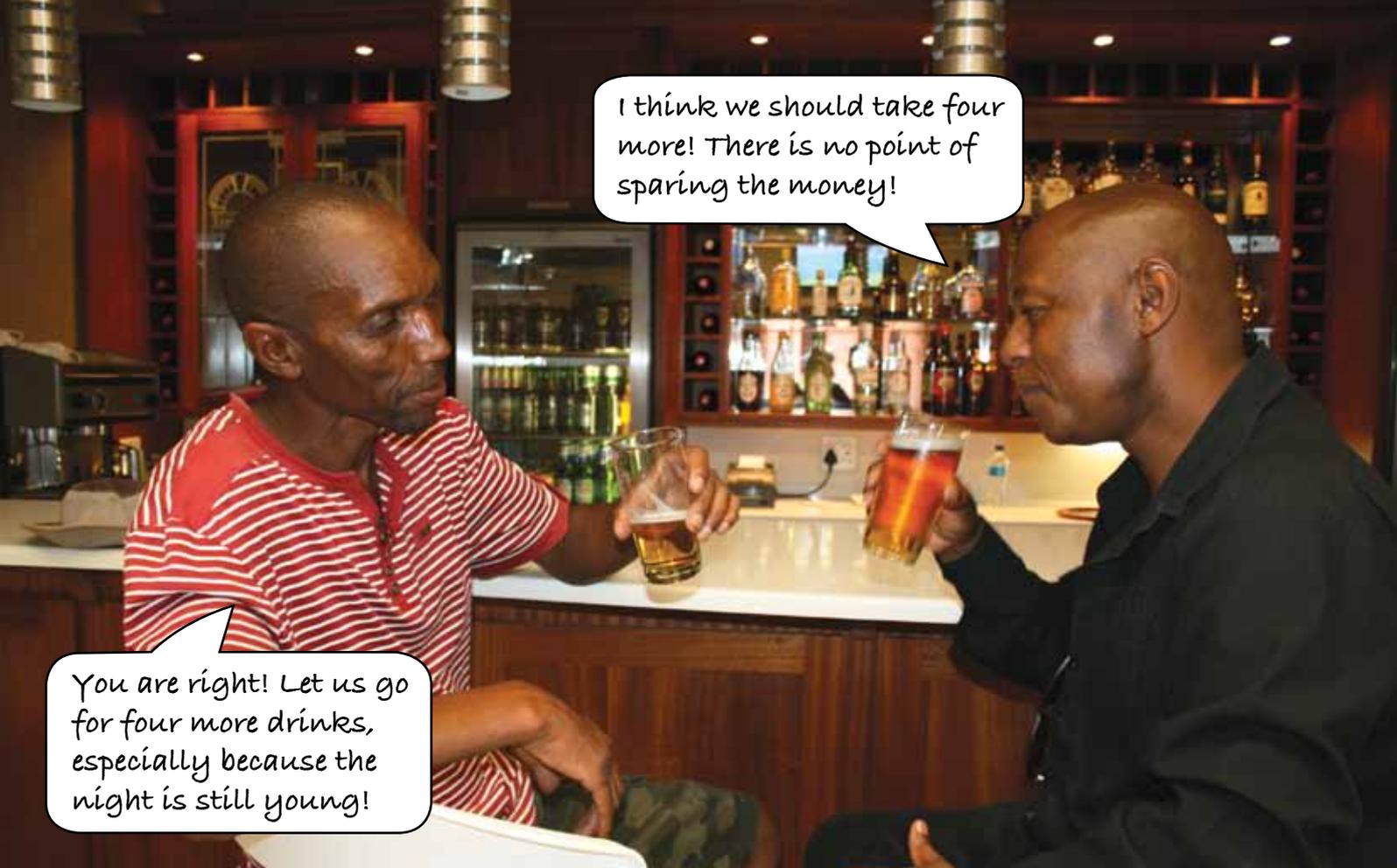
**Check your understanding of value for money**

Indicate which prices (in Maloti) from at least three sellers/providers in the table below represent best value of money by placing a tick (✓). Note: these are example prices .

Items	Shop 1	Shop 2	Shop3
Milk 1 litre	8.00	12.00	15.00
Bath soap 175g	12.00	8.50	11.99
School shoes	350.00	319.00	209.00
Juice 500ml	10.00	9.99	10.01
2quire exercise book	14.99	12.99	15.99

M7.00 represents the best value for money because it is cheaper and milk is the same quality and quantity.

**Sometimes when you plan to save money, you can be influenced against that by a number of things!**



I think we should take four more! There is no point of sparing the money!

You are right! Let us go for four more drinks, especially because the night is still young!

## What influences spending and saving?

Spending and saving can be influenced by numerous factors amongst which are advertising, peer pressure, and word of mouth. Information plays a critical role as well. You need to learn how to resist unwanted pressure to spend money unwisely. Therefore, it is best to always look at ways of saving and spending money wisely.

## Using information to make financial decisions. Where can you get it?

You should take advantage of advice from different sources:

- **Personal research.** Carefully read and listen to messages that provide information on financial products that are available. Other information may be obtained from the media (for example, television, newspapers, social media and radio). However, you should interpret advertisements correctly as some may be deceptive.
- **Visit financial institutions licenced by the Central Bank of Lesotho.**
- **Paperwork.**
- **Face to face advice or guidance.**



## Remember!

Positive influences about saving money can help us guarantee a better future for ourselves, especially the most vulnerable family members.

# 3

## "HOW CAN YOU MANAGE RISKS AND EMOTIONS?"



### How can you keep your money safely?

You can keep your money safely by depositing it into your saving accounts or by investing it.

#### *Good reasons for saving your money*

- To keep your money safe.
- To earn some interest on your money kept with a bank.
- So as to meet short-term goals (buying a cell phone or furniture or a cow making house improvements, paying school fees).
- To guard against emergencies.

#### *Good reasons for investing money*

- To increase your net worth (value of the money).
- Generate extra income.
- Meet long-term goals (for example, building a house, paying tuition for tertiary education, buying a car).

### Did you know?

- Saving and investing money can increase your purchasing power in the future.
- Saving account generate lower interests than investment accounts.
- There are no guaranteed returns on investment because their values fluctuate.
- Investment grow faster than savings after a long period of time.
- For long term goals you need investments rather than savings.



**“Please watch out for scams! They come in many ways, including pyramid schemes. They play on our inability to save our money!”**



## Scam warning



- Have you ever received an SMS or e-mail inviting you to invest your money with some company or provide your banking details for transfer of money that you have won in some competition?
- If yes, what were your thoughts about this?

These messages are scams. You can lose all your money if you are not aware of scams. Below is a list of tips for identification of scams and risky investments:

- promises of high returns with little investment;
- makes claims that are too good/attractive to be true;
- promises shares without any prior investment from you;
- sometimes purchases are made without your request and specification; and
- often tells you about other people who have benefited from the scheme.

## How then can you avoid being a victim of scam or fraud?

There are many tips that you can use. Some of them are as follows:

### **Tips for avoiding scams!**

- Be risk averse.
- Trust no one, even friends and family members who may be innocent accomplices.
- Protect your identity.
- Keep your important document - passport, debit card, credit card, ATM pin number - safely.
- Avoid being too generous to provide personal details on social network.
- Keep track of your bank accounts.
- Avoid illegal dealings involving money, such as pyramid schemes.



## Why **should you** save?

**Money is earned not given. All of us need to work hard to enhance our financial well-being.**

Saving - for anything - requires you not to get things now,  
especially your wants, so that you can get bigger and better things later.

**Therefore, make a budget that allows you to use, save and invest money wisely.**



In pursuit of a financially stable society

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