

KOPI SESSION ON BUILDING FINANCIAL RESILIENCE AND SCAM AWARENESS

14 June 2023 | Suntec Convention Centre

On 14 June 2023, 39 participants gathered to discuss their financial goals and habits, concerns over achieving financial well-being amidst rising cost of living, and ways to protect their money against scams. This session was organised by NYC and MoneySense. The session involved the following panellists and moderator:

- Mr Jeremy Huang, MoneySense Representative & Director, Financial Planning Programme (Ministry of Manpower)
- Mr He Ruiming, NYC Council Member & Co-Founder of The Woke Salaryman
- Mr Joseph Tan, Master Trainer, Institute for Financial Literacy
- [Moderator] Ms Marie Teo, NYC INSPIRIT member & Community Manager, Tony Blair Institute



Here are the key insights from the session:

Breakout Discussions

Reasons for youths' differing financial habits and aspirations

- Participants said that their financial habits and aspirations changed as they went through different stages of life. They said that schooling youths without a regular income tended to focus on setting short-term financial goals, such as to afford expenses like vacations, concert tickets, and university tuition fees.
- Participants said that while younger youths recognised the importance of financial well-being, they felt compelled to take charge of their finances only when they entered the workforce or faced significant life changes.
- Participants said those who earned a regular income prioritised long-term financial goals, such as saving to purchase a house. They said that a common goal among young working adults was to achieve early retirement with ample savings.

Youths' strategies to growing money

- Participants said young working adults were more likely to prioritise growing their wealth compared to schooling youths and used different strategies to improve their financial well-being, such as:
 - (i) Dividing their money into two separate bank accounts for savings and expenses respectively;
 - (ii) Buying savings plans to save and grow their money at the same time;
 - (iii) Setting aside a fixed portion of their income to build their savings; and
 - (iv) Engaging in side hustles like part-time jobs.

Youths' suggestions on how to build financial literacy and scam awareness

- Participants called for schools to include comprehensive financial literacy in the curriculum, rather than touching on the subject briefly. They suggested dedicating a school year to teach financial literacy in-depth.
- Participants said they were aware of different scams occurring through various channels (e.g. calls, WhatsApp etc) They acknowledged the difficulty of avoiding scams and emphasised the importance of being aware of common scam tactics (e.g., job scams, impersonation) and protecting personal information. They recommended being cautious of online media and attending talks to increase knowledge and vigilance against scams.

Panel Dialogue

Financial well-being can be achieved by building positive financial mindsets and habits

- Mr Huang advised participants to view money as a means to an end rather than associating it with materialism. He highlighted the concept of lifestyle creep, where increased income leads to increased spending on nonessential items, and recommended spending within one's means.
- Mr He said that luxury companies targeted the middle-class demographic, leading to social comparisons driven by material possessions. He encouraged participants to resist the temptation of luxury purchases by being aware of Veblen goods, which become more desirable as their prices rise. He emphasised that material wealth was not essential for happiness and that letting go of such comparisons could bring a sense of freedom.
- Mr Tan advised participants to cultivate a habit of saving money consistently, regardless of the amount. He emphasised that this practice would make financial planning easier in the long run.

Each individual's personal finance journey is unique

- Mr He said that everyone starts with different circumstances, with some families having accumulated wealth over generations while others are less fortunate. He advised participants to focus on playing their cards to the best of their ability instead of comparing themselves to others.
- Mr He compared one's financial journey to climbing a mountain from different starting points, emphasising that the progress made was more important than reaching a specific height.
- Mr Huang shared his personal experience of growing up in a rented one-room flat and emphasised the importance of contentment as a mindset. He encouraged participants to recognise their power to thrive in their own circumstances.

How to improve financial literacy

- Mr He said that being financially literate was achievable and being more aware of the four pillars of (i) earning; (ii) saving; (ii) investing and (iv) insurance would help improve one's financial literacy.
- Mr Huang shared the importance of reading up on financial literacy. He said this process would help participants form different perspectives about the world and understand how geopolitical trends affected global economies.
- Mr Huang advised participants not to think of financial literacy as daunting or overwhelming. He said that anyone with basic language and mathematics skills would be able to grasp financial literacy as a large part had to do with having common sense. He said that a key component of financial literacy was critical thinking, and encouraged youths to do some "homework" by reading up on financial planning and products.

Staying alert against increasingly sophisticated scams

- Mr Tan said that scammers often preyed on victims' greed (such as being enticed by high investment returns) and fear (such as being pressured to transfer money quickly otherwise something negative would occur). He said that most scams started by scammers forming an emotional link with their victims and advised participants to put aside emotions when making a financial decision and to practise "ACT" when encountered by scams:
- (i) A: Add applications that protect from unwanted messages and phone calls;
- (ii) C: Check sources and warning signs, such as authentication prompts; and
- (iii) T: Tell others about scams encountered to protect them from falling victim to the same syndicate.
- Mr Tan advised participants to install apps to block suspicious SMSs and calls from scam sources, practise good cyber hygiene and ensure that robust security settings like dual confirmation password logins were set up.