



## Financial Literacy & Awareness

During this COVID-19 period, decisions that individual makes may have financial implications whether it be for health, economic or social/cultural reasons. However, with decisions come responsibilities and this is where the need for empowerment is crucial so that individuals have at least some basic knowledge of what it means to be financially responsible. This article aims to provide some basic tips for managing personal finances, ways to limit physical interactions when making financial transactions and how individuals can prevent themselves from falling into scams.

### Managing Personal Finances during COVID-19.

Managing personal finances amidst the COVID-19 pandemic can be tough as priorities often changes due to increasing uncertainties. However, having some good knowledge of basic management of personal finances can help individuals manage their finances better and become money-mindfulness. Here are some tips to help individuals manage their personal finances better.

1. **Saving** – as individuals are unsure about future spending, it is vital that a portion of income is set aside as savings, which will be spent later in the future when the need arises. Saving money is critical to sustain livelihoods and curtail financial shocks, as well as overcoming future emergencies.
2. **Revise Personal Budget (Map & Plan)**– as personal priorities may change due to uncertainties of COVID-19, it is important for individuals to map out current financial plans and how they will achieve it. This may also assist individuals to finetune personal budget to align savings and spending with their current priorities as well as adapting to the new normal. Most importantly, it would be ideal if individuals can prioritize savings for emergency purposes spending for essential goods/ services and income generating activities.
3. **“What if” plans** –the possibilities of general lock downs are high during this COVID-19 period and if individuals don’t prepare themselves financially for such situations, they will have limited funds to sustain livelihoods during a lock down. A question that one should ask is, if sources of income are disrupted due to temporary lay-offs or lock downs, how will they sustain their livelihoods during the period when their incomes are affected? Therefore, to prepare for such circumstances, it’s important that individuals foresee such scenarios and weigh current commitments to determine how much should be saved for the unforeseen. Ideally, for emergency savings, individuals can save in the bank or in their money-box provided that it is safe and convenient.
4. **Loans/Borrowings** – if individuals have loans with commercial banks or other lending institutions including credit unions and savings clubs, it is important that they have debt reduction plans to ensure debt repayments are up to date. Individuals who have difficulties with up to date repayments because of heavy financial commitments can talk to their bank or lending institution to work out repayment plan or options that may work for them, if possible. In cases where individuals are given loan repayment holiday or postponement, they should make use of that opportunity to save or invest in income generating activities before the loan repayments commenced. Other than that, borrowings or obtaining of loans during this COVID-19 pandemic should only be for a worthy cause such as income-generating activities, supporting existing business, emergency purposes or purchasing essential goods.

5. **Protect and Invest in income generating activities** – if individuals have viable business opportunities, they should invest to boost their income generation. In cognizant of the Solomon Islands Government assistance to rural and local business under the Economic Stimulus Package (ESP) as part of the local economy recovery plans, recipients should utilize wisely and with prudence the assistance rendered to boost growth, expand their businesses and become resilient against financial shocks.
6. **Know Your financial products**- in this COVID-19 pandemic, individuals need to also explore what are the existing financial products that will best serve their needs. These includes savings products, term deposits, loan products and insurance products. Regarding savings products, individuals should only choose a product that is convenient, secure and more tailored to their needs.

As not all tips may applicable, these tips however provide individuals with some best practices for managing personal finances.

#### **As much as possible use contactless payments services.**

Preventing COVID-19 transmissions requires social distancing to limit physical contact and interactions. This is where extra care needs to be taken to minimize physical contact and interactions when making payment or deposit transactions. Ideally, if customers have bank accounts that are linked to their Mobile banking, ATM or internet banking services, they should utilize these services frequently to minimize physical interactions associated with making payment or deposit transactions.

Additionally, there are other contactless payments available to help individuals save and make payments digitally. These includes SINPF youSave loMobile which is available for both youSave Solomon Telekom and Bmobile subscribers, and Solomon Post's EziPei wallet. For youSave members who have mobile phones and wish to save, they should use their Mobile top-ups to deposit savings to their youSave account. Furthermore, the EziPei Wallet by Solomon Post offers payment alternatives for services such as mobile top-up, Cash Water and Cash Power payments using e-wallet. However, to have an EziPei Wallet, customers will need to open an Ezi-Pei account at the Solomon Post Office.

Maintaining social distancing is vital to prevent person to person transmission of COVID-19 and hence, using contactless payments channels or services will assist customers to minimize physical interactions when making financial transactions.

#### **Beware of financial scams.**

During this COVID-19, livelihoods can be challenged as individuals are reeling from the negative impact of the Pandemic to be financially resilient and overcome shocks. However, individuals can also become prone to being taken advantage of by scammers who have ill intentions to deceive or lure people for their own financial gains. Scammers may include people who obtain funds for personal gains through false pretence or other illicit activities such as establishing fake financial schemes, selling of fake products, and illegally soliciting funds from people who are desperate by pretending to be agents of the government, NGOs or donor institutions. Therefore, if individuals encounter situations where they are being asked to donate or give money with promises of huge financial returns, they should first stop and take their time to think. Ideally, what they can do is seek advice from people who they trust or call the responsible institutions whom the scammers are pretending to represent.

To be financially responsible during this COVID-19 pandemic requires individuals to be money minded and make wise decisions while also ensuring that their finances are protected against shocks and scams. Apart from being financially responsible, individuals should also utilize contactless payments

services when doing financial transactions to limit person to person physical contact as the need for social distancing is crucial for containing the spread of COVID-19.