

Michelle Doyle-Lowe: Become financially savvy and shape the future you want

Remarks by Ms Michelle Doyle-Lowe, Deputy Governor of the Central Bank of Barbados, at I Am A Girl NGO's "Money Smart Girls: Building Wealth, Shaping Futures!", Bridgetown, 27 May 2024.

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To our young ladies and participants, as well as the organisers of I Am A Girl NGO, to our Scotia Bank and other colleagues – good morning, and a warm welcome to the Central Bank.

Let me begin by saying how pleased and encouraged I am to be chatting with you this morning. As a woman and as a mother of two daughters around your age, I understand the importance of having supportive, empowering spaces for girls.

I am also pleased because the topic of focus - "Money Smart Girls: Building Wealth, Shaping Futures!" - is quite apropos because just two and a half months ago at the start of March, the Central Bank launched a digital financial literacy campaign called MoneySmart, so it seems our conversation this morning is well aligned with the Bank's recognition that financial literacy is paramount to repositioning our future.

Like your workshop today, our programme aims to help people understand the ins and outs of personal finance. We began by focusing on saving and budgeting, and, over the next few months and beyond, we will look at investing, borrowing, and other money-related matters.

Since we have a lot of information readily available to you on our website, YouTube channel, and social media accounts, I don't intend to repeat everything you'll find there – and yes, the Central Bank is sufficiently cool to have a social media presence on some of the day-to-day platforms that you use.

Rather, than just mentioning a few key points of relevance, let me ask you a few questions:

By a show of hands how many of you get an allowance, or if not an allowance, then money, be it weekly or monthly, from your parents, grandparents, or whomever you live with?

How many of you have a part-time job, a micro business or a side hustle? Maybe you manage a business' social media accounts, or build websites. Maybe you do hair, nails, or eyelashes. Maybe you bake or sell customised or hand-made items.

So why am I asking these questions? Because I want to show you that you're not too young to be thinking about how to manage your money. If you have income, be it from an allowance, a job, or a business, then you should already be thinking about how you allocate my money – what portion of it do I save and what do I spend on necessities versus desired wants.

Similarly, when you are gifted funds for your birthday or Christmas, what do you do with it? I imagine some of it will go towards hobbies and activities that you enjoy. Some of it might go to topping up your phone. And if you're responsible for paying or helping to pay a household bill, some of it will go to that.

I encourage you to ensure that some of your earnings also goes towards savings. If you don't already save, now is the time to start. First, because the earlier you start, the sooner it will become a habit. Second, because while your income might be limited now, so are your expenses. Until a mortgage, land tax, car payments, insurance, bills, and all the other joys of adulthood kick in – trust me on this – take advantage of this time when you have limited obligations and bills, to start setting money aside. At the outset, it might not be much, but as we say in the MoneySmart programme, start with what is realistic for you and aim to be consistent, even if it is \$5.00

There's a third reason, and it's simply a matter of Maths: the earlier you start saving, the more you're likely to save in the long term.

I just explained why it's better to start saving early, but in case you have any question as to why you should save at all, there are several reasons, but I will focus on just one. It helps you to achieve your financial goals and what you want to for yourself in life.

How many of you would like to own a car? To travel? To own a home? To start a business? These are all common financial goals, and having savings will help to make them a reality. Also, at some point in life, you may opt to take out a loan to purchase something, pay attention to the interest rate and how much in fees you are expected to pay, beyond the repayment of the initial amount borrowed. By having savings, you can reduce how much debt you take on and have to pay back – as we call it – reduce the debt burden.

As an alternative to realise your goals, you might consider making the leap from simple saving to investing, to let your money work for you and earn income.

Now, very often, when we hear about investing, the assumption is that it is only for certain people: those who already have lots of money or have a lot of experience in this area.

That isn't true. There are lots of small investors and several investment opportunities for people new to investing. I would be remiss if I didn't mention Government securities like BOSS+ bonds, which you can invest in on your own if you're over 18, or have your parents invest in on your behalf and you assume ownership at age 18.

I don't want to highlight a specific investment. Rather, I want to bring a couple of things to your attention. Firstly, that investments allow you to earn income even when you sleep.

The second is the concept of high risk, high reward and low risk, low reward. By this, I mean that there are a range of investment options available, and how much you can earn from them will vary based on potentially not getting that return you expect, or sometimes even the possibility of you losing some of what you put in. It's important to understand that when an investment offers big returns, it typically also has a higher

degree of risk associated with it. Conversely, if you put your money into investments where there isn't much risk, that are considered safer investments, you're less likely to lose out, but your return on investment is probably going to be smaller.

In both instances, I am speaking about legitimate investments, so I am not trying to sway you in either direction. Rather, I am stressing that it is important for you to consider your risk tolerance and invest accordingly.

It is also equally important for you to look out for investment scams.

My advice, whenever you consider an investment opportunity, is to always ask yourself, "Does this sound too good to be true?", "How does this work, exactly, and what money am I putting in and likely to get out? Would I be able to explain it to someone if they asked me?", and "Do I know who or what I'm investing in?" There are a lot of fraudsters out there looking to relieve you of your money, so you have to be discerning, circumspect, and judicious. You have to keep your head on and not be enticed by dollar signs.

Now if you take that approach, you are more likely to make sound decisions when it comes to investing.

The last thing I want to touch on this morning is planning for retirement. I promise, I have not forgotten how old you are.

It might sound crazy for me to be talking about planning for retirement when you haven't even started to work yet. But I'm willing to bet that most adults you talk to will tell you that they wished they had started saving for retirement much sooner and at an early age.

There are a myriad of reasons you need to be thinking about retirement, even as a young person. The cost of living will be higher when it's time for you to retire. Being older often means more and higher medical expenses. And, hopefully, you'll have many, many years ahead of you after you stop working, which means you'll need enough money to support a long, enjoyable retirement.

Remember what I said about saving at the beginning of my remarks? That the earlier you start saving, the more you'll save. That's why I think it's important for you to have retirement and how you'll finance it in the back of your mind even now.

I believe I've given you some food for thought this morning. I hope you'll take some value from what I have shared and supplement it with everything you're about to learn at this workshop. Take this info to heart, and also go the extra step and use some of the resources of the Central Bank's MoneySmart programme – watch the videos, look at the infographics, and read the blogs.

Finally, I want to say one thing to you as young women. Do not let anyone tell you, suggest to you, or in any way try to convince you that as a girl, you don't need to think about your finances or to take charge of them to achieve the future that you want. Financial literacy leads to you being financially savvy, and this leads to you having financial freedom and financial independence. As the theme of this morning's

workshop states, being money smart can help you to build wealth and shape your future. I urge you to grasp the opportunity to do both.

Please enjoy the remainder of this morning and use it to shape your accomplishments after today.

Thank you.