# Why money management is the greatest skill to teach your child?

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A lot of the decisions that we make in our everyday lives and the characteristics we display find their roots in our childhood. Every individual falls back on their upbringing to guide them through life’s several decisions, and it is surprising how much of our childhood influences the rest of our lives. A child is like a canvas, absorbing and reflecting all that is cast into them; and it is therefore crucial to pay keen attention in their prime years. Of course, notions of honesty, righteousness, compassion and courage are commonplace, but how often do parents think of financial prudence as a key skill a child can be taught during their early years?

Being a parent in contemporary society is particularly challenging and needs a relevant approach – technology is at the helm of everything we do and today our children are exposed to opportunities we couldn’t imagine for ourselves as children. It is crucial to then understand that we are preparing our children for a different world than what we have witnessed, and raising financially savvy children can help prepare them for the real world.

As children grow up and start making sense of the world around them, they realize the importance of money in everyday life. Not just money itself but also the pursuit and management of it. However, more than 76 per cent of India’s adult population does not fare well on matters of financial planning. One of the reasons is the absence of such a subject in our educational system. Studies have shown that it is easier for humans to pick up a skill during the formative years ranging from ages 5 to 8 years. Therefore, the first step to teach money management should be to recognize it as a skill and try introducing it to children as early as possible. Breaking the myth that finances are only for adults, one can make sure to inculcate financial prudence in their children from a young age.

**How do we achieve this?**

It’s quite simple. At every stage in our life, we have certain aspirations that drive us. These goals are the reasons we earn, spend and save. This could be saving for a Euro trip, buying a house or even affording designer labels, it is our desires that drive us. It is the same with children, who understand the concept of money very early on. Be it shiny new toys that hit the market every day or video game consoles, the desires of Generation Z are more expensive and the trend of instant gratification is here to stay.

As mothers, we should ideally teach them how to prioritize and spend with limited resources and let them learn early on the pitfalls of compulsive splurging. One could use the age-old concept of pocket money to do this, encouraging one’s child to save and spend from the amount given to them at the beginning of the month. This will confer a sense of independence and they will feel in control of their finances from a very early age, teaching them to be judicious with money without making them spoiled and feeling entitled. Teaching them fundamental money skills will ensure they spend optimally, be smart spenders and be wise with money. This is a skill that will stay with them for life.

Since a majority of mothers tend to handle household finances, they can ensure they include the child in the household financial planning. Being emotionally more sensitive to children, a mother can sense the desires and motives of a child helping them plan their needs and wants. This being said, one knows that children tend to mimic their parents. Therefore, as a mother it is important to be well versed with your personal finances and not just household expenses. You needn’t be an earning mother to set an example for your child. You can ensure to be updated about the family assets, insurances and other savings. Being a good role model to your child will help them become independent in the truest sense, and reduce total dependence on experts.

After all, there can be no one more invested in your finances than yourself. They will be smart with their money, be it filing taxes, growing their money, evaluating taking loans, etc., and will be in a better position to be able to afford the lifestyle they desire. It will always be a parent’s endeavour to envision a better future for their child than they have for themselves, and teaching them to be able to stand on their own feet, especially in matters of money, is something a parent must aim to achieve.