

## Ewart S Williams: Financial literacy in Barbados

Remarks by Mr Ewart S Williams, Governor of the Central Bank of Trinidad and Tobago, at the National Financial Literacy Programme Booklet Launch, Port-of-Spain, 27 October 2009.

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On January 30, 2010 the National Financial Literacy Programme will be officially three years old. There is no doubt that we have come a long way over 36 short months.

We had a tentative beginning because financial literacy in the Caribbean was largely uncharted territory. However, if it is true that imitation is the greatest form of flattery, we should indeed be delighted since our lead has now been adopted throughout the region.

Sometime last week Jamaica launched a nationwide financial literacy programme.

Also, and very significantly, the IMF, through its regional training agency (CARTAC) has begun to market financial literacy throughout the region.

Particularly, following the recent global financial crisis, it is being increasingly acknowledged that financial literacy can play a critical role in economic management both in advanced and in developing countries.

Teaching people how to save, spend, invest, borrow and manage their finances wisely, improves an individual financial well-being and quality of life. Financially secure families are better able to contribute to the economic and social development of their communities.

In the three years of its existence our National Financial Literacy Programme has made impressive strides.

Our schools' programme has led the way. As at the end of the 2009 school year our primary schools programme had been conducted in 485 schools reaching 29,600 students.

Judging from the responses of the children as well as their parents and the principals, the programme has shown instant benefits.

Parents of kids who participated in the programme indicated in a questionnaire that their children were more mindful of how they spent their allowance but also of the manner in which the household budget was utilized.

Our secondary schools programme is now to be incorporated into the schools' curriculum, thanks to the support of the Ministry of Education. We are particularly grateful to the one hundred and twenty-three (123) teachers who gave up two weeks of their summer vacation to attend training sessions organized by the Central Bank.

From the inception of the programme, the push for linking **financial literacy** and **small business development** came from the office of Finance and Enterprise Development, in the Tobago House of Assembly which had an active small business development programme.

Further, impetus to the linkage was provided by the rapid increase in small business activity throughout the country and the obvious gaps in basic business information available to aspiring small business entrepreneurs.

In February 2008, through the auspices of the Commonwealth Secretariat, the Central Bank secured the services of an expert to prepare a basic "how-to" handbook for the small business sector. The expert's work was reviewed by the major stakeholders in the sector and the result is the series of three pamphlets, entitled "Living the Entrepreneurial Dream", which we launch today.

The first item of this series, "*Start-up and operational issues for small and micro enterprises*", addresses issues of relevance to **new entrepreneurs**. It includes a segment aimed at assisting persons in identifying whether they are really ready to start a business. It also deals

with the critical aspects of business planning and cautions the aspiring entrepreneur of some of the risks and challenges involved in managing a business.

The second booklet in the series, "*Record keeping – how to keep financial records for your business*" underscores to small and micro entrepreneurs, the critical importance of keeping proper financial records.

Through the use of illustrations, templates and examples, the booklet provides the users with information that can assist them in maintaining proper cash-flow records, separating their personal from their business finances and continually monitoring the performance of the business.

The third booklet of the series, "*Financial services – where to find assistance for your business*" is a directory of the available agencies and organizations through which small and micro-entrepreneurs can obtain financial and other assistance such as training and mentorship. This particular booklet is important, since many persons who want to enter into business or who are already in business are not aware of the wide-ranging opportunities that are available to them.

These booklets are **not** the end of the road, however. In collaboration with NEDCO, the Chamber of Commerce, YTEPP, etc. we shall be training a number of potential trainers to disseminate our SME material to their SME clients or persons who are planning on owning their own business. To this end we are completing an "Instructors Manual" and "Trainees Workbook" both of which will be published and utilized in a series of SME Train-the-Trainer sessions.

I am pleased to note, ladies and gentlemen, that the Bank's interest and work on financial education for small business have been actively supported by the Inter-American Development Bank, through its Multi-Lateral Investment Fund (MIF) and by the Trinidad and Tobago Chamber of Commerce.

**We also launch today, ladies and gentlemen, an insurance publication entitled "*Protecting Your Shelter: Understanding Property Insurance*".**

This second insurance-related publication (the initial publication in this series was entitled **In the Driver's Seat** focusing on auto insurance) is a collaborative effort of the National Financial Literacy Programme and the Office of the Financial Services Ombudsman. This second booklet should inform homeowners of the importance of having adequate property insurance.

All the publications under the National Financial Literacy Programme, whether dealing with business education, insurance, banking or whatever, have one thing in common and that is that they are meant to help people, in their various capacities, make more informed economic decisions and, in so doing, enhance their "personal welfare". When the consumer is better informed, he benefits, economic efficiency is increased and economic policy implementation is made that much easier.

That's what financial education is about, ladies and gentlemen – to facilitate better economic decision-making and greater individual well-being.

The Central Bank is overwhelmed by the enormous possibilities that this National Financial Literacy Programme offers and invites the population to actively support and make optimum use of this most important initiative.

Thank you for participating in the launch of these four important booklets today.