

Moola MATTERS

know your stuff



Financial Literacy Initiative

Table of Contents

- 5** **About the Financial Literacy Initiative**
- 6** **Money and Well-being**
- 11** **Entrepreneurship**
- 18** **Spending Wisely**
- 21** • Spend-Wise story
- 31** **Start Saving**
- 36** • Save-Wise story
- 44** **Budget - Plan Ahead**
- 47** • Budget-Wise story
- 54** • How to draw up your personal budget
- 57** **Glossary of Financial Terms**



Republic of Namibia
Ministry of Finance



Financial Literacy Initiative

About the Financial Literacy Initiative

The Financial Literacy Initiative (FLI) is a national platform to enhance financial education for individuals and micro-, small- and medium sized enterprises. More than 30 platform partners from the Namibian public, private and civil society sector strive to address the needs in the area of financial literacy and consumer protection in a coordinated effort. The FLI was initiated by the Ministry of Finance in 2009 with support of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

What is financial literacy?

We understand financial literacy as the ability to make informed judgements and take effective decisions regarding the use and management of money and the knowledge and skills passed on by financial education. This involves the following:

- Managing personal and business finances – planning, budgeting, saving and making financial decisions
- Choosing financial products and services – knowing what financial services or products are available e.g. savings accounts, house loans, insurance products etc.
- Knowing the different types of financial institutions in Namibia e.g. banks, insurance houses, medical aid societies, etc.
- Knowing one's rights as a user of financial products and services as well as knowing where to go for financial advice in the event of a query or dispute.

money and well-being

In today's world, money is part of our everyday life – getting what we need often requires it. Having enough money, none at all, or too much, is a source of relief or frustration for many of us.

Money is a means to an end, but it is not the overall goal. People, in general, want to achieve a better sense of well-being in order to become happier.

Financial goals can be used as a guide to help you identify what to save for.



What is a financial goal?

A financial goal has a monetary value. Therefore, you must spend money to complete or possess it. You have two choices to complete a financial goal:

1. **You save up your money to buy something in the future, or**
2. **You can buy something 'on credit' now and pay off the debt.**

If you decide to buy on credit, carefully think about the total cost until you paid off the debt. Compare all choices (loan from a financial institution, retailer, family, etc.) before you decide!

How to set your financial goals:

- **List your financial goals** (please show a mini graph with a small paper with a handwritten list of items, like cellphone, dress, TV, etc.)
- **Estimate the costs** (please show a note pad with a calculation, like 100 N\$ + 150 N\$ + 800 N\$)
- **Set target dates** for your goals (please show a small icon with a calendar with "December 2014" or so)
- **Determine how much you need to save per week or month**

...and then...START SAVING for your financial goals TODAY!

A close-up photograph of a white notepad with blue horizontal lines. Handwritten in black ink is a simple multiplication problem: 'N\$ 50' followed by 'x' on the next line, '12 months' on the third line, an equals sign on the fourth line, and 'N\$ 600' on the fifth line.
$$\begin{array}{r} \text{N\$ } 50 \\ \times \\ 12 \text{ months} \\ = \\ \text{N\$ } 600 \end{array}$$

WHAT DO YOU SPEND MONEY ON?



I LOVE READING
SO I SPEND MOST
OF MY MONEY
ON BOOKS.

I LOVE
TECHNOLOGY
AND AM ALWAYS
SAVING UP FOR
NEW GADGETS.



I LOVE FASHION
AND SPEND MY
POCKET MONEY
ON CLOTHES.

Our spending habits reflect what we value in our lives. If we take a moment to set our financial goals, we can reflect on what we want to achieve and what we would like to change or keep to reach the goals.



**Setting
financial
goals helps us
plan how to save
and spend
money.**

A young woman with dark hair tied back, wearing a dark school blazer over a white collared shirt and a grey sweater with blue stripes, is shown in profile, resting her chin on her hand and looking thoughtfully to the left. The background consists of green foliage. Three thought bubbles are connected to her by small circles: a large yellow one at the top left, a blue one at the bottom left, and a pink one at the bottom right.

**FINANCIAL
GOAL:**

New cellphone

**Save
N\$ 200
for 10 months**



N\$ 2000

Entrepreneurship and how to start a business



What is an entrepreneur?

An entrepreneur is a person who organizes and operates a business venture and assumes the risk for it.

Why become an entrepreneur?

What is it that motivates someone to start their own business?



Many people become entrepreneurs because they want to create something of their own, to have a sense of personal achievement. Some view entrepreneurship as an opportunity to create substantial wealth. Others want to break out of the “corporate rat race” and be their own boss.



Oapco Chemicals

The young entrepreneur Deon Christiaan produces and markets Namibia's first biodegradable and non-toxic household cleaning products. In addition to his windshield repair business he wishes to contribute to a more sustainable and environmentally friendly way of living in Namibia with his soaps and detergents. He will produce and package locally but aims to sell in Namibia and abroad.

Examples of **ENTREPRENEURS IN NAMIBIA**



Epta Traditional Cuisine

Being passionate about the Namibia heritage in general and traditional Namibian dishes in particular, Willem Thomas founded the Epta Restaurant. After having run a Braai delivery business on his own, Mr. Willem will now open up a restaurant in the city center of Windhoek servicing traditional cuisine in a modern setting. With his passion for Namibian food as well as with his entrepreneurial spirit he will make Namibian traditions a part of the everyday life of Windhoek's businessmen and women once again as well as introduce it to tourists. And Windhoek is just the beginning...

Risks involved in becoming an entrepreneur

- Needless to say, there is financial risk associated with starting a business. You may have to invest some of your own savings and/or use your personal assets as collateral for business loans. **Successful entrepreneurs take risks, but they are calculated risks.** They don't plunge blindly into new situations. Instead, they think things through and are prepared.
- **Running your own business is a tremendous responsibility.** Your customers expect you to deliver on your promises. Are you the kind of person that can handle that kind of pressure?



Kennedy Shindodi, Brainchild Technologies

The outgoing and passionate young entrepreneur Kennedy Shindodi connects local Namibian farmers with supermarkets by processing and packaging as well as marketing traditional Namibian cooking ingredients.

How to start your business

1 Identify an opportunity. Keep your eyes and ears open. Ask lots of questions. Look for unmet needs you could address through a new product or service. Be innovative.

2 Don't jump into anything until you are sure the opportunity is real. Conduct market research to determine the true potential for your idea.

3 Next, develop a business plan. The process of writing your ideas down will help you refine your thinking and will focus your efforts.

4 One of the biggest challenges for a start-up business is obtaining adequate financing. Among the possible sources of funding are your savings, friends and family, lending institutions and venture capitalists. Consider the long-term impact of the different alternatives before making any decisions.

5

Before you open your doors, you will need to **establish the legal status of your business**. Your options include: sole proprietorship, partnership, limited partnership and corporation. Decide on one that works best for the kind of business you want to get into.

6

It is crucial that you **set up a good bookkeeping system**. You will need to track revenue and expenses, manage cash flow and plan for taxes. Find someone who can advise you on the information needed and the best way to manage it.

7

If the risk is limited and acceptable for you - just give it a go!



Edwig Theodor, Kingly Fish

As the first woman in Namibia, Edwig Theodor brings locally produced curried fish not only to Namibia's dinner tables but also to the world. By doing so, she will not only support the local fish and vegetable industry but also promote Namibian culture in other countries. Short distances and local production add to the freshness of her home-made product. Her strive for quality and her entrepreneurial talent also reflect in the superior product and service that she provides.

A few final thoughts for you upcoming entrepreneurs:

- **Get experience in the field you choose for your business before you break out on your own** - you will have more credibility and will recognize the pitfalls to avoid.
- **Be realistic in your expectations** - don't give up when things don't happen as quickly as you would like.
- **Network everywhere you go** - you never know where you might find a new customer or a great new idea.

Helpful info:

Please visit or contact the following institutions for more information:

Development Bank of Namibia (for financing)

Tel: 061-2908000

Website: www.dbn.com.na

Namibian Chamber of Commerce and Industry (NCCI) (for general business support and networking)

Tel: 061-228809

Website: www.ncci.org.na

Junior Achievement Namibia (for youth entrepreneurial development and empowerment)

Tel: 061-221140

Email: Rebekka@ja-namibia.org

Namibia Business Innovation Centre (NBIC) (for support in the business start-up phase and innovation)

Tel: 061-2072885

Email: nbic@polytechnic.edu.na

Website: [//nbic.polytechnic.edu.na/](http://nbic.polytechnic.edu.na/)

SPENDING WISELY

When buying something, ask yourself:
Do I need it or is it just a nice to have?



What is spending?

Spending is paying out money for goods and services and basic needs such as food, clothing, toiletries and luxuries like entertainment.

In order to spend wisely, take the following steps:

- 1** Make a list of what you need to spend money on, list how much they cost and decide on the most important ones.
- 2** Spend only on what you need.
- 3** Do not spend all your money, but save some.
- 4** Live within your means, so that you can save.
- 5** If you have a small business, keep a record of your earnings and your expenses to keep control of your finances. That way, you will know what you have left to spend on the business and to save.

needs



SCHOOL SUPPLIES



MEDICINE



**SOAP
SHAMPOO
LOTION**



FOOD

vs

wants



PARTY



MP3 PLAYER



NEW SUNGLASSES



**DESIGNER
CLOTHES**

Think before
you spend!

NEXT: Spend-wise story

Characters:



Elton



Benny

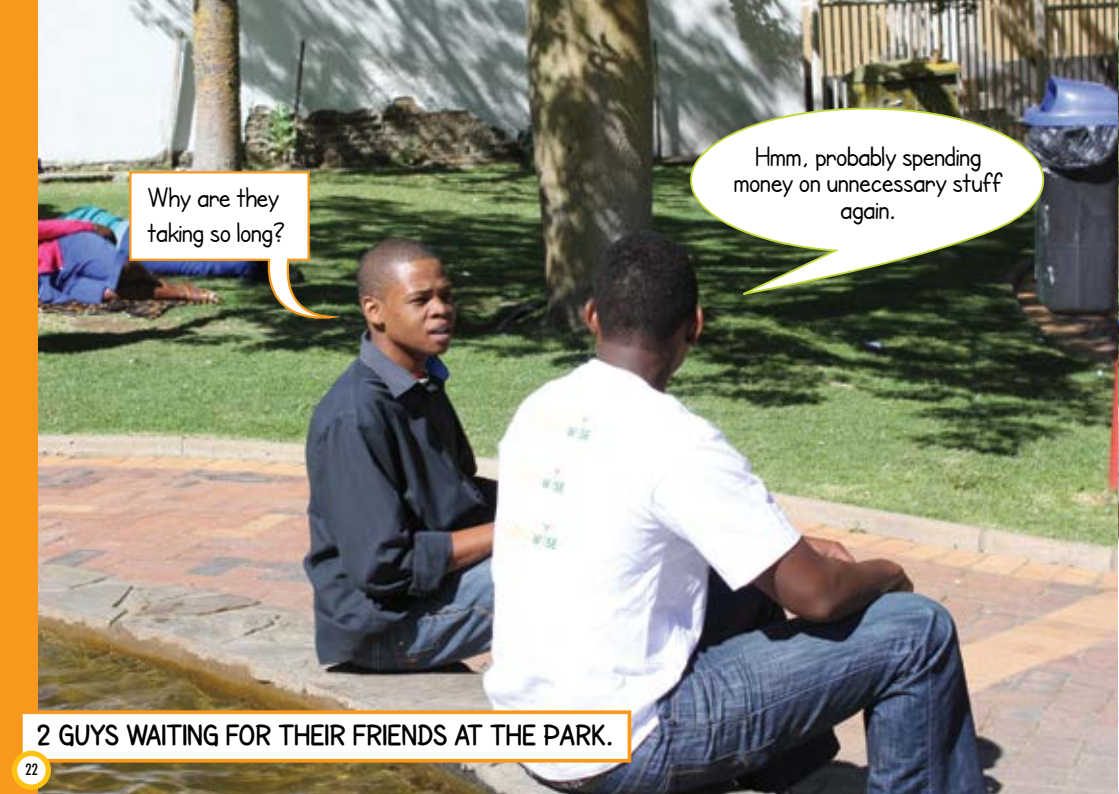


Eric



Melvin


Let us have a look at how these friends spend their money...



Why are they taking so long?

Hmm, probably spending money on unnecessary stuff again.


2 GUYS WAITING FOR THEIR FRIENDS AT THE PARK.




Eish, I so love the net, I'm busy downloading an application, you should get it too!

As long as I can download games, bra.

THE 2 FRIENDS ARRIVE




You two, how much do you spend on airtime and games?

A photograph of two young men standing outdoors on a paved path. The man on the left is wearing a white t-shirt with the Twitter logo and is looking at a smartphone in his hand. The man on the right is wearing a white cardigan over a dark t-shirt and is gesturing with his hands while speaking. The background shows green grass and trees.

N\$80 or N\$100
a week, it
depends.


I spend close to N\$500 per
month on 2nd hand games,
bra.

A photograph of two young men sitting on a stone ledge next to a pond. The man on the left is wearing a white t-shirt with a logo and glasses, and is gesturing with his hands while speaking. The man on the right is wearing a dark blue button-down shirt and jeans, and is listening with his hands raised in a questioning or explanatory gesture. The background shows a paved walkway, green bushes, and trees under bright sunlight.

So N\$80 x 4 weeks =
N\$320 a month for you,
Eric and N\$500 per month
for you, Melvin.


Bra, sometimes
they don't even have
toiletries for the
whole month.

Guys, you spend too
much on these items,
and end up borrowing
stuff from me.




It's all about prioritising guys, spend on essentials first, save a little and only spend on other stuff if you have some money left over!

Guys, if you start saving N\$100 per month, you can buy yourself new shoes, toiletries and you will still have some money left to save.



Eish, that is so true bra!
Never really thought about it like that.


**It's time for us to start
spending responsibly.**



I will definitely try
your approach, guys.

...and I will
start saving
NOW!

THE END



**EVEN
SAVING ONLY
N\$5
EVERY WEEK WILL
HELP YOU.**

START SAVING, SISTA OR BROTHER :)

Start small because
every dollar counts!!!



Practising the skill of saving and spending is even more useful if **we know the different savings options** that are available to us.

There are **formal and informal systems** of safeguarding money. We need to trust the place(s) where we keep our money.



What is saving?

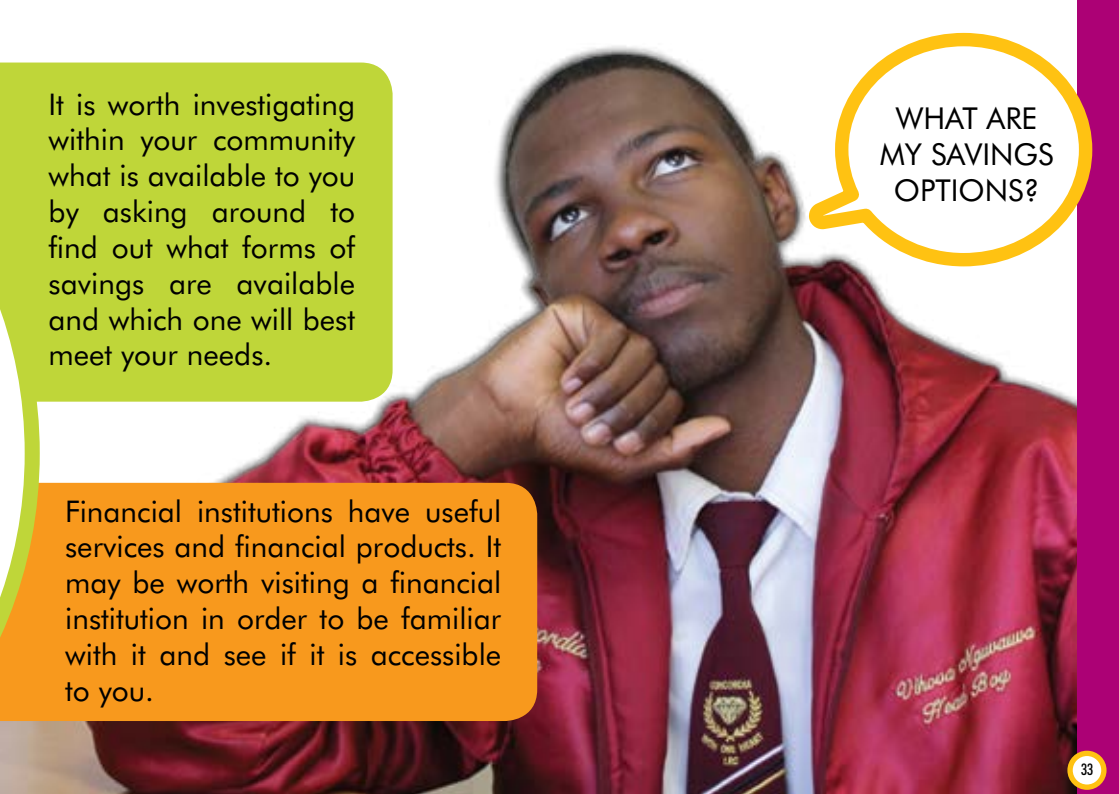
Saving is putting away or storing money for future use.

HOW AND WHERE CAN I DEPOSIT AND SAFEGUARD MY SAVINGS:

Each saving option has its share of advantages and disadvantages. It is up to you to decide which option best meets your needs.

There are

- **banks**
- **micro-finance organisations**
- **school programs**
e.g. **Junior Achievement / Aflatoun**
- **villages (village savings schemes)**
- **postal office**
- **savings & credit co-operatives**
- **other types of financial institutions**, for example **insurance companies, investment houses** etc.



It is worth investigating within your community what is available to you by asking around to find out what forms of savings are available and which one will best meet your needs.

WHAT ARE MY SAVINGS OPTIONS?

Financial institutions have useful services and financial products. It may be worth visiting a financial institution in order to be familiar with it and see if it is accessible to you.

Here are some tips to start saving:

- 1** **Decide what you want to save for**, i.e. have a savings goal (new shoes, play station game, new smart phone).
- 2** **Develop a savings plan.** Decide how you will save for the item that you want e.g. are you going to save a certain amount of money every week or month, and for how long will you have to save in order to afford what you want to buy.
- 3** **Save whatever you can afford.** Save your change and money you get unexpectedly from family and friends.
- 4** **Save money that you do not need to spend.**



5 **Decide where you will keep your savings.**

Choose an option that's best and most accessible for you.

When you decide on a savings option, **don't**

6 **forget to compare the interest rates and the fees that you will be charged** by the institution to keep your money. Don't feel pressured to sign anything straight away.

7 **Ask others how they save and where they save.** This will give you ideas on what the best way to save could be and you can also learn from their experiences.

NEXT: Save-wise story

Characters:




Frieda



Zelda


Let us have a look at how these friends save their money...

A photograph of two young women kissing on a street. The woman on the left is Black with long, dark, wavy hair, wearing a white tank top and a gold earring. The woman on the right is white with dark hair pulled back, wearing a grey t-shirt and a black earring. They are in profile, facing each other. In the background, there is a blue car, a palm tree, and a sign that says "JOHN MEINERT-STR".

Hey, girl! Where are you going, can I come with you?

Sure why not, I'm on my way to the mall.

2 FRIENDS MEET IN THE STREET




What boys, you neh? I'm going to buy a scientific calculator, eish, you know for Maths and Accounting and then go to the bank.

Awe! let me go change. Are you going to meet a boy or what's up?




Etse, its true neh?
I've been asking my big
brother to buy me one,
but he is like, I'm broke,
maybe next month ogg!
He is such a liar.

Girlfriend, that's why I
started saving money from
my monthly allowance.

A photograph of two young women standing outdoors on a paved path. The woman on the left is wearing a dark grey t-shirt with a rabbit graphic and light blue jeans. She is speaking to the woman on the right. The woman on the right is wearing a white tank top and light blue pants, looking down with a thoughtful expression. The background features a white wall with a black metal railing and trees with pink blossoms.


Girl, you get a monthly allowance, you can go open a savings account.

Awe, the girl!
So, give me some money, Miss Savings!

A photograph of two women standing outdoors in front of a building with a red roof and a black fence. The woman on the left is wearing a grey t-shirt and has her hair in a bun. The woman on the right is wearing a white tank top and has her hands clasped. Two speech bubbles are overlaid on the image, containing text.


Frieda, you must check out a couple of saving options and choose the one that best suits you.

It's true, I have N\$50 in my cupboard, let's go so that I can open an account now.



YEBO YES! That's how
I roll girlfriend. I feel so
independent!

So you are buying a
scientific calculator
from the money you
have been saving?
Wow!



I definitely have to start saving choma!! I am so jealous right now.

Cool, now let's go, your freedom awaits.

THE END

Budget - plan ahead

"Don't tell me what you value,
show me your budget, and I'll tell you what you value."
- Joe Biden

Creating a budget may not sound like the most exciting thing in the world for you to do, but it's a vital step in helping you towards reaching your financial goals. We will show you how to make a budget sheet.




What is a budget?

A budget is a written summary of estimated income and expenses, including savings, over a period of time. It's a plan for spending and saving money wisely.

Remember,
if you plan your finances
well, you will always have
enough money to spend
and save.



business
budget



How do I budget as an entrepreneur?

Always budget separately for your business and private finances and avoid using income from your business for personal needs

personal
budget



NEXT: Budget-wise story

Characters:




Jimmy



Eddy

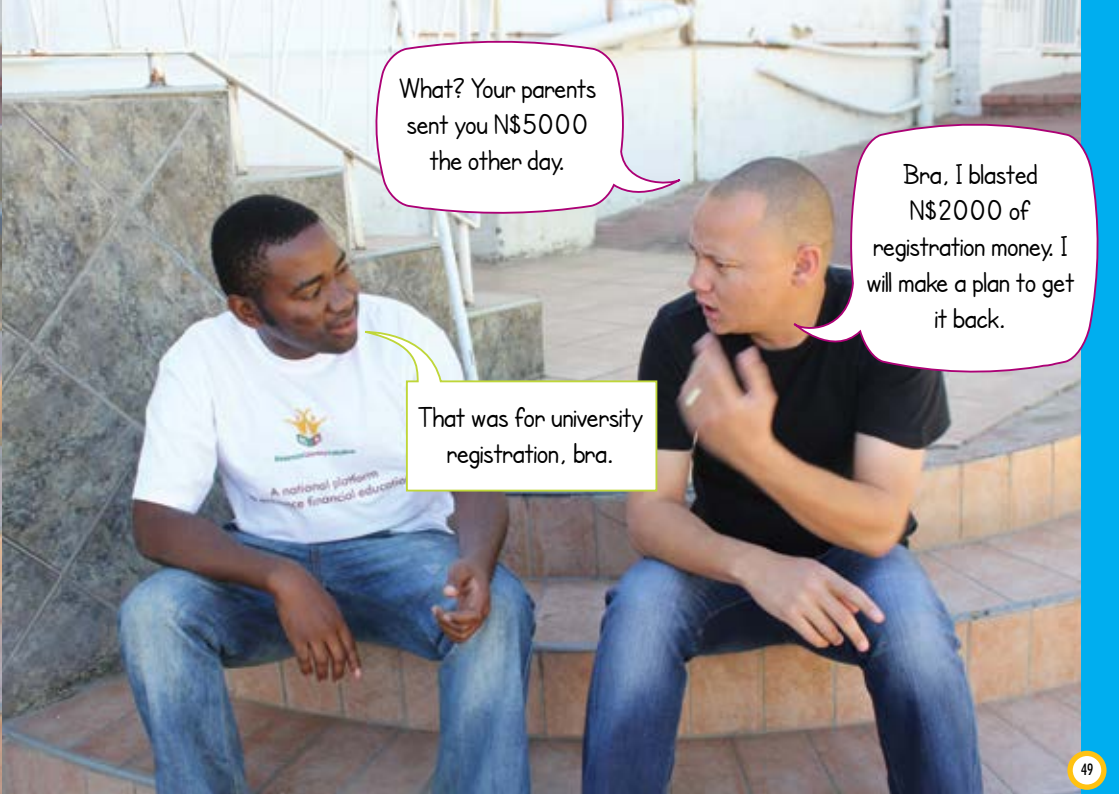
Let us have a look at how these friends budgeted their money...

A photograph of two men sitting on stone steps outdoors. The man on the left is Black, wearing a white t-shirt with a logo and blue jeans. The man on the right is white, wearing a black t-shirt and blue jeans. They are both looking at each other and talking. A speech bubble points to the Black man, and another points to the white man. The background shows a building with a white wall and a metal railing.

What? I wanted to come but didn't have money bra.

Eish, bra, the club was happening last night, ended up with Melissa and them!!


2 FRIENDS SITTING AND TALKING




What? Your parents sent you N\$5000 the other day.

Bra, I blasted N\$2000 of registration money. I will make a plan to get it back.

That was for university registration, bra.

A man with short dark hair, wearing a white t-shirt and blue jeans, is sitting on stone steps. He has a questioning expression on his face. The t-shirt features a logo with a sun and the text 'A national platform for financial education'.

Bra, what do you mean?
Registration is tomorrow!

A man in a black t-shirt and blue jeans is standing on the steps, leaning forward and talking to the seated man. The seated man is looking up at him with a neutral expression. The background shows a building with windows and a metal railing.


Ok cool, then I can't stay and chit-chat.
Have to go zula!





EDDY'S PHONE RINGS - IT'S JIMMY CALLING

Bra eish! I can't get money anywhere. Everybody I ask is either broke or only has their registration money. Help bra!!



A man with short dark hair is talking on a black mobile phone. He is wearing a white t-shirt with a logo and text. The logo features three stylized human figures in yellow and green above a red and green book. Below the logo, the text reads "Financial Literacy Initiative" in green. Further down, in red, it says "A national platform to enhance financial education". The background shows a street scene with a green van, a red building, and a utility pole under a clear blue sky.

Bra, the N\$5000 my parents sent me is for registration and buying the prescribed text books. I can't help bra, sorry.



If only I had budgeted my money like Eddy. My parents will be furious with me, and registration is tomorrow...

Do not land in the same mess as Jimmy by budgeting your money wisely and always make sure you have money for your priorities!

THE END

How do you draw up your personal budget?

Step 1

Estimate your expected income over an average week or month including income you receive from work, allowances, gifts or other sources. Calculate your total income.

Step 2

Estimate your expected expenses over the same period of time.

Step 3

Subtract your total expenses from your total income to get your total surplus or deficit.

Step 4

Decide how much to save and where you can cut down on your expenses.



Personal budget example:

Personal Budget - Monthly:			
INCOME	N\$	EXPENSES	N\$
Waitering	80.00	Shampoo	20.00
Babysitting	50.00	New Calculator	40.00
Pocket Money	100.00	Entertainment	100.00
TOTAL INCOME	230.00	TOTAL EXPENSES	160.00
TOTAL INCOME - TOTAL EXPENSES =			70.00

This budget allows for N\$ 70 of savings each month.

Fill in YOUR budget now...

Personal Budget - Monthly:


INCOME	N\$	EXPENSES	N\$
TOTAL INCOME		TOTAL EXPENSES	

TOTAL INCOME - TOTAL EXPENSES =



KNOW YOUR STUFF

GLOSSARY OF FINANCIAL TERMS



I READ THE
ECONOMY SECTION
OF THE NEWSPAPER
EVERY WEEK TO BE
CLUED UP ABOUT
FINANCIAL TERMS
AND SITUATIONS.

ATM (Automatic Teller Machine)

By using an ATM, clients can access their bank accounts, e.g. to make cash withdrawals or check their account balances.

Airtime Transfer

A mobile payment solution that allows money transfer, airtime and electricity purchases, Point of Sale payments at supermarkets or retailers and bill payments.

Balance

The amount of money in your bank account. The balance can be positive (in credit) or negative (in debit).

Bank account

A financial product in your name which you use e.g. to deposit, withdraw and transfer money.

Basic Bank account

A basic bank account is for individuals earning max. N\$2 000 per month, all banks in Namibia offer it. No proof of income is required and no monthly fee is charged.

Budgeting

A written summary of estimated income and expenses, including savings, over a period of time.

Credit

Credit can have different meanings. Credit means buying goods and services now, but paying for them later, often by paying the money back in certain amounts over an agreed period of time and by paying interest.

Credit can be a transaction on your bank account that shows money going into the account. It can also mean the amount of money you have.



Credit card

A plastic card that gives direct access to money that you have to pay back over a certain period of time with high interest rates.

Debit card

A plastic card that gives direct access to money in your bank account, e.g. by withdrawing it at an ATM (see also: ATM). A debit card is also used to purchase goods or pay for services.

Deposit

An amount of money put into a bank account, or money that is left with someone or a company to secure the purchase of an item.

Electronic banking

A way of banking that allows withdrawals, deposits and transfers to be completed and account information to be obtained electronically using facilities such as cellphone, internet and ATMs.

Collateral

A form of security to the lender in case the borrower fails to pay back the loan.



Fees/ Charges:

Fees that are charged by a financial institution for managing your financial product and providing the financial services you use. Fees are charged yearly, monthly or per services you use (e.g. transferring or withdrawing).

Mobile Banking

Mobile banking (or branchless banking) is a term used for banking transactions through a mobile device (e.g. payments, airtime transfer, account balance checks, transactions).

Interest

Money charged or paid for the use of money. For example, a financial institution pays the client an interest rate for money that he/she deposits in a savings account. A financial institution charges interest for money that a client borrows (e.g. loan, credit).



Savings

Money or assets that you put away for use at a later time. For example, you may save regularly to buy new shoes or a new cellphone in the future.



Statement

A record summarizing all transactions that have occurred on your financial account (bank, insurance, retirement, etc.) and any fees charged or interest paid. Statements are sent to you monthly or yearly.

Savings account

A bank account where your savings can be deposited and withdrawn. An interest rate is usually paid for the money deposited and fees are charged by the bank for specific account services.

Transactions

The name given to movements of money such as deposits and withdrawals, or transferring money between bank accounts, businesses and individuals.

EFT (Electronic Fund Transfer)

Electronic Funds Transfer – moving funds from one bank account to another using an electronic method such as internet banking, debit card or the like.



Withdrawal

To take money out of a bank account. This can be using an ATM, EFT or by cheque.



Venture Capital

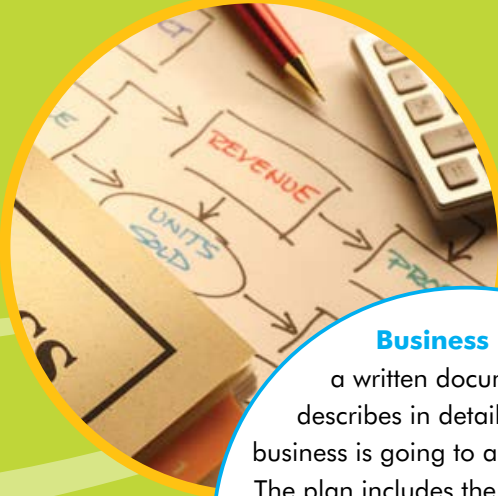
Money provided by investors to startup firms and small businesses with perceived long-term growth potential.

Investor

Someone who allocates capital with the expectation of a financial return.

Business Plan

a written document that describes in detail how a new business is going to achieve its goals. The plan includes the overall budget, current and projected financing, a market analysis and its marketing strategy approach to enable owners to have a more defined picture of potential costs and drawbacks to certain business decisions.



Notes:



Financial Literacy Initiative

A national platform to enhance financial education

Contact details:

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