



## **RESERVE BANK OF MALAWI**

### **ANNUAL GLOBAL MONEY WEEK 10-17 MARCH 2014**

#### **Saving Money**

Saving money can simply be defined as a forgone expenditure. It is putting away money for tomorrow's expenditure or investment. A little saving goes a long way as it enables many people to achieve their financial goal without being involved in high interest loans and katapilas.

However, saving is often a difficult task for many people, including today's children and the youth. There is always the common notion that what we earn is not enough, hence the needlessness of savings.

Notwithstanding this, it is important to share that no matter how little you can save, saving money undoubtedly is essential for your growth and future financial well being. Putting away part of your current earnings or income for future use should not be a difficult exercise to do. Basically there are three ways that can help you to save.

You can surely save by ranking saving a number one priority. This can be done by making deliberate, specific and regular deductions from your income before other expenses come into play and then budget for the rest of your income according to the other priorities. If regular deductions cannot easily be achieved, you can create some savings by shopping smart to reduce your expenditure and reducing consumption rate for goods and services.

Doing any or a combination of these options, will help you save quite an amount of money that can eventually help in making you financially independent. The old saying that 'little drops of water make the mighty ocean' is also very true with savings. The little regular deductions from your income or pocket money, the

savings you garner from shopping smart and the saving made from reducing your consumption adds up over time and become substantial.

The following tips might help you to achieve your saving goal:

### ***1.1 Decide That You Can Save***

Everything in life starts with a decision. Make up your mind today that there is a need to save irrespective of the amount you earn. In every kwacha you earn is food for today and investment for the future, fight the temptation to eat all of it. It is not how much you start with but the decision to start that is important. The journey of a thousand mile starts with a step!

### ***1.2 Set a Saving Goal***

In order to start saving, you need to set savings goals. This is a very important part of the process. The goal could be as simple as reducing your expenditure by a hundred kwacha daily to saving twenty percent of your monthly income. Your financial goal will help you get focused and inspired to save.

### ***1.3 Keep Good Records***

It is difficult to get your finances under control if you don't understand the basics of good recording keeping. Keeping track of your bills, cheques, and other financial transactions is important. It is an essential element of financial planning, budgeting and promoting your saving goal. Asking for receipts after purchase or writing down every purchase in a book might be cumbersome but it pays off at the end of the day.

### ***1.4 Create A Budget and Stick To It***

Creating a budget is to list all your expenditure for the past months and use it as the likely expenditure profile for the following month. This will help you cut down on unnecessary expenses and adhere strictly to your budget. Focus on your plan for the year. If you must attend to anything outside your budget, be economical about it.

### ***1.5 Prioritise Your Expenditure***

List all your expenses and categorize them into savings, food, transportation, assets, personal development, communication and others. Then allocate a

particular percentage of your income to each of them. If possible, budget about 10-20% of your income for savings.

### ***1.6 Think before Spending***

Each time you spend money, you are making a choice. Your choices should reflect your values and financial goals. Before spending, ask yourself: “do I need it?” Can I afford it?”; “what is this purchase really costing me?” In the course of finding answers to these questions, you sometimes realize that you don’t really need to spend that money.

If you have some questions on how you can develop a sustainable saving culture; take more control of your money and be financially healthy, contact:

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