

## Children's Day Special: Board games & bank accounts — how parents instill financial values in kids

*Financial planners are resoundingly in favour of imparting financial literacy right from childhood, as that will make kids much more responsible with money as they grow into adults.*

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New Delhi-resident Kavita Marwah, 40, believes in the adage 'catch them young.' While all parents want their children to start language, mathematics, and science lessons at the earliest, she has decided to instill even financial values in her son Mohik from an early age.

The 11-year-old has been operating a savings account from the time he was six. Five years ago, Mohit's parents opened a bank account for him, and explained the importance of maintaining one. Marwah said, "He regularly sets aside part of his pocket money and deposits it in the savings account. We have taught him concepts such as interest rates, compounding, and more."

Likewise, 35-year-old Kamal Malhotra, another New Delhi resident, has decided to teach his son Manan Malhotra, 6, the art and science of saving money using a bank account. "He now understands the importance of depositing monetary gifts which he gets from relatives into his bank account," said Malhotra.

Financial planners are resoundingly in favour of imparting such lessons right from childhood. "The sooner you introduce kids to the concepts of budgeting, spending, saving, earning interest on savings, etc. the more likely that they are going to be much more responsible with money as they grow into adults," said Vishal Dhawan, founder and CEO, Plan Ahead Wealth Advisors.



Kamal Malhotra opened a bank account for his six year old, and his son has started depositing money received from relatives on festive and other occasions into this.

While India's education system still has miles to go before it includes money matters in the school curriculum, there are a few things you, as a parent, can do.

## Budgeting and spending

Fifteen-year-old Hrishikesh's mother, Bhuvanaa Shreeram, co-founder and head of financial planning, House of Alpha, gives primary importance to budgeting. "He writes down his expenses in a small notebook on a regular basis. He has also learnt budgeting skills, and plans big spends in advance," she says.

Tasneem Kagalwala, 37, of Mumbai, has explained the importance of **budgeting** and spending to her two sons, Qusai Kagalwala, 12, and Burhanuddin Kagalwala, 8. Kagalwala gives both of them pocket money. "They are supposed to use it for an entire month. They make a budget and plan to save a certain amount. This is how they are learning to save gradually," she says.

"Teach your children about delayed gratification, when it comes to any sort of spending," said Prableen Bajpai, founder, FinFix Research and Analytics. She adds that it not only teaches them the value of money, but can also turn them into more responsible adults. It will prevent them from picking up bad habits like impulse shopping.

Kagalwala gives a certain budget to the kids before they go shopping, so they can plan their purchases without breaching the budget. "Both the kids look at the price-tags of products before deciding to buy. If they feel it's overpriced, they avoid buying it," she says.



Kavita Marwah opened a bank account for her son Mohik at the age of six. He now understands what's a savings account, interest income, compounding interest, etc.

## Explain how banking channels work

Let your child come along with you for an ATM transaction and take them to a bank branch. Deepali Sen, founder-partner, Srujan Financial Services LLP, said, "Let them see how we buy a forex card, explain to them how to make UPI transactions or transact online, to conceptually understand how it all works. These are some of the practical banking aspects worth explaining." Shreeram has opened a bank account for her child. He has visited the branch and knows which department works on which tasks.

## Managing debt

It's important for a child to know about debt management at a young age. "It's very difficult to understand this concept if you haven't been exposed to it at an early age, and then you learn it the hard way after becoming an adult," said Dhawan.

Shreeram, for instance, charges her son interest if he exceeds his pocket money limit and asks for a loan. Although he doesn't have a credit card, she has explained the need to use credit cards carefully, and the drawback of defaults or late payments.



Tasneem Kagalwala has chosen to teach both her young kids the importance of money management through board games like Monopoly.

## Games and workshops

Kagalwala teaches her kids the joys — and the risks — of managing money by playing board games like Monopoly, a popular game that involves money. “The kids enjoy money games. By playing these games, they have understood concepts around buying property, collecting rent, paying taxes, and more,” said Kagalwala.

There are several online money management workshops for children of different ages. Shreeram had enrolled her child in one during lockdown. “He learnt a few interesting things about money management. He learnt about banking, credit cards, interest rates, compounding, and more,” Shreeram said.

“The simulations and real-world scenario assignments have helped kids make some major breakthroughs in the way they think about money,” said Prasanna N Muley, director of learning & innovation, BrightCHAMPS. He added, we often think money is going to overwhelm or scar the kids and therefore put off financial conversation and education until they are more mature. The opposite in fact is true. We need to start when their minds are open and their attitude is full of the thrill of exploration -- especially in a world that is constantly pushing them towards instant gratification of every want through social media and unqualified fin-fluencers.

"Parents talking to kids freely about money is the right first step, but it also needs to be supplemented with fact-checked information that is relevant to the world our kids are growing up in, not in the world we did. This can only happen with the help of experts who specialise in money," Muley said.

## Practice what you preach

This is very critical, because children are seeing your spending behaviour, your own anxiety and excitement when it comes to money. This forms an impression very early in their life. “Therefore, the better you are in terms of demonstrating good financial conduct, the better your children will be about managing their money when they become adults,” said Dhawan.