

FIXED TO FIXED DEPOSIT CULTURE

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Financial education is non-existence in primary and secondary school education across many countries. This has undoubtedly caused many problems for past, present and future generations to comprehend how they could invest their earnings to maximize return.

In Sri Lanka, what we were thought when growing up or when we start receiving our first salary upon graduation is “save, save and save”. The so-called saving is based on opening a fixed deposit. The fixed deposit has become the primary source of maximizing your earnings. However, for one to break away from this culture of opening fixed deposits do take a very long period of time. For that matter, some still continue to open fixed deposits with all their earnings. Sometimes, when discussions take place some who hold fixed deposits highlight the amount of interest that they earn for a month or year through these fixed deposits. The only one earning through these fixed deposits is the bank, and never the fixed deposit holder. See the profits Sri Lankan banks generate! This goes in line with the security factor, the security factor of “oh, I have money in the bank in case of emergency”. Yes, there is a requirement to hold some part of your funds in a fixed deposit in a bank; however, this does not mean you need to hold your entire earnings or savings in a bank via a fixed deposit. The culture of fixed deposits goes back to our childhood, our years of growing up, and how we have been trained. It is rather difficult for one to break away from the fixed deposit culture and channel their savings to real estate or stocks. Therefore, the mind-set of the present younger generation requires drastic changes. These changes have to come about with looking beyond the fixed deposit culture. Looking beyond this fixed deposit culture will undoubtedly enable the Sri Lankan economy to grow whilst financially creating a richer community.

The present generation, the majority of 30 to 40 year olds are already trapped within this fixed deposit culture. It is rather difficult to see a great change of this generation over the next 20 years. As a result, we need to start working on the younger generation. Financial education needs to begin at a younger age. Therefore, by the time today's 15-year-old reaches 30 he or she will be far away from the fixed deposit culture. Education needs to begin when you are young. We were never taught about how to handle our money, or what we could do when we start earning or for that matter there was no formal financial education in schools whether it may be international or government. It was our interest and willingness to learn how to invest and maximize our returns that enabled us to move away from the fixed deposit culture that prevails in Sri Lanka.

We are pushing for a country to grow, a country to take a major leap forward in growing within the fastest growing region in the World. But our system does not enable us to maximize that growth. Our leaders want Sri Lanka to invest in the economy, take risks and develop businesses to grow the country. But the very foundation that we have been educated does not provide an insight into how we can maximize our earnings or savings. Therefore, how can Sri Lanka take this leap forward, how can the present 30 to 40 year old generation take a step away from the traditional fixed deposit culture to embark on investing in real estate or stocks? If the

present 30 to 40 year old is not captured into the growth of our economy we as a country would fall back further and we will be unable to reap greater benefits.

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