



## ENTRY FORM: 2015 NSE ESSAY COMPETITION

**Topic:** Explain the importance of financial education and describe how The Nigerian Stock Exchange can help you become financially savvy

### GUIDELINES

- The competition is open to only senior secondary school students
- Only one entry per person is allowed
- Entrants must submit essay on the entry form and complete all the mandatory fields
- Entries must be typewritten in English and not more than 1,000 words
- All entries must be sent via e-mail to [essay@nse.com.ng](mailto:essay@nse.com.ng) or submitted online at [www.facebook.com/TheNigerianStockExchange](http://www.facebook.com/TheNigerianStockExchange)
- The Nigerian Stock Exchange's Panel of judges decision is final
- Entries open September 18, 2015 and close October 30, 2015

### PERSONAL INFORMATION

<i>Surname</i>	<i>Other names</i>	<i>Date of Birth (DD-MM-YYY)</i>	<i>Gender M/F</i>	<i>Residential Address</i>	<i>Phone No</i>	<i>E-mail</i>
NWAJIAKU	CHIAMAKA LORETTA	26 <sup>TH</sup> AUGUST, 1999	F	NO. 12, MIRACLE STREET, PALACE WAY ESTATE, AGO- OKOTA, OSHODI- ISOLO LGA,LAGOS	080332809 75	christie.nwadike@yahoo.com

### SCHOOL INFORMATION

<i>School</i>	<i>Class</i>	<i>Principal</i>	<i>Address</i>	<i>Phone no</i>	<i>E-mail</i>
SACRED HEART COLLEGE, APAPA, LAGOS	SS3	REV. SR. FIDELIA MARY ALAO	12/16 CHILD AVENUE, APAPA, LAGOS	080283203 18	Sacredheart_collegeapapa@yahoo.com



ESSAY

THE IMPORTANCE OF FINANCIAL LITERACY AND HOW THE NIGERIAN STOCK EXCHANGE CAN MAKE YOU FINANCIALLY SAVVY.

Alan Greenspan, an Economist once said, “The number one problem in today’s generation and economy is the lack of financial literacy”. Investopedia defines financial literacy as “The possession of knowledge and understanding of financial matters; the knowledge of properly making decisions pertaining to certain personal finance areas like investing, money management, budgeting, saving, and retirement”. Simply put, it refers to the set of skills and knowledge that allows an individual to make informed and effective decisions with their financial resources. In this electronic age, it includes how to navigate personal finances technologically.

Ron Lewis said, “Financial literacy is an issue that should command our attention...” Presently, there are fewer state-supported pensions, healthcare benefits and educational scholarships. Individuals now have greater responsibility for funding their personal or family needs. Wise decisions, therefore, must be made by anyone who desires to be financially confident and economically stable.

Budget planning is an important pillar of economic success. It helps households, firms, and individuals in distributing their means to their scarce resources and choosing the right savings. Budgets are drawn out from financial conclusions. Without this knowledge, economic activities would be run by impulse or instincts.



Another importance of financial literacy is that it equips individuals with skills to choose from the increasing wider range of products and services as there are numerous products in the market with different prices, interests, and risks. It is financial literacy that helps consumers to choose the products that is best for them.

Also, it helps in the management of risks through investing, savings and insurance. Errors encountered in economic life can be reduced when there is adequate knowledge of the issues. It also provides financial security during retirement as it helps one to know how to invest and save during the working age so as to have something substantial to fall back on at old age.

Beyond helping us manage our money, financial literacy teaches us to protect our savings and investments. In this age of credit cards, debit cards, online banking and online payments for goods and services, it helps us to understand how these technological platforms should be used in a way that would not create opportunity for cyber criminals. It also gives knowledge to reduce the cost of financial transactions such as cost of transport to the bank to pay for your cable or electronic bills.

Financial literacy is also important for physical and social well-being. Illnesses which arise from stress and anxiety over financial problems can be reduced and people that are financially confident can stand among their peers. There would also be knowledge of right ways of getting money than stealing and others social vices.

Aside the importance of Financial Literacy to individuals, it is also important to the Society and World economy. When individuals make better choices due to financial literacy, it helps the government and manufacturers to be more productive. This gives rise to the growth of different sectors of the economy. Government is made up of people and a government made up of financially



literate individuals would be better equipped and more efficient.

The Nigerian stock exchange was first established as the Lagos stock exchange in 1960 before it became the Nigerian stock exchange in 1977. It is a market for shares, stocks, debentures, and other securities. Its primary aim is to mobilize long term funds for investments. Presently it has at least one hundred and twenty companies quoted on its market including Alico, Afprint, Daarcomm, and Julius Berger. The functions of the stock exchange are to provide people with opportunity for raising capital, encourage people to save, help people to know what company to invest in, and protect the public from bad deals. It provides additional means of domestic savings and an alternative to commercial bank savings as the interest on shares may be higher. The Nigerian Stock Exchange has increased the volume of corporate information available to the public by asking quoted companies to submit detailed information and has ensured the security of people's money by issuing share certificates and keeping online records of transactions through the Central Securities Clearing System.

As a young person, the Nigerian Stock Exchange can help me to be smarter, better informed and more practical financially. One of the ways in which the Nigerian Stock Exchange can make me financially savvy is through the mass media. Information can be passed through the mass media by the Nigerian Stock Exchange on recent happenings in the market especially in youth columns. Media popular among youths such as live chats, radio chats and other social media platforms can be utilised in disseminating information to the younger generation.

There could also be computer software that would take the example of the Parker Brothers Monopoly Game to provide a fictional platform for stock trading which would enlighten young people to make financial decisions. Other methods of financial education that can be used by



Nigerian Stock Exchange to make me financially savvy are through books written based on experience and short plays be organised by the Stock Exchange Market in other to give students and youths a visual and practical understanding on what financial literacy and education is all about.

Furthermore, the Nigerian Stock Exchange in collaboration with the various educational institutions can help me become financially savvy by the introduction of financial education to the educational curriculum. Also, programmes and seminars should be organised for youths in order to reach out to them concerning the relevancy of being financially literate.

In conclusion, being financially savvy involves having a practical knowledge and understanding of how to earn income, make budget, invest, save, avoid debts, manage risk, protect your money and secure your future financially and the Nigerian Stock Exchange is an effective institution to achieve this goal.