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NEW ZEALAND, AUSTRALIA, JAPAN ALSO FALL

## Singapore sees decline in financial literacy: Survey

Drop from second to sixth spot largest among 16 Asia-Pacific markets, says MasterCard

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**SINGAPORE** – Consumers here are finding it harder to keep up with their bills, budget effectively and manage unsecured loans, leading the Republic to record the largest decline in financial literacy in the Asia-Pacific region, according to a survey.

The latest MasterCard Financial Literacy Index, released yesterday, saw Singapore dropping from second to sixth place. The Republic scored 68 points out of 100, a drop of four points from the previous survey conducted in 2013.

The decline was the largest recorded among the 16 Asia-Pacific markets surveyed in the study, said MasterCard yesterday. Taiwan came in first with 73 points, followed by New Zealand at 71 and Hong Kong, 70.

Countries which saw a drop in their scores were New Zealand, by three points, while Australia and Japan

each fell by two points.

The survey, conducted between July and August last year, involved over 8,000 respondents, aged 18 to 64, in 16 economies in the region.

A total of 500 respondents took part in the Singapore survey.

According to MasterCard, the decline in financial literacy among consumers in Singapore was largely due to a lack of understanding in basic money management — a component in the survey which examines respondents' skills when it comes to budgeting, savings and responsibility of credit usage.

Respondents here scored particularly low in the areas of managing unsecured loans and saving for big purchases. This component, which has the heaviest weightage of 50 per cent in the entire survey, saw a drop of about six points from the 2013 survey.

The remaining components include financial planning, which assesses respondents' knowledge about financial products, and investment, which evaluates their basic understanding of investment risks, among other things.

Responding to the findings, MasterCard Singapore group head and general manager Deborah Heng said one



way to improve financial literacy is to start financial education from young. "A practical understanding of how to manage money, including saving and borrowing, should be provided by parents and taught at school," she said.

The goal is to eventually develop financial know-how so that people can effectively manage money matters, such as household cash-flows and loans, Ms Heng added.

To help students become more financially savvy, MasterCard has been working with Junior Achievement, an organisation which teaches students about workforce readiness, entrepreneurship and financial literacy through hands-on programmes, for more than three years now.

Credit counsellors TODAY spoke to, however, felt that there is a limit to how much education can help improve the situation since there are other factors influencing one's financial management. "Just because you have the knowledge, it doesn't mean you won't

**MasterCard says the decline was largely due to a lack of understanding in basic money management, and respondents here scored particularly low in the areas of managing unsecured loans and saving for big purchases.**

PHOTO: BLOOMBERG

get into trouble," said Credit Counselling Singapore (CCS) general manager Tan Huey Min.

For example, there are people who are prepared to take loans in pursuit of their material wants, such as branded bags or gadgets. Some of these people only consider the minimum sum they have to pay for their credit card bills at the end of the month, ignoring the total amount they have spent, Ms Tan said.

Counsellor Deborah Queck, from Blessed Grace Social Services, noted that people with loan problems are usually those who fail to give enough thought on repaying the borrowed sum, since they are more concerned with getting the money first.

And with credit cards offering them easy and fast plastic money, these people do not understand the gravity of the issue until they are unable to repay even the minimum sum owed, said Ms Queck, who has been helping those with money issues for the past seven years.

## Free bus, train rides on National Day

**SINGAPORE** – Commuters can look forward to free bus and train rides all day long come National Day on Aug 9.

The free travel is aimed at encouraging everyone to attend the various celebrations around the island to mark Singapore's 50th year of independence, SBS Transit (SBST) and SMRT said in a joint statement yesterday.

On that day, commuters will not have to tap in or out with their fare cards when they board buses. Fare gantries at all MRT stations will also be left open. Free travel will start from the first bus or train service until the end of operation, the two public transport operators said.

The free services include both the operators' trunk and feeder bus ser-

vices, as well as SMRT's Night Rider service and all SBST's non-basic services, such as Parks, Chinatown Direct and Night Owl bus services.

Transport Minister Lui Tuck Yew described the offer of free travel as "a very meaningful gesture by the two operators to commemorate our 50th year of independence". In a Facebook post yesterday, he said: "I am happy to hear that SBST and SMRT will be providing free travel on their trains and buses on National Day. This will be wonderful for Singaporeans who are participating in various National Day activities that day."

Mr Lui said he anticipates that more Singaporeans will be using public transport to get around during the long Jubilee Weekend "as it will allow them to get to the different venues without having to worry about car parking or congestion". The Land Transport Authority will work with SBST and SMRT to make adjustments to cater for increased travel demand, he added.

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