

PRESS RELEASE

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Financial literacy to become part of new curriculum: Shafqat Mahmood

ISLAMABAD, May 2: The federal education minister, Shafqat Mahmood, has said that equipping the younger generation with financial literacy is imperative. It is also highly important to inculcate financial discipline, culture of savings and the benefits of investment in them. He was speaking at the launch of the SECP book entitled “Savings and Capital Market”.

He appreciated the SECP’s efforts to promote financial literacy and awareness about investments. In order to improve the educational standards, the government is preparing a new curriculum, he said. The subject of financial literacy will be made part of the new curriculum.

Farrukh Sabzwari, the SECP Chairman, Marius Vismantas, a senior representative of the World Bank, and Khalida Habib, head of the SECP’s investor education department, also spoke on the occasion. The book covers subjects such as capital market of Pakistan, PSX, PMEX, NBFC sector, mutual funds, VPS, REITS, Islamic finance products and subjects of personal financial planning. The SECP published this book in collaboration with the World Bank.

The minister advised the public not to invest in unregulated sectors. Instead, they should invest in regulated sectors such as stock market, mutual funds and insurance. In this way, their capital will be safe and that it would be transferred to their heirs in a transparent and easy manner.

He acknowledged the fact that awareness about investment in the capital market is limited. “We have to intensify our efforts to promote financial literacy and awareness” he added.

The SECP Chairman, Farrukh Sabzwari, said that investor protection is the SECP’s top priority and we believe that a safe investor is the one who is financially literate and aware. He disclosed that the SECP is working on a new broker model that is presently in public consultation stage. The whole objective of the new model is to protect client custody and make the investment management process a lot more secure and transparent. “I believe that it should be SECP’s top priority to make people aware and financially literate as this helps in achieving our main objective of maintaining discipline in the markets”. He said that investor education is also important because people are shy of investing. “As of today, there are only 250,000 investors in the stock market. Some 30 years back, the figure was 90,000. Among other reasons, the lack of a vibrant investor education program is key to our failure in unleashing our true potential”.

He added that there is an urgent need to educate our people about fraudulent sales agents. People should be fully aware of their rights and responsibilities as investors – and they should be aware of fraudulent practices like mis-selling, so that no one can deprive them of their hard-earned money by offering lucrative unrealistic profits.

The World Bank's lead specialist, Finance and Markets, Mr. Marius Vismantas said that the World Bank has been collaborating with the SECP over a number of initiatives for the development of the capital markets and the launch of this book is just one chapter of a long term mutual cooperation. He acknowledged that the sooner we educate our youth about financial matters, savings, investments, the better, he added.

Earlier, the SECP's Investor Education department head and Executive Director, Khalida Habib said that regulators around the world have recognized investor education is a way of providing investor protection and believe that the educated investors strengthen the regulators' watchdog role.

She briefed participants on the SECP's dedicated investor education program "Jamapunji" that covers the entire non-bank financial sector.

The Managing Director, Pakistan Stock Exchange (PSX), Richard Morin, Chairman, Central Depository Company (CDC), Moin M. Fudda, Member, SECP's Shariah Advisory Board, Dr Tahir Mansoori, Program Director, Higher Education Commission (HEC) - National Business Education Accreditation Council (NBAEC), Ahtesham Raja and other senior officials also attended the event.