

Minister

Over the past two years my Ministry signed a number of important strategic partnerships on financial capability with important stakeholders – including the Central Bank of Malta, the University of Malta, BOV, MSV Life, the General Workers Union and the eSkills Malta Foundation. We have and are with each of these stakeholders carrying out important collaborative financial capability projects.

Today I am pleased to announce the signing of a new Memorandum of Agreement, which will be managed by ĠEMMA, with the Chamber of SMEs.

Self employed persons and owners of SMEs constitute the backbone of our economy. Be that as it may, self employed persons are also one of the vulnerable groups with regard to financial capability knowledge and awareness.

As self employed persons flit between business and personal finances the impact of limited financial capability knowledge and awareness can have pervasive negative impacts on immediate as well as their long term money and financial needs.

From observations made by the Department of Social Security we recognise that when it comes to the social security contributory pension there is a high incidence of self employed persons who make short term decisions at the detriment of their future well-being. Many a self employed person considers the social security contribution as a 'tax' and hence seeks to pay at the lower end of the contribution little knowing that this means that on retirement the social security contributory pension that they will receive will unlikely meet the quality of life they wish to award themselves on retirement.

This MoU establishes that ĠEMMA and the Chamber of SMEs will put together a coaching programme directed to provide knowledge and information to self employed persons with regard to:

- Distinguishing between personal and business finances
- Budgeting and monitoring expenses
- Interacting with banks on financing and investment
- Handling tax and social security administration
- Household money management and planning for the future.

I am pleased to note that ĠEMMA and the Chamber for SMEs have initiated work on the preparation of the financial capability knowledge content which will be applied during the coaching sessions – with the objective to hold the first pilot coaching session during Q3 of this year.

I thank the Chamber for SMEs in joining my Ministry with regard to the dissemination of financial capability knowledge. It is recognised by both the EU and the OECD that an absence of financial capability knowledge directly results in an increase in poverty.

A survey in 2014 showed that half of the EU population insufficiently understood basic financial capability concepts and in September 2020 through the Capital Markets Union Action Plan the Commission recommended a number of measures of increasing financial capability literacy – including the development of a financial competence framework and learning measures supporting the financial education of consumers.

Malta embarked strategically and in structured manner to improve financial capability in 2017. Today's MoU is another foundation stone in achieving this goal – in this instance working with a specific sectoral vulnerable group to strengthen their financial capability understanding.

I thank the Chamber for SMEs for partnering with my Ministry on this important initiative.