

Monetary Behaviour

What does your self-esteem, past relationships and upbringing have to do with your financial status. Everything, as the 4E Journal found out.

Ever heard the one about the financial planner who became a financial counselor psychologist? No? Well, you will, as soon as Carol Yip completes her master's degree in counselling. But let us start at the beginning.

Yip, author of *Smart Money-User*, is one of those people to whom there is more than meets the eye. At first glance, you would be forgiven for thinking she is a manager of a conglomerate. It is the poise and presence. When she opens her mouth, however, you would assume she is a top salesperson instead. It is the confidence, eloquence and persona. Then you discover she is a financial coach. And that is when her story really begins.

An accounting major, Yip started her career at PriceWaterhouseCooper in Singapore. Next in line, was Arthur Andersen in Kuala Lumpur. Then she set her sights higher and snagged an MBA from England's University of Hull. That piece of paper could have opened doors others could only dream of, but by that time, she was facing a startling and uncomfortable revelation. She had discovered that despite her academic achievements, she was stumbling with her own financial management.

Yip was an only child and like most single children, her parents made sure she was adequately provided for. Though she never thought money grew on trees, she never thought it would leave her hands like a rushing stream either. Her debut into the corporate world revealed that her money habits and experiences during adolescence had followed her to adulthood with negative consequences.

"That's when I decided to teach people how to manage their

finances," she said. "Not so they could tackle complicated issues like investments, but so they would understand the fundamentals behind the principle of saving and spending."

And so, AbacusForMoney was born. Its purpose may be serious, but its name has an interesting origin. 'Y' for Yip meant that she was always at the tail end of her class registrar. Determined that her business would be on the top end, she searched for a catchy name beginning with 'A.'

"Then my friend suggested Abacus and it was perfect," she laughed. "I added the words 'ForMoney' after it, to make the business nature clear. Our mission is strong and simple – to teach people how their psychological behaviour impacts their monetary habits, and to empower them to use their money wisely."

"Money is a medium of exchange," she told the *4E Journal*. "Everyone uses it to obtain products and services, but very few know how to use it wisely to fulfill their needs and wants. Whether you realise it or not, all of us exchange money for an emotion. Some people spend money on food purely for survival, while others splurge on food for comfort. In other words, money *can* buy love and happiness. The question is, why are we placing a monetary value on love and happiness? Where did we learn that? I'd say from our early experiences with money, combined with our personality quirks."

She explained how a person with low self-esteem is more likely to be tight-fisted because he or she would have attached their security to the amount

of money they have. A child with frugal parents, on the other hand, will grow up to be extravagant or feel guilty about enjoying his or her income. And a person who has had a bad experience in a serious relationship is likely to have issues with financial commitment.

In other words, our lifestyle revolves around our spending habits and behaviour, which in turn is influenced by our childhood financial experience and our psychological



Yip: All of us exchange money for an emotion

influences within the society, religion, culture, community and ethnic background. Yip cannot stress the importance of a child's financial education enough, but said that are still parents who either shrug off that responsibility or postpone it until 'the child is old enough' to understand. Unfortunately, that might be too late.

Children are growing up much faster than they used to, physically, mentally and emotionally. Unfortunately, society is growing up even faster. With the speed of developments in science and technology, Yip predicted that today's children are going to find it difficult to survive tomorrow unless they are intelligent or creative enough to stand out in the workforce. Which is why she sees an urgent need to teach them how to safeguard their money now.

"Money is a basic need and survival structure, yet it is often overlooked at home and in school," Yip lamented. "So many children study music, art and dance to use as a source of future income, they have no idea what to do with that income when it finally arrives. Our universities and colleges offer workshops on leadership, grooming and interview skills, but none on money management. What's the point of giving people moneymaking skills, without teaching how to handle that money?"

Due to the severe lack of financial education resources, today's teenager is forced to build his or her financial knowledge from various sources and personal experience. Most of the time, however, these sources do not include their parents. And this is what worries her.

"Instilling money values are important," she stated firmly. "And these values go beyond just saving. Children must learn that money should only be earned through honest means, that it should also be used to help others, that it should never be used to manipulate or as a crutch or a weapon, and that it should never be used to measure one's worth."

According to Yip, it is the Generation-Y (born between 1980 to 2000), the current generation that will struggle most with the concept of money management. This generation includes teenagers aged 6 and to 26. Their parents are the Generation-X'ers (born between 1965 to 1980), who are too busy scraping together enough funds for better lifestyle and their education to spend quality time with them. These are the children who receive love in the form of money or material possessions and who are promised holidays, if they get straight A's. Most of them have no clue about financial management and are likely to continue leaning on their parents for financial support well into adulthood. Fortunately, many of these parents have caught on to this alarming phenomenon and are setting things straight by enrolling their children in Yip's young adults' workshop.

There, they learn to take ownership for their financial status.

Yip categorically tells them that there is no scapegoat for their financial mess. She emphasizes that it is always their own action that counts, and that if they know that their financial status leaves much to be desired, it is never too late to do something about it. She also replaces the mythical 'money is about trial and error' belief with the more the mistakes, the higher the loss.

"One of my biggest success stories was a 15-year old-boy," she recalled with a smile. "I had asked the group to make a six-month financial goal and he said he wanted to save RM1,000. Six months later, his mother called me to report that he had achieved it. All these children need is guidance and motivation."

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That is exactly what Yip provides, which is why she is adamant to be known as a financial coach, instead of a financial planner. To her, a plan can only exist after the client decides to change his or her ways and take action. Then the client builds his or her own plan, with Yip's guidance. She likens it to an athlete's training schedule, where the coach only outlines the plan and the athlete runs the actual race.

She is currently pursuing a postgraduate degree in counselling, specialising in financial counselling and psychology. Her mission is to combine her academic background in finance and her passion for psychology, to promote smart money spending, saving and investments to her

clients. Besides running workshops, she has also written her first book, entitled *Smart Money-User*. The book is aimed at bolstering good money habits in young adults.

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Carol Yip knows exactly where she wants to go and is already in the process of getting there. Five years from now, she wants AbacusForMoney to be a personal financial education institute, where people come to learn about personal money and financial topics in a non-threatening and non-competitive environment.

A place they know they can trust with their financial troubles and where they can learn enough about financial products in the marketplace before spending or investing their money. Her personal philosophy is just as powerful as her business philosophy.

"I have made it my personal mission in life to promote good financial and economic sense to others. I want to be happy and to generate good energy for people around me. Money will revolve around that philosophy." JE