Financial Five a Day podcast

Episode 6 – Pushpa Wood

George Callaghan, Pushpa Wood and Martin Higginson:

GEORGE CALLAGHAN: Hello and welcome to the Financial Five a Day podcast with me, George Callahan, professor of economics and personal finance at the Open University and--

MARTIN HIGGINSON: Martin Higginson also at the Open University, a senior lecturer in economics and personal finance.

GEORGE CALLAGHAN: In this podcast series, we'll be using the concept of Financial Five a Day to invite all of us to think more purposefully about improving our financial nutrition in much the same way that the fruit and veg Five a Day campaign shifted habits on healthy eating. We invite you to listen and to learn about the money stories of our guests and be inspired by their tips and guidance.

MARTIN HIGGINSON: We would especially like it if these stories encourage you to reflect on your own money habits and perhaps make some changes yourself, helping you to become more conscious and purposeful around money, although we must note that we are not offering regulated financial advice.

GEORGE CALLAGHAN: Today's guest is Pushpa Wood. Pushpa is director of the Financial Education and Research Center at Massey University, New Zealand, and has a long history working in adult and financial literacy advocacy. Pushpa, might you tell us about your own money story?

PUSHPA WOOD: Oh, my money story, fun and games. I was brought up in India and was brought up in a family where dad was the only earner. And we were five siblings, so one income and five siblings. We all had very high dreams of going for higher education, and that one salary and poor mom had to budget it all the time, how to actually make things happen.

But the complication came, I think I was about 14 or 15. And my dad got quite sick to the extent that for the next 10 years, he was in and out of the hospital quite a lot. So mom had to more or less manage the household on a six-month salary for a year because once his annual leave ran out and sick leave ran out then it was leave without pay.

So I grew up watching my mother's jewelry gradually disappearing piece by piece. And that was her way of-- because she's very, very proud woman, so it was her way of using her jewelry to fund the family needs. So I have been brought up very conscious of the fact that what you have is you really need to spend it as wisely as you can.

There's one teaching always has stayed with me from my Nana, dear old Nana, who always said, "If you got only one piece of bread on your plate, just make sure you keep half for tomorrow unless you are 110% sure that there will be another one tomorrow." And that has stood me in a very, very good stand to date.

So even now people laugh at me. I still deal with cash most of the time. And I'm forever challenging our retailers who say no, we don't accept cash now, it's all automatic. And I say yes, but it is a legal tender. You can't refuse to take my cash. And I use that as a strategy, too, for people that I work with, especially young people who are not disciplined in their money management.

I usually say to them, deal with it, work with it for six weeks. Just cash. No credit card, no EFTPOS just cash, and learn the value of money. And it's a very, very good way of doing is that, you know, working. And so I am conscious of the fact how much is in my bank. I'm conscious of the fact of what I want to spend today.

And I usually give myself pocket money every Monday and that's my set amount. And at the end of the week, I'll tap out my wallet. Whatever is leftover goes into my savings account and I start with the same amount again on Monday. So it's a discipline that it's the same amount every week. The saving that has been made is taken out for saving.

MARTIN HIGGINSON: That's really interesting. And it's very clear that your formative, your early years has shaped what you've learned about money growing up, which is a common story, isn't it? but that's a really powerful story. You've talked about some of the challenges you faced yourself around money, but also what do you think are the challenges most people face around money?

PUSHPA WOOD: I think especially in New Zealand context, I'll talk about New Zealand context first and then I'll talk about some of the typical cultural contexts we have in New Zealand. So here people are still reluctant to talk about money. Even in the family late alone socially, they're very reluctant to talk about, for example, their salary.

So at the moment, we are having a movement of the kind of transparency on people's pay and we're having quite interesting issues on that. So people are not very comfortable about talking if they are in financial difficulty. As we say till the water goes above their head that's when they actually go and seek formal help because they have to, but it's not still by choice.

And I would really like to see that as soon as you see the first sign of difficulty you seek help rather than waiting till it becomes that. But also I find one of the biggest challenge is because for younger generations, especially Martin your children's generation, they are growing up without visibility of money.

So they don't really know-- we have now a generation who doesn't know what a $50 note looks like, let alone what $100 note looks like. So it's a challenge. As the money has become more and more invisible, it has become difficult for parents to actually then teach about money.

The other thing I was thinking the other day and I'm thinking about putting a little article on that is we have complicated money more than it needs to be. For me, teaching people about money is a very, very simple concept in one way and it can be as complicated as you make. Simple concept is delayed gratification.

And if you can actually teach children the concept of delayed gratification or for that matter even teenagers, delayed gratification, I think half the battle is won because then you start to talk about the practicalities of it. But as a concept, we're still not talking about it. So on one hand, we're teaching children in schools, but the parents are none the wiser.

So it doesn't get reconfirmed at home, whereas my theory is you need to start at home first. School can reconfirm and add to it but school should not be the starting point of teaching children about money. That has to come from home.

GEORGE CALLAGHAN: And Pushpa, you spoke very passionately about the discomfort in New Zealand around money conversations. I think that's a discomfort that's shared in Scotland where I'm based and also in England for Martin. What difficulty to take that thoughts on those working in financial education, this kind of discomfort, even talk about it, the emotional aspect of money?

PUSHPA WOOD: Yeah. I think that's where the people who are working with these people need to develop some strategies. When I train the facilitators I do a lot of training. So I take great delight in training people who I'm working with. So whether they are financial mentors, whether they are budget advisors and that. And the skill set I usually say to them, guys, you need to have three key things if you really want to be successful in working with money.

Number one, you need to have a fantastic sense of humor and most of it should be at your cost. Because money is a very sensitive touchy issue, if you make it heavier you put people at discomfort. Make it fun and sense of humor.

Second thing is you need to be a really good storyteller. As many stories as you can create on your feet, that is a key thing. So any question coming in you have a story to actually reconfirm or demonstrate what the issues they are raising.

And the third thing is you need to be honest. If you don't know the answer you say you don't know, you will find out and you will get back to them. Don't bluff your way out of it. People sitting in front of you are not stupid. Even a five-year-old is not stupid. They know when you're really fobbing them off. So it's having that relationship.

So just to give you an example. If somebody comes to me and says, oh, I'm not good with money, Pushpa, there's no point. You just tell me what I need to do and I'll do it. And I said, "Oh, OK, why do you say you're no good with money? Who says you're no good with money?"

So try to get to the bottom of where is this thinking coming from. And if we know where is this thinking or self-belief coming from then you can start to unpick the areas. And then bottom line is usually because everybody has been saying to me you're no good with money, so I'm no good with money.

MARTIN HIGGINSON: Very interesting. And certainly, I'm just thinking I might fly you over to talk to my two five-year-olds actually about delayed gratification.

[LAUGHTER]

I mean, we all often look back and think how we might do things differently. And I'm just wondering what might you say to your younger self now if you could around money? Is there anything different that you would like to say?

PUSHPA WOOD: I guess I might say to myself I shouldn't be that serious about saving money.

I should have been a bit more enjoying myself at that time. But other than that, no. I think my learnings from elders around me because I was brought up as a typical community child. My father worked in the railway, so we lived in the railway colony. So everybody knew everybody.

So I was brought up as a typical communal child, so everybody taught me. And I'm sure same in places that when you live in a smaller community everybody knows you and everybody feels it's their responsibility to make sure to put you on the right path. So that kind of thing.

And also I think when you don't have enough to spread around you learn to actually maximize what you've got. The issue is when you got a lot, you don't have to learn to actually curtail your wants. So two things have placed more focus on five-year-olds, one is the delayed gratification, and the second thing is for them to understand the difference between a need and a want.

The best definition of a need and a want somebody gave me a few years ago was a seven-year-old child in a classroom. And his definition of need and a want was anything that you cannot live without is a need, everything else is a want and therefore negotiable. And I've never forgotten the seven year old's very easy simple definition of need and want.

By the time it comes in your and my hands we complicate it with a whole lot of other things on top of it. If we keep it simple, I think we'll get far.

MARTIN HIGGINSON: Great. Thank you.

GEORGE CALLAGHAN: Pushpa, if you were to think about daily or weekly money habits that you might recommend to people, what are the first two or three that pop into your mind?

PUSHPA WOOD: I think people who feel they are not good with money, I have worked with all sorts of different groups and different age groups here where I say keep your spending diary.

Now whether you use an app or whether you use a B5 notebook like me-- I still carry a small notebook in my handbag, so I have a habit at the end of the day write down everything that I've spent, whether it was on my credit card, whether it was on my EFTPOS, or whether it was in cash. So I write it all down in my spending diary.

So first is I give myself regular pocket money, second is I keep a record of what I'm spending, and third thing that I do is end of the week, I sit down with a pink and a green highlighters. And I highlight-- the green is what I regard as needs. I needed to spend money on that. And the pink one is for wants I could have done without.

And then I ask myself a question, if I didn't spend this money, the pink one, where else could I have put this money? What better use could I have made for that? And the other thing I think-- especially young people, and again, I run workshops with them and test them out on that, do you have a habit?

And whether it is buying morning tea every day or buying coffee every day or cigarettes or drink, whatever, do you have any habit which you spend money on regularly? And do you know how much you are spending regularly on each of your habits on a daily basis, weekly basis, monthly basis? If we can actually start to take them through that process they themselves will start to realize how much money is going actually on some of the things that they could have done without.

And then the option is what could you have used that money for something else? What else could you have used if you had access to this money? So I'm a great believer in letting people realize themselves and making the decision themselves then telling them what to do or what's best for them.

MARTIN HIGGINSON: Very useful tips there. So is there anything else you think you might want to say around money that you haven't already said? I mean, you've covered so much, that may not be, but is there anything else you'd like to add?

PUSHPA WOOD: I think the last thing I just want to say is money is one of the most natural and necessary part of your life. It's something that you do not need to be scared of. You just need to learn to use it as a tool for your advantage. It is a tool, it's not the all, and just use it as a tool to the best of its ability.

MARTIN HIGGINSON: Yes. That's nicely summed up. Nicely summed up.

GEORGE CALLAGHAN: But just to round things off, what have you changed your mind about in relation to money?

PUSHPA WOOD: I think one thing I've changed I unashamedly say I'm a great saver. You can't beat me in saving, but I'm a hopeless investor because I'm really risk-averse. And I guess that has come from my upbringing. When you have minimum with you, you want to actually hold on to it to make sure it is there with you. So I'm not a risk taker. So I had to change my mind about how I can use some of my savings into investment and grow my wealth.

GEORGE CALLAGHAN: Pushpa, thank you very much.

MARTIN HIGGINSON: Thank you so much.

GEORGE CALLAGHAN: Well, Martin, another absolutely fascinating guest. I mean, the highlights for me was the incredibly deep roots of our attitude to money, what some people call the money blueprint. Pushpa put us right back to her childhood in India. Her father getting ill and how that rocked the family but it instilled in her the crucial importance of saving.

And actually when she's a more mature lady she still got that. And she's even looking back at her life thinking, that's in a sense cost me the value of thinking about investing. What struck you?

MARTIN HIGGINSON: Well, that kind of legacy of the past how that shapes her current behavior. And she told that story, didn't she? of the analogy of a piece of bread and make sure you keep half of it. I thought that was a really lovely kind of image, a very powerful image. And the fact that she still uses cash, I mean, we often forget, don't we?

And she was saying about how young people in particular just don't see cash. And so she was really talking about how she gives herself pocket money, how she's really strict with that pocket money. She categorizes the difference between needs and wants.

And that I thought came through really strongly how you've got this person who obviously has a very sophisticated understanding of money and yet brought it right back to a very simple story of cash savings and how you need to make sure you don't spend more than you earn, that kind of thing. I thought that was really strong.

GEORGE CALLAGHAN: Yes. So discipline came out, very powerful, And this idea of delayed gratification as you can put off the purchase. And then when it came to her old habits, the spending diary was there, the pocket money as you've mentioned, and this needs not wants. And I also like that she brought to the financial education space the importance of a sense of humor and to be a really good storyteller.

And for those of us working in this space, to be honest too about our own vulnerabilities, about perhaps bits of technical knowledge that we actually don't have. And if you look at it, that's so at odds with what a lot of the traditional financial education and the industry is at. They're not at that kind of emotional deep psychological level.

MARTIN HIGGINSON: And stressing the importance of talking. And she talked about communal approach, actually, which is kind of at odds, isn't it? with much of what we see is a kind of individualistic approach. Even within families and households people still act individually. And I thought that contrasts between a more communal-- which is rooted in a cultural approach to our own often individualistic approach. I thought it was really, really interesting, actually.

GEORGE CALLAGHAN: And maybe that's a takeaway invitation for our listeners to talk about money. So today listen to this pod, talk to a family member, talk to a friend about money, and begin to see money as a tool, a positive tool.

MARTIN HIGGINSON: Absolutely. And now I'm going to go and talk to my five-year-olds about delayed gratification.

GEORGE CALLAGHAN: Nice, Martin.