

5 Important Financial Literacy Tips from Remitly’s Saema Somalya

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For Saema Somalya, Remitly’s Executive Vice President of Legal and Risk, spending her childhood summers in Karachi, Pakistan left a lasting impression. It made her deeply aware of financial privilege and set her on a path toward breaking down barriers to trusted financial services for immigrants. Saema sat down with Authority Magazine as part of their Women Leading The Finance Industry series to discuss some of the most important financial literacy tips she’s learned along the way. Read on below to learn more or check out her full profile here.

1. Get acquainted with recurring costs and due dates.

“Credit cards, mortgages, and utility bills all have due dates, financing charges, and penalties. It is important to review them and maintain awareness of them, because they will add up quickly!” Saema says. “Misses on your credit card payments can affect your credit history, which can make it harder to get loans later.”

2. Understand percentages, rates, and how they affect your money.

“Beware of the 0% interest for 12 months plans because, on day 365, if there is any balance the FULL 12 months of accrued interest will “spring forward” onto your

check! I once bought a nice watch on a zero-interest card, missed the final payment by one day, and had a HUGE interest bill!" she says. "It's helpful to know, too, that the CFPB complaints portal is an important tool for regular consumers who are caught in these kinds of arrangements if and when they are unfair."

3. Get your first credit card in college.

"There is a critical window during which banks will offer you credit cards. It's usually in college. If you sign up then, you will continue to get offers forever," Saema says. "But if you don't, it can be hard to qualify for a credit card later. Which in turn will make it hard to build a credit history, which will make it hard to get a mortgage or other personal loan. So pick a credit card in college if you want to buy a house someday!"

4. Don't forget to use your credit card.

"Having no credit history is not as bad for your credit score as having a bad credit history, but it's not good, either. When you want to have your first loan, it is helpful to have a history of charging your credit card and paying it off," she says. "If you simply never incur debt, that actually reduces your score, which can raise your interest rate on a mortgage or make it harder to qualify for a large mortgage. The same is actually true for being a first-time home buyer at too advanced an age — try to buy a home within your means and then ladder up because it's easier to get mortgages that way."

5. Pay yourself first.

"A small contribution to retirement accounts at an early age will generally result in a much higher net yield at retirement than a huge contribution amount later," Saema says. "It's important to start making modest, but consistent, contributions to 401k accounts the minute you have income. That $100 a month you make at 18 is worth way more than $1000 a month at 50!"

Explore the Remitly Blog for more financial literacy tips, navigating money as an immigrant, and more.

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