**Money Works Session 3: Banking**

|  |  |  |
| --- | --- | --- |
| **Outcomes** | **Resources** | **Key** |
| * **How banks work & Interest** * **Savings & current accounts** * **Forms of payment** * **Understanding contracts & tenancies** | * Accreditation workbooks * Banker, saver, borrower laminates * Tenancy contract laminates * Money Works Exam handout | * Workbook pages * Laminates/cards * Digital * Worksheet |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Section** | **Method** | **Hints & Tips** | **Materials** | **Time** |
| **Introduction** | | | | |
| **Introduction**  Welcome the YP, hand back the workbooks and allow time to make any corrections if needed from last session.  Could start with a quick warm up game/recap of rules agreement if one was made.  Recap topics covered last session, explain today’s focus will be banking and show YP the key outcomes. | Trainer led introduction and workbooks | Circulate and talk with learners who have little to no corrections to make | PowerPoint | 10 mins |
| **How Banks Work + Interest** | | | | |
| **Why save in a bank?**  Ask YP why people may choose to save their money in a bank rather than at home? Pick out interest if mentioned by the YP, introduce it yourself if not. Briefly explain the concept of interest (or have YP explain it if they can).  Ask why a bank would give you free money? Not because they are your friends/for your best interests- because they need your money.  . | Video and trainer led discussion |  |  |  |
| **Interest**  Ask for volunteers to come up to take part in the Banker, Saver Borrower activity. Ask the Saver what they are saving for and give them the one of the large laminated coins to give to the Banker to save (it can be useful to make the amount £100 or £1000 to make the % maths easier for the YP later). Now the Banker has their money, tell them they will check back in on it in a year.  Tell the Borrower they will be borrowing whatever amount you have said the Saver is saving. Ask them what they are borrowing for (make sure it makes sense for the amount of money they are borrowing- particularly if they say it is for a house, in which case discuss mortgages and how they are different borrowing).  Before you give them the money, ask the group is there anything the banker should be asking? Prompt for questions like credit score, job etc. Once all clarified, ask YP whose money will the Borrower get? The Saver’s! Ask the saver how they feel about that. Have the Banker hand over the laminate coin.  Explain they will need to pay that money back in a year, so lets fast forward. One year on and who is coming down the street? The Saver! Does the banker have their money? No! So, who do we need? The Borrower.  Give the Borrower the other large coin laminate, explain they have spent the original amount but that they have saved up new money over the year to pay it back. Have them give it to the Banker. Ask if that is all they owe? Someone in the group may say no, they owe interest, if not, you can explain. Say that the Banker asked the Borrower lots of questions, but that the Borrower didn’t ask any questions- an important one being how much interest there will be. Ask how much they would owe if the interest was 100%? Explain that interest can be higher than 100% when borrowing, so it is really important to check. Luckily a bank would not be charging this kind of interest. Tell them their interest charge (5% can make the maths easier for YP) and have them hand over the smaller laminated coins to cover their full debt.  Explain the Borrower has now paid off their debt, just in time as the saver is there for their money! Have the Banker give them the large laminate coin. Ask is this all they get? No, they receive interest, but what’s the catch? It’s lower than the interest when you borrow. Tell them their interest rate (1% can make the maths easier again) and have the Banker hand over one of the smaller laminate coins (leaving one behind in the bank). Explain to the YP that this transaction worked for everyone: the Borrower got what they wanted more quickly, the Saver made a little money, and the Banker made a profit just from moving their money around. Thank the volunteers have them sit down.  Explain that this is how banks work, and why you get interest for saving: they need your money to operate. Say that the profit they made in this transaction may not seem significant, but they are trading with thousands of people every day, and trade in huge sums with companies (and even countries). | Group activity/role play | If you have a shy group or fewer volunteers, the trainer can play the banker, or there is a PowerPoint slide that plays out the role play (you can chose YP to be the characters to chose things to save for etc to make it more personal and memorable without having them stand up)  Write up the figures on whiteboard as you go to see how much profit is made by the Banker and Saver, and how much the borrower must pay on top  If YP are interested in the topic, you can talk about what happens if the Borrower doesn’t pay back? Can then talk about 2008 crash, why it is so important that lenders ask lots of questions and even talk about invention of crypto as a response- can also show ‘when banks go wrong’ video from the PowerPoint linked to this | Banker, Saver, Borrower laminates  and  Optional PowerPoint slide |  |
| **APR vs AER**  Explain that when you save or borrow, it won’t say ‘here is how much you get or how much we will charge’**.** It will say APR or AER. Show YP the slide with the APR AER table and talk it through.  Instruct YP to open their workbooks to the APR vs AER page. Explain they need to fill in the top section of the page, explaining when APR is used and when AER is used. Have them use the table to help them, can write as much additional detail as they like as long as they are signposting which is for borrowing and which is for saving. | Trainer explanation and workbook | Have YP write in their own words as much as possible, but can brainstorm the wording of reward for saving/charge for borrowing for a group that may struggle (e.g. EAL/SEN context) | Workbooks |  |
| **Current vs Savings** | | | | |
| **Current vs Savings**  Explain to young people that now they know AER is what they should be looking for to make money on their money, there are still lots of different options. Ask them if they know the two main different types of account? Savings and current.  Brainstorm the differences between current and savings accounts on the board while talking them all through. Make sure they understand AER is not the only factor to consider, the access can also be a huge factor (LISAs are often useful to illustrate).  Instruct them to now fill in the bottom half of the workbook page with at least 3 differences (but they can do more). | Trainer explanation and workbook | Make sure the YP are writing out differences (e.g. overdraft/no overdraft) not random features that do no match up across both columns  PowerPoint slide that can be used alongside your list if helpful | Workbook  and  Optional PowerPoint slide |  |
|  |
| **Comparing banks**  Ask YP if they have a bank account? Do they know what kind of account? Why do they have the bank account they have? For many YP, the answer is because an adult set it up for them. Explain that they don’t have to stick with what they’ve always done, there can be benefits to switching current accounts and keeping an eye on savings accounts to work out which ones will be best for your circumstances. Emphasise that there is no ‘best’ bank account, everyone’s circumstances will be different so you are not advising what account to get, but showing them what tools to use to help decide.  Tell them lots of banks offer incentives to switch. Go onto Uswitch and look at current account options with them, talking through the features. Can also then show them the other things Uswitch compares (e.g. broadband) and link back to budgeting and household costs showing how they can look for the best deals for them.  Can also show them the comparison tables on MoneySavingExpert website for account switches. Look through the conditions with them, make sure they understand not everyone will qualify and that the understand all conditions before applying (e.g. can’t have banked with them before, minimum income, monthly charges). Can do the same with savings accounts, looking through that some might have high AER but do they have limited access/ cap on how much you can put in monthly that could affect decision. | Trainer explanation and group discussion |  | Uswitch website  and  MoneySavingExpert website |  |
| **Open Banking and apps**  Explain there are lots of traditional banking options, but that banking changes overtime and digital options are also on the rise. Explain open banking, show the video on the PowerPoint if helpful.  Talk through digital banking options like Monzo/Starling and further fintech apps, can use examples on slides to support.  Explain that they can take this options into consideration when banking financial product choices. | Trainer led explanation | This can be a good section to talk about ‘round it up’ saving feature available on digital banking apps | PowerPoint |  |
| **Statements**  Ask young people if they ever use their banking apps or check their bank statements? How often?  Show the slide with example of bank statement and talk through all the different features (e.g., standing orders, direct debits, the mistake of multiple food orders) and make sure YP know how to read what is coming in vs what is coming out  Explain it is important to keep checking your bank statements regularly, not just when you get paid, to make sure you recognise all transactions, catch errors early and to help you when budgeting | Trainer led explanation | If trainer has any anecdotes about mistakes they have made by not checking bank statements (paying DD they don’t use, fraud etc) can be helpful to normalise | PowerPoint |  |
| **Ways to Pay** | | | | |
| **How can we pay for things?**  Ask YP what are various ways we can pay for things? Brainstorm a list on the whiteboard together, prompt for more creative responses.  Explain that the way we pay for things has developed significantly throughout history, and even now things are changing. | Group/pairs activity |  | PowerPoint |  |
| **History of payments**  Start discussion by asking what the earliest form of payment was, (cash) and ask what we did before cash (barter/trade).  Then introduce Ways to Pay laminates in random order. Make sure YP understand each form, then instruct them to order them as a group in order of introduction.  Once they have finished, put in correct order (using answer sheet to help you, or PowerPoint slide with order).  Then introduce description and places-to-use cards and ask YP to match them up. Check answers together and change any if needed. Leave laminates out. | Group activity |  | Ways to Pay laminates  and  Optional PowerPoint slide |  |
| **Ways to Pay**  Instruct YP to turn to Ways to Pay page in their workbooks. Explain they need 4 different ways to pay in their workbooks. Make sure they understand the 3 different sections of the activity so they are writing the write information in the right place before they start (you can model one if helpful). They can use the laminates to help. | Workbook | Encourage YP to use their own words where possible, so you may wish to remove the descriptions laminates at this point (leaving only ways to pay and places) unless an EAL/SEN group | Ways to Pay workbook page |  |
| **Understanding Tenancies + contracts** | | | | |
| **Money works exam**  Hand out Money Works exam. Leave YP to complete, see who spots the tricks or if anyone reads through it all first before they start (therefore realising they do not need to complete).  Explain you should read through things in detail before committing to anything- especially anything legally binding! |  |  | Money Works Exam handout |  |
| **Tenancies and contracts** |  |  | PowerPoint |  |
| **Wrap Up** | | | | |
| **Book check**  Take in YPs workbooks and do a quick check through to make sure all activities are completed and in case there are any quick corrections that will be easy for them to make before leaving. Hand back any books for quick corrections. | Trainer led | Live mark throughout the session where you can to make book checks easy as possible for yourself | Workbooks | 13 mins |
| **Goodbyes**  Thank the YP for their time, remind them of date and timings of when you will next see them and dismiss them or handover to the other adult with you to dismiss as is appropriate.  Make sure you have collected in all laminates/cards used in the session and have all workbooks with you before you leave. |  |  |  | 2 mins |
|  | | | Total | 135 mins |