

## Module 1

### Session 2



# Money & Value

### Lesson summary

Continuing this introductory module covering the world of personal finance, this session explores value. Having looked at income, the next step is to explore the different ways we can manage our money including keeping value for money in mind as a consumer.



### Learning Objectives

To be able to talk about the importance of a current account.

To be able to identify features of a debit card.

To be able to understand the different ways we can find "Value for money".

### Lesson preparation

1. HSBC UK PowerPoint slides to facilitate lesson: Module 1 Unit 2 Money and Value
2. HSBC UK Worksheet M1W2 used to complete activity
3. HSBC UK Stretch Challenge M1SC2 to further embed learning as homework or a class project
4. You may wish to use mini whiteboards, maths books or calculators to complete value for money questions. (Slide 7/9)
5. You may need to have internet access to help research banking terms (Slide 3)

### Session Topics

Current Accounts, Banking terminology, Debits cards, Payment Methods, Value for Money, Offer Calculations, Cryptocurrency

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## Slide 2: Current Account – 3 mins



**Ask the group: Quick raise of hands: Who has got a current account?**

**FACT:** According to research by the Money Advice Service, four in ten 16 to 17-year-olds (39%) don't have a current account.



**Ask the group: What is a current account? What do you or a parent/guardian use it for?**

**Explain some of the features of a current account to the group:**

- A current account is a transaction account for your income and outgoings.
- A Debit Card is linked to the current account for day-to-day purchases online, by phone or in stores
- Income/Salary/Benefits can be paid in
- Regular bills can be paid
- You can manage your available balance via a mobile app or online banking
- It can be linked to other banking products like credit cards and savings accounts

Often young people will have their first bank account in the same place as a parent or guardian for ease. However, once we turn 18 there are a wider array of accounts to choose from.



**Ask the group: What do you think it is important to know about a bank / bank account to help you pick the right one in the future?**

- Many banks offer deals (switching rewards) to attract new customers – but do you meet all of the conditions to get the reward?
- **Overdrafts** – are a short term way to borrow money if you do not have enough money in your bank account. But remember an overdraft needs to be pre-agreed and it may incur charges and interest.

## Lesson commentary

- **Interest on balances** – when you keep money in a bank account, it may have an interest rate on the balance, an amount that the bank agrees to add to reward the account holder for saving their money with them.
- **Fees for extras** – using your card abroad, overdrafts, going overdrawn, making large money transfers etc.
- **Debit Card** – Is it contactless? How much can I use in a day? Can I use it everywhere? Can I withdraw cash?
- **Where is my nearest branch** if I want to talk about my account?
- Do I like how the **app/website** work?
- Can I do everything that I need to on the app/by **mobile banking**?
- **Customer service rating** of the bank/building society



**Ask the group: The requirements for opening a bank account are stricter for adults. What documentation do you think you need to provide to get an account opened?**

- **To prove your identity:** Valid passport or driving license – Whilst you are under 18, a birth certificate is also acceptable
- **To prove your address:** Driving license, a bank statement or recent utility bill – whilst you are under 18 most banks will accept a document with your parents/ guardians' details instead

Once you have opened your account, a bank card and PIN will be sent separately with instructions. The PIN can be changed to something that you might find more memorable but avoid this being something that anyone could guess – like your birthday or 1234! Keep your PIN safe and do not share it with anyone.

If you misplace the card or if it gets stolen, you can freeze the card via most banking apps or call the bank to do this by telephone asap.

Signing up for internet banking is important to help keep an eye on your finances, to monitor your spending and protect yourself from fraud. If something looks out of place on your account transactions you can act quickly if you are checking your account regularly.

## Slide 3: Ways to spend – 12 mins

Once we have money in our bank account there are lots of methods available for us to be able to spend or manage those funds.



### Group work: Module 1 Session 2 Worksheet (M1WS2)

Select delivery option depending on availability of internet access:

#### If learners have internet access:

1. Split them into groups to try and research definitions for each of the terms. Quickest team wins.
2. You could split the definitions between the groups so they can research a few each and share with peers.
3. If you only have 2/3 devices with internet access, could it be run as a relay race so that only one person from each group can research at a time.

#### If learners do not have internet access:

1. **Run the session as quiz** – You read the definitions out and have the young people guess which financial term it would match.

### Answers:

**Contactless** – Currently for items under £100 you can pay for things using contactless by tapping your card on a device in-store. They can only be made by registered terminals and payments can be traced to that terminal should there be a problem.

**Direct Debit** – A way to pay your bills, you give permission for the company to take what they need.

**Cheque** – A signed draft that directs your bank to pay a certain amount once presented.

**Mobile/Online Banking** – Website or App that lets you manage your money and spend payments to friends, family and to pay your bills etc.

**CHAPS** – Clearing House Automated Payment System – Your bank will use this service when you need to send a payment of over £25,000. There will be additional charges.

## Lesson commentary

**Debit Card** – Card used to make cash withdrawals and purchases from your account.

**Standing Order** – A repeating payment that you control amount/frequency.

**Payment App** – These apps are able to go above the £100 limit of contactless due to the extra security they add to your transaction. You have to use your phones PIN or biometrics ( finger print/Face ID) to approve the payment.

**ATM** – Short for automatic teller machine. Can use these machines in your bank to withdraw cash and other features like get statements etc.

**Foreign Currency** – You may be able to buy currency (Euros/Dollars etc) for your holidays or open currency accounts if you have a need to keep savings in another currency.

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## Slide 4: Debit Card Deep Dive – 7 mins



**Group work: Ask the young people to pledge how many debit card features they can identify and then give them 5 minutes to brainstorm their answers. Ask for examples and then run through the ones missing from students answers.**

**There are 11 features to find, and you can click to highlight each one in turn.**

### Front of Card

**Chip** – Stores your account information and is what is used in chip & pin payments. Cut through this when destroying your old cards. You will need to complete a chip and pin transaction to activate your card and its contactless features.

**Braille** – A raised dot helps sight-impaired people to know this is a debit card. Two raised dots means it is a credit card.

### Reverse of Card

**Contactless** – This symbol means that you can use the card for payments up to £100.

**Long Card Number** – This is the permanent account number (PAN) and is needed for making a purchase over the phone or online.

- The first six numbers of this make up the bank identification number (BIN)
- The remaining numbers are the individual account identification number

## Lesson commentary

**Bank account number** – Eight numbers that are issued to you when the account is opened, linking the card to your account. These will not change.

**Sort code** – Identifies which bank or building society you belong to and often which branch your account was opened.

**Valid from/Expiry date** – the date the card was issued to you and how long it is valid for.

**Magnetic strip** – Contains details of you and details of your account which can be read by the card reader or your bank's statement machines etc.

**Signature strip** – This is for your signature and may be needed when you need to sign to make a payment so the shop can check that you are the owner of the card/bank account.

**Security code or CVV** – Used to authorize purchases you are making online or over phone. This proves you are the card holder.

**Hologram** – has 3D image on it and helps show that your card is real and not fake.

**Information of who to call if your card is lost or stolen** – put this number into your phone or make a note of it somewhere as you will need to call it if you lose your card to block anyone else from using your account and to order a new one. Only contact your bank on numbers you know are safe and genuine.

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## Slide 5: Ways to pay – 3 mins



Now we know more about current accounts and debits cards, let's have a look at some of the best ways to use these in the real world.

**Group work:** Ask the young people to match the scenarios in grey boxes to the best way to pay in the red discs. Why did they pick those answers?

## Lesson commentary

### 1. Your new card has just arrived and you buy a hot chocolate for £3.50

**Answer:** Chip and pin

It is a new card so it will need to be activated with a normal chip and pin transaction before any other extra features can be used.

### 2. You are doing the weekly shop and you have spent £75

**Answer:** Contactless

The spending is below the £100 limit so contactless can be used.

### 3. New Tv in the sales and you spot one for £250

**Answer:** Payment App

As the cost is above £100, biometric security can be used to approve the higher payment through using a mobile payment app.

### 4. Booking a holiday online and you find one for £900

**Answer:** Long Card Number.

The long card number on a debit or credit card is needed to authorise online purchases. In addition sometimes a code will also be needed to approve the payment which will be sent via text, email or via the mobile banking app. The confirmation code in these messages should only be during the purchase and not disclosed to any individuals especially if you have been contacted out of the blue.

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## Slide 6: What is value – 3 mins



**Ask the group: What is value? What do we mean when we say something is good value for money?**

**Some prompts.**

- What something is worth
- The price of something
- Something that is discounted

## Lesson commentary

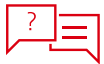
- Something that is worth a lot of money

We are making a judgment call on what we believe the item is worth. We generally think of something as good value if it is discounted or a fraction of the price it was before. But is this true? Are Black Friday deals and special offers really good value?



**Ask the group: What if we bought an item in the sales but then never used it, would it still be good value?**

No, we could have used that money for something else instead that we needed instead of an impulse purchase. If value is how much an item is worth, we need to think about the cash value and if we will have a use for the purchase as well.



**Ask the group:**

- 1. What are some of your favourite football teams?**
- 2. How would you feel if you received a new signed kit for Birthday/Christmas from [football team] worth £200?**
- 3. How would you feel if you ended up with the wrong team's kit? The cash value is still £200, so what would you do?**

We can put the two different teams football shirts next to each other, each could have the same cash value, but we will always have our own preference for what we view as being better value for money.

When we are facing impulse purchases either online or in stores, we need to move away from just looking at the price and make sure to think about the value the item will have in our lives.

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## Slide 7: What is value – 12 mins

Often we see special offers and discounts on things but do these deals offer good value? It can help to calculate the price of each deal to make a comparison. Keep in mind some answers may not give you enough information to make the decision – remembering we need to consider what we can afford and value to us.





**Group work: Ask the young people to pair up and look at each scenario and work out the best deal for them. Continuation of Worksheet M1S2**

- 1. Streaming Service:** 10 months for the price of 12 or 30% off for the first 12 months

**Normal Cost £144**

$\text{£}12 \text{ a month} \times 10 = \text{£}120$ . Therefore  $\text{£}24$  saving.

$30\% \text{ off } \text{£}144 = \text{£}100.80$ . Therefore  $\text{£}43.20$  saving.

- 2. Clothes Shopping**

**Normal Cost £40**

Buy one get one half price:  $\text{£}40 + \text{£}20 = \text{£}60$ .  $\text{£}60$  divided by 2 means each jacket had an average price of  $\text{£}30$ .

**20% off:** One jacket with the sale discount costs  $\text{£}32$ . 20% off would be the cheapest option if you only wanted one jacket. But if you wanted two, then the BOGOHP is best.

- 3. Concert Tickets**

**Normal Cost £150**

**Group Booking for 10 for £1,250:**  $\text{£}1,250$  divided by 10 =  $\text{£}125$  per person.

Therefore Saving  $\text{£}25$  per ticket.

**Group Booking for 5 for £675:**  $\text{£}675$  divided by 5 =  $\text{£}135$  per person. Therefore Saving  $\text{£}15$  per ticket.

**Follow up question:** What other costs would we also need to consider after paying for the concert?

### 4. 7-Night Holiday Half Board (Breakfast and Dinner each day) £750

All Inclusive (Breakfast, Lunch, Dinner, Snacks, Drinks) £950

Self-Catering (Hotel Room Only) £450

**Follow up Question:** Which one is best value? What else do you need to know to make this decision?

**Self-catering is the cheapest option** – but there isn't enough information to work out if this is the best value. We would need to calculate how much it would cost to buy drinks and meals each day – either to cook at home or eating out. Would we be able to save money by going all inclusive? Or would staying half board be the best of affordability and value?

### 5. New phone contract: £1,000

**36 Month contract:**  $36 \times £45 = £1,620$  (Costs £620 more to spread the cost)

**12 Month contract:**  $12 \times £95 = £1,140$  (Costs £140 more to spread the cost)

What is more important to your finances, the amount you pay each month or the total you pay back in total. There may be times when you need to spread the cost of an item you need to make it more affordable in the long term or pay something quickly to avoid extra cost.

### 6. Gym Membership

**Normal price:**  $£60 \times 12 = £720$

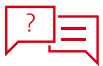
**15% off for 12 months:**  $£720 - £108 (15\%) = £612$ , therefore saving £108

**3 months free:**  $£60 \times 9 = £540$ , therefore saving £180

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## Slide 8: The future of money – 5 mins

Some people believe the Cryptocurrency is the future of money. However, there are still issues that need to be addressed before it can truly replace £GBP Sterling



**Ask the group: What do you understand about cryptocurrency?**

A cryptocurrency is a digital or virtual currency. It is not the same as video game currency where the value is controlled by the parent company.

## Lesson commentary

You would normally buy Cryptocurrency from a reputable exchange. You could be looking to buy the currency when the value is in your favour. Just the same as when you are looking to buy euros or dollars etc for a holiday.

People who support cryptocurrency claim that it can send money faster and with greater privacy than mainstream banks, but it isn't used by many large retailers as the value fluctuates too widely.



### **Ask the group: Who oversees or monitors cryptocurrencies?**

Cryptocurrencies currently exist outside of government control as the money is not issued/printed by any government body. For example, the bank of England gets to decide how much £GBP is printed for use each year.

Instead, Cryptocurrencies are managed using blockchain technology, essentially using an online ledger that tracks every transaction. This means the currency is decentralised across all users with no one with overall control.

However, recently some central banks have begun to consider issuing their own central bank digital currencies (CBDC) to introduce regulation into what could be our digital currency in the future.



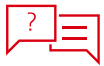
### **Ask the group: From what we have discussed so far, what risk can you foresee using cryptocurrency?**

- **Fraudulent exchanges** – If the people selling crypto are genuine
- **Who handles complaints?** – No central authority means no one to take responsibility and make changes when things go wrong
- **Anonymity** – No ability to track fraudsters if they can be anonymous
- **Value is volatile** – The currency can be worth different amounts each day
- **Not widely accepted** – Not many retailers would accept it to pay for goods
- **No protection** – What happens if the exchange collapses?
- **Is it too high risk to invest?** – Is there a safer way to grow/invest your money?

**Examples of cryptocurrency:** Bitcoin, Ethereum, Dogecoin, Blockchain etc

## Slide 9: Volatility of Cryptocurrency – 10 mins

For investors, one of the biggest risks of cryptocurrency is volatility. Your buying power could change on a day-by-day basis which could leave you in a difficult position financially.



**Ask the group: How safe would you feel if the value of your currency was worth drastically different amounts each day?**

Use the scenario to bring this to life. Read the 3 bullet points to set the scene.

- Your local supermarket has decided to start accepting Cryptocurrency as a form of payment
- You log into a cryptocurrency exchange and decide you want to buy £100 of the cryptocurrency per month to use in your next visit
- In August 2023, the value of cryptocurrencies changed by as much as + or - 8% per day\*



**Group work: Apply the scenario to the table, asking the group to explore the volatility of cryptocurrency and how it might affect them:**

- Each day we are going to add or subtract 8% from the current value of our money to see what buying power we have left by the end of the week.
- You will need to use the end of day 1 figure for day 2
- The balance remains £100 but your buying power will be changing day to day

**Click one** will reveal day 2/3

You could use this as an example to model and then have the groups work out day 4/5 and day 6/7 after.

**You only do your shopping once a week: How much value will your cryptocurrency retain by the time you want to use it? £76.88**

How does this compare to using Sterling/£GBP as our currency?

- Accepted by all retailers
- Value is consistent
- Government can intervene if needed to protect consumers

## Lesson commentary

There is still much to be addressed before cryptocurrency replaces our physical Pounds and pence, but it is something that is only going to get more popular in the decades to come.

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## Slide 10: Stretch Challenge

This can be used as you see fit for a homework, group project or additional lesson during school hours. Stretch Challenge worksheet provided to record answers.

Stretch Sheet M1SC2 ( Homework/extended lesson time)

- Contactless cards, paying by app and the immediacy of next day delivery have made it even easier to spend money.
- It could be argued that easier we make it spend money, the less we think about the value of purchases.



### Group work


- Create a list of questions you could ask yourself to check you are getting good value when faced with an impulsive purchase.
- In the coming weeks, trial these and be ready to share your thoughts in future sessions when we return to the topic of spending.

### Worksheet

#### Part 1

1


**Module 1**  
Session 2 M1W2



How do you spend your money in your current account?

Ways to Spend	Definition
Contactless	
Direct Debit	
Cheque	
Mobile/Online Banking	
CHAPS	
Debit Card	
Standing Order	
Payment App	
ATM	
Foreign Currency	

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 **HSBC UK**

Name: \_\_\_\_\_

Print the required amount of worksheet. Young people to use the Module 1 Session 2 worksheet to record the definitions of Banking terms. Different delivery methods discussed in Lesson Commentary depending on internet access. Answers below.




- **Contactless** – Currently for items under £100 you can pay for things using contactless by tapping your card on a device in-store. They can only be made by registered terminals and payments can be traced to that terminal should there be a problem.
- **Direct Debit** – A way to pay your bills, you give permission for the company to take what they need.
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- **Debit Card** – Card used to make cash withdrawals and purchases from your account.
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## Lesson commentary




- **Payment App** – These apps are able to go above the £100 limit of contactless due to the extra security they add to your transaction. You must use your phones pin or biometrics (fingerprint/Face ID) to approve the payment.
- **ATM** – Short for automatic teller machine. Can use these machines in your bank to withdraw cash and other features like get statements etc.
- **Foreign Currency** – You may be able to buy currency (Euros/Dollars etc.) for your holidays or open currency accounts if you have a need to keep savings in another currency.

## Part 2

Part 2 of Module 1 Session 2 worksheet is to record answers based on value questions. Not all scenarios will have a clear-cut answer as per the lesson commentary.

Value for money	
Scenario	Which offer is the best value for money?
 <b>Streaming Service £12 a month</b> 10 months for the price of 12 30% off for the first 12 months	
 <b>New Jacket £40</b> Buy one get one half price 50% off	
 <b>Concert £150</b> Group of 10 for £1,250 Group of 5 for £675	

Worksheet M1W2

Value for money	
Scenario	Which offer is the best value for money?
 <b>7-night Holiday Half Board £750</b> All Inclusive £950 Self-Catering £450	
 <b>New Phone Contract £1,000</b> 36 Month Contract – £45 12 Month Contract – £95	
 <b>Gym Membership £50 a month</b> 15% off for 12 months Free 3-month trial then normal price	

Worksheet M1W2

### Stretch Challenge

This can be used as you see fit for a homework, group project or additional lesson during school hours to embed and practise the income tax calculations. Module 1 Session 2 stretch challenge worksheet can be used to record answers.

**Module 1**  
Session 2 M1SC2

### Stretch Challenge: Are you getting good value?

Contactless cards, paying by app and the immediacy of next day delivery have made it even easier to spend money. Some argue that the easier we make it to spend money, the less we think about the value of purchases.

In groups, create a list of questions you could ask yourself to check you are getting good value when faced with an impulsive purchase.

In the coming weeks, test these and be ready to share your thoughts in future sessions when we return to the topic of spending.

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Create a list of questions you could ask yourself to check you are getting good value when faced with an impulsive purchase.

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