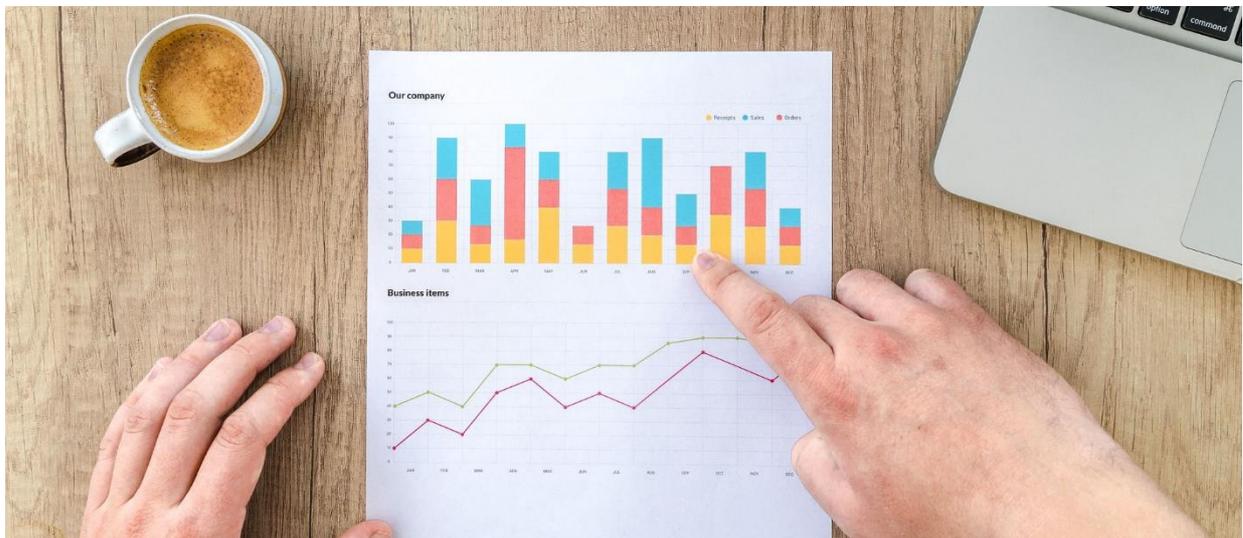


## ***CYCLES***

# ***CHILD AND YOUTH CARETAKERS FINANCIAL LITERACY AND ENTREPRENEURSHIP SKILLS***



### ***IO4 – Guidelines***

#### ***Module 1: Basic Financial Literacy for daily life***

#### ***E-Learning: The meaning of money***

***Done by Gerhard Lechner, Sabrina Rinder***

***27 January 2019***

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## Trainer Guidelines

### 1. MODULE 1: Basic financial literacy for daily life

This module is regarded as the most important part of financial literacy in this project. To some degree this module will be the basis for module 2 and 3. For example, it will be an advantage to know what is a bank account in order to be able to create a personal budget planning, because the bank account gives an overview about income and expenditures.

### 2. LEARNING OBJECTIVES

- knowing the functions of money
- knowing the difference between cash and book money
- knowing how to use a bank account in the daily life
- knowing the advantage of saving in relation to credit
- knowing how to use a credit card
- knowing the different types of credit.

### 3. Topic: Meaning of money

#### MATERIAL USED

##### Web Sites

Reference site: for this topic there are not much web sites which go beyond the content of the training materials.

##### Videos

What is money? [https://www.youtube.com/watch?v=EtF\\_zbI5j7M](https://www.youtube.com/watch?v=EtF_zbI5j7M). This video shows the meaning of money in detail and could be regarded as an advanced approach in understanding the nature of money.  
Econ Vids for Kids: What is Money? <https://www.youtube.com/watch?v=AjTwcQYgISA>. This video could be used for kids.

Zimbabwe and Hyperinflation: Who Wants to Be a Trillionaire? <https://www.youtube.com/watch?v=78-BIZXm7wA>.

##### Books

Mishkin, F. S. 2013. The Economics of money, banking, and financial markets. Tenth Edition. New York: Pearson. We especially reference to: pp. 94-106.

Burton, M., Nesiba, R., Brown, B. 2010. Introduction to financial markets and institutions. London: M.E. Sharpe.

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## QUESTIONS AND ANSWERS

1) Rank the following assets from most liquid (6) to least liquid (1) :

- Checking account deposits
- Houses
- Currency
- Automobile
- Saving deposits
- Common stock

Correct answer: 1) houses, 2) automobile, 3) common stock, 4) saving deposits, 5) checking account deposits, 6) Currency

### 4. Topic: Bank account

#### MATERIAL USED

##### Web Sites

<http://www.investorguide.com/article/11655/types-of-accounts-typically-offered-by-banks-igu/>. This website gives an overview about the different types of bank accounts.

<https://www.wikihow.life/Use-a-Debit-Card>. This link explains how to use a debit card. It also shows what you have to do to complete a transaction with a debit card.

##### Videos

<https://www.youtube.com/watch?v=uGs6CSlkc8Q>. This youtube video refers to the „Basics of Banking“ and it is about the opening of an account. The explanations are very easy.

<https://www.youtube.com/watch?v=MFMaFtu86HE>. This youtube video helps to manage a checking account.

<https://www.youtube.com/watch?v=oADxUX4STjE>. This video gives a good overview of the advantages and disadvantages of online banking.

<https://www.youtube.com/watch?v=fTvzBsg8YjU>. This video shows in detail how a transfer from your bank to another account/bank works.

<https://www.youtube.com/watch?v=lam8uywTEd4>. This video shows how internet banking at Deutsche Bank works. The language is German.

[https://www.youtube.com/watch?v=G\\_bXKqBSwY0](https://www.youtube.com/watch?v=G_bXKqBSwY0). This video shows in a very easy way how an overdraft at a checking account works.

<https://www.youtube.com/watch?v=R5ZhsReqlOM>. This video is again explaining an overdraft and it shows the difference to a loan.

<https://www.youtube.com/watch?v=G3XjiPOG75U>. This is a more detailed explanation of an overdraft.

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### Books

Becker, P., Peppmeier, A. 2015. Bankbetriebslehre (Banking). 10 th edition. Herne: NWB Verlag.

## GROUP EXERCISE 1:

**Process:** Form groups of 2 persons. It is necessary to have a checking account with the possibility to use online banking.

### Debriefing:

1) Each of you should transfer a small amount from your account to the account of your colleague (using online banking). The balance should be zero.

## 5. Topic: Saving Accounts

### MATERIAL USED

#### Web Sites

<https://www.investopedia.com/university/banking/banking7.asp> This website gives an overview about the different types of bank accounts

<https://www.bankenrechner.at/> You can compare different savings accounts here (for Austria).

<https://durchblicker.at/sparzinsen/vergleich/ergebnis#calcid=b1ce3394aa6977867380e3576b3d3c1c505ed5f8> You can compare different savings accounts here (for Germany).

#### Videos

<https://www.youtube.com/watch?v=8edPzh71RIQ>. This video simply explains how a savings account works.

#### Books

Becker, P., Peppmeier, A. 2015. Bankbetriebslehre (Banking). 10 th edition. Herne: NWB Verlag.

Boyce, S.2013. Teen Money Tips. New York: Smart Concept Books.

## 6. Topic: Cashless money

### MATERIAL USED

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### Web Sites

<https://www.thebalance.com/>. This website delivers an excellent overview about the usage of credit cards and debit cards.

<https://www.wikihow.life/Use-a-Credit-Card>. This website shows in detail „How to use a credit card“, „Using credit cards responsibly“ and „exploring optimal credit card features“.

### Videos

<https://www.youtube.com/watch?v=-8D4j5CH8TA>. The video shows how to pay with credit card on websites.

[https://www.youtube.com/watch?v=Eh9kQdw\\_MV4](https://www.youtube.com/watch?v=Eh9kQdw_MV4). The video shows how to use your VISA or your Master Card for making payment.

<https://www.youtube.com/watch?v=oG93IfRBfIQ>. This video shows how Paypal basically works.

<https://www.youtube.com/watch?v=yliWoA35sxl>. The video explains in detail how to pay with Paypal.

### Books

Mishkin, F. S. 2013. The Economics of money, banking, and financial markets. Tenth Edition. New York: Pearson. We especially reference to: pp. 94-106.

## GROUP EXERCISE 1:

**Process:** Form groups of 2-3 persons.

### Tasks:

- 1) It is necessary to have a paypal account. If you do not have any register at paypal.com and open an account.
- 2) Transfer a small amount from your paypal account to the paypal account of your colleagues. Of course, the balance of your transaction should be zero.

## 7. Topic: Borrowing money

### MATERIAL USED

#### Web Sites

- <https://www.debt.org/credit/loans/>
- <http://www.moneysense.gov.sg/understanding-financial-products/credit-and-loans/types-of-loans/overdraft.aspx>
- <http://www.iwk-verlag.de/Demo/BwLex/html/R/Ratentilgung.htm>
- <https://www.scientificpsychic.com/pubs/amortization-doc.html>
- <http://www.iwk-verlag.de/Demo/BwLex/html/A/Annuitaetentilgung.htm>
- <https://www.consumerfinance.gov/owning-a-home/process/compare>

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- [https://www.consumerfinance.gov/owning-a-home/loan-options/#anchor\\_interest-rate\\_361de536a4acf8](https://www.consumerfinance.gov/owning-a-home/loan-options/#anchor_interest-rate_361de536a4acf8)
- <https://madisoncapital.com/about-leasing/loan-vs-lease/>
- <https://www.thebalance.com/pros-and-cons-of-leasing-vs-buying-a-car-527145>
- [http://www.citizensinformation.ie/en/money\\_and\\_tax/personal\\_finance/debt/credit\\_ratings.html](http://www.citizensinformation.ie/en/money_and_tax/personal_finance/debt/credit_ratings.html)
- <https://www.credit.com/credit-scores/what-is-a-good-credit-score/>
- <https://www.creditfaire.com/blog/difference-indirect-direct-lender/>
- <https://www.immobilienscout24.at/ratgeber/finanzierung/hauskauf/wie-viel-haus-kann-ich-mir-leisten/einnahmen-ausgaben-rechnung.html>

### Videos

<https://www.youtube.com/watch?v=IA-mGZCcclc>

### Books

Durkin, T. (2014). Consumer credit and the american economy (Financial Management Association survey and synthesis series).

## 8. MULTIPLE CHOICE QUESTIONS

### List the questions

#### More answers can be correct.

- 1) What are functions of money?
- Store of value
  - Inflation
  - Medium of exchange
  - Deflation
  - Unit of account

Correct Answers: medium of exchange, unit of account, store of value

- 2) What do you think is the most important function of money?
- Store of value
  - Medium of exchange
  - Inflation
  - Deflation
  - Unit of account

Correct answer: medium of exchange

- 3) What belongs to the term money?
- Banknotes
  - Paypal
  - coins
  - debit card
  - credit card

Correct answer: Banknotes, Coins

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4) What belongs to the term assets

- Money
- Currency
- Bonds
- Equities
- Real estate
- Food

Correct answer: bonds, equities, real estate

5) What is book money?

- Bitcoin
- Paypal
- Credit card
- Deposits
- banknotes

Correct answer: paypal, bitcoin, credit card, deposits

6) What are important facts when choosing which banks are you going to use?

- Monthly fees
- Friendly people
- Very well known bank
- Bank has a branch close to where you live
- Bank is offering online banking

Correct Answers: monthly fees, very well known bank (could be right), bank has a branch close to where you live, bank is offering online banking (is more and more important)

7) What is necessary to open a checking account

- You are older than 18
- You have a lot of money
- Proof of your address
- Proof of your identity
- You do not have money

Correct answers: proof of your address, proof of your identity

8) What are advantages of online banking

- You save time
- You save money
- You need a computer
- It is convenient
- It is completely safe

Correct answers: you save time, it is convenient, you save money

9) What is an overdraft

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- Fixed amount of borrowing over a set term with regular repayments
  - You transfer too much money from one account to another
  - Unsecured line of credit to cover short-term cash flow shortfalls
- Correct answer: Unsecured line of credit to cover short-term cash flow shortfalls.

10) What are the benefits of a savings account?

- In some countries you don't have a **risk of insolvency up** to a certain amount
- You get interests.
- You get an insurance.
- If you have a savings account with a fixed interest rate for a certain time, you don't have an **interest-change risk**.

Correct Answers:

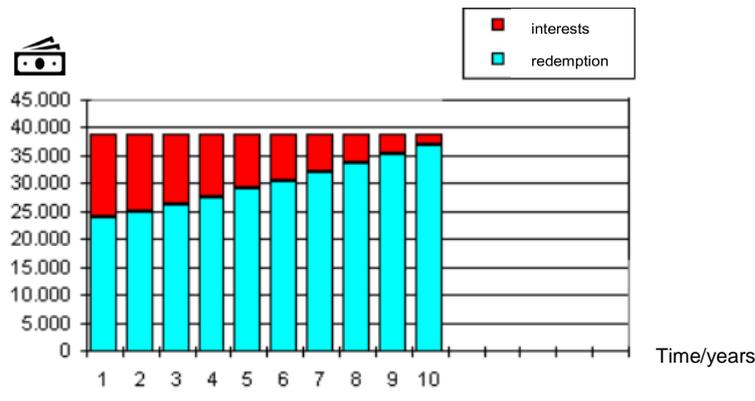
- In some countries you don't have a **risk of insolvency up** to a certain amount
- You get an insurance.
- If you have a savings account with a fixed interest rate for a certain time, you don't have an **interest-change risk**.

11) What should you do when you lost your savings book?

- Contact your insurance
- Contact the police
- Contact your bank
- Contact your family

Correct Answers: Contact the police, Contact your bank

12) Choose the correct answers:



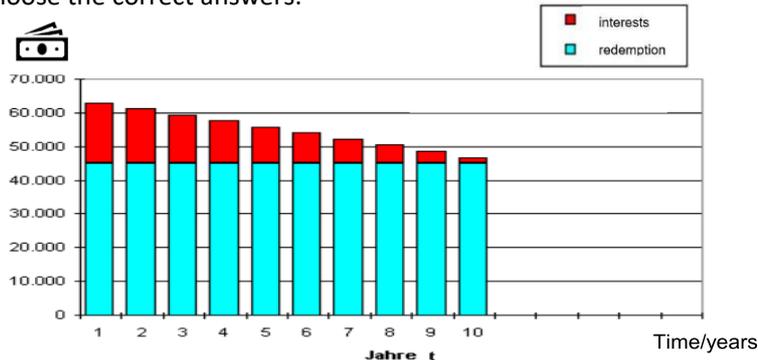
- The overall payment is constant.
- The overall payment is variable.
- This is a bullet repayment.
- The interest payment is falling.
- The interest payment is rising.
- The interest payment is constant.
- The redemption is falling.

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- The redemption is rising.
- The redemption is constant.

Correct Answers: The overall payment is constant, the interest payment is falling, the redemption rate is rising.

13) Choose the correct answers:



- The overall payment is constant.
- The overall payment is not constant.
- The overall payment is rising.
- The overall payment is falling.
- This is a bullet repayment.
- The interest payment is falling.
- The interest payment is rising.
- The interest payment is constant.
- The redemption is falling.
- The redemption is rising.
- The redemption is constant.

Correct answers: The overall payment is not constant, the overall payment is falling, the interest payment is falling, the redemption rate is constant

14) What answers are correct?

- Leasing is always better than a credit.
- A credit is always better than leasing.
- The instalment from credits are usually higher than the instalments from a leasing contract.
- You are the owner of the leasing-object during the leasing contract.
- You are not the owner of the leasing-object during the leasing contract

Correct answers: The instalment from credits are usually higher than the instalments from a leasing contract, You are not the owner of the leasing-object during the leasing contract.