



BANK OF ENGLAND



econoME

decisions matter

# Presentation 3: Why do my decisions matter?



## Worst decision ever?



Brian Acton applied to work for Twitter and Facebook but was rejected. He decided to start up a company - WhatsApp - which he sold four years later...  
...to Facebook...  
...for **\$19 billion!**

## Worst decision ever?



JK Rowling's first novel 'Harry Potter and the Philosopher's Stone' was rejected by 12 different publishers before finally being accepted by Bloomsbury Publishing.

The Harry Potter franchise is one of the highest grossing of all time with eight films, a theme park, video & board games plus merchandise.

JK Rowling is now thought to be worth nearly \$1 billion!

## Worst decision ever?



In 2000, the owner of Netflix tried to sell his company to Blockbuster, which had thousands of video/DVD rental stores at the time.

The Blockbuster boss felt that online streaming of films was a very small market. He turned down the offer.

Today, Netflix is worth billions of pounds.

Blockbuster went bankrupt in 2010.





## Learning objectives – students will learn:

- about the business and economic environment
- how personal financial choices can affect ourselves, others and the economy
- about our responsibilities as consumers
- how to assess and manage risk in relation to financial decisions

## Learning outcomes:

- I can explain the consequences of decision making
- I can describe how my choices might affect the economy



# Think about a decision a young person might make?

Joining  
a club

Making a  
different choice  
to your friends

Buying  
something

Looking  
into careers

Choosing  
school subjects  
or GCSEs



# Choice and consequence

Think of a decision a young person might make?

What might the consequences be?

Might they be positive or negative... or a mixture of both?

For example, they might affect...



...the  
decision-maker



...others



...the  
environment



# How can my financial decisions affect me?

When it comes to money, it's even more important to make the right decision. Good financial choices can make you feel comfortable and secure. Poor financial choices can lead to debt (owing money).

Debt is ok if it's well managed.

**Example:** You take out a car loan from a bank, then pay the money back in **affordable** amounts over several months or years. This means you can buy the car now rather than saving up until you have enough.



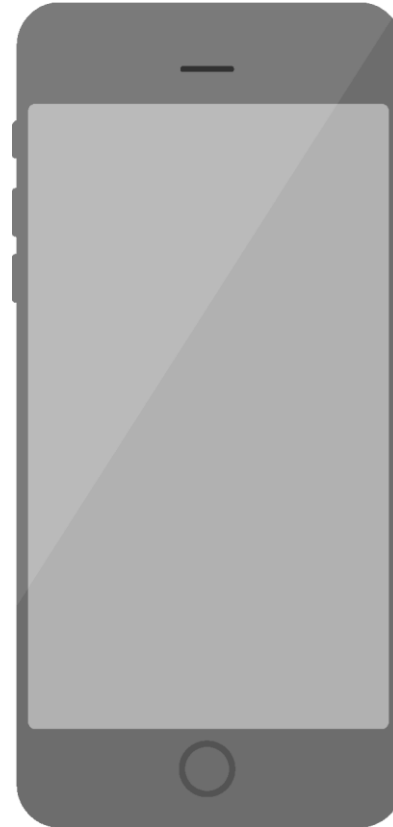




# How can my financial decisions affect me?

Debt is a problem when it becomes **unmanageable**, and you can't afford to pay it back.

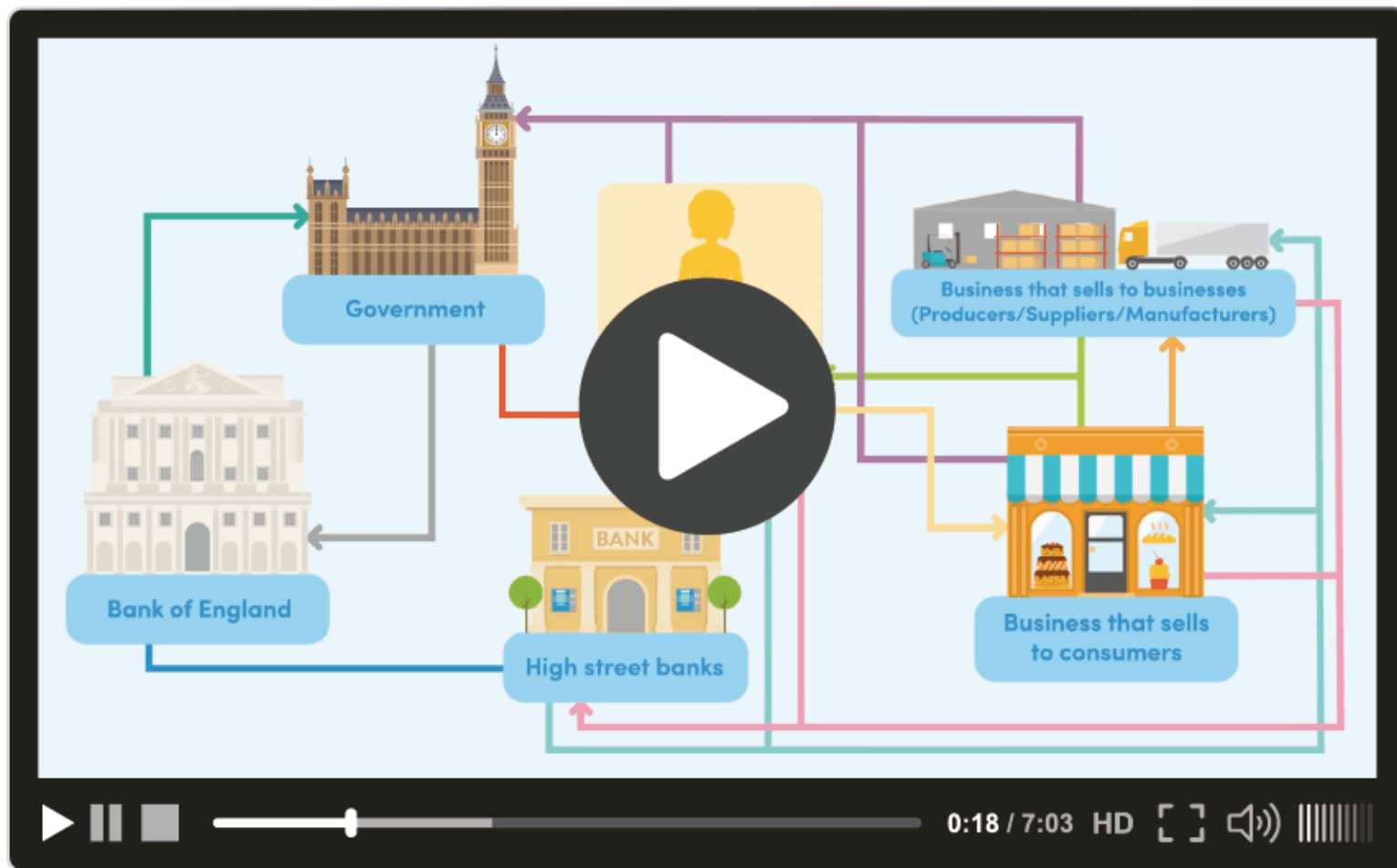
**Example:** You take out a two-year mobile phone contract but then lose your part-time job. You still have to pay the monthly amount until the contract ends. Unpaid debt can lead to a lot of stress!



Any financial decision needs very careful consideration.



# Video: Why do my decisions matter?





The Bank of England must make important decisions which affect the UK, so economists there must carefully consider the consequences of their decisions.



They use forecasts and predictions to identify what will happen in different scenarios, such as using data from the banknotes used at previous Christmases to predict the number of banknotes required the following Christmas.





# How might the purchase affect...

...employees of the business it was bought from?



...businesses that sell their products/services to that business?



...people involved in growing, farming or producing the raw materials?



...people who manufacture the product?



...people who distribute the product?



...employees of rival businesses?



...businesses that depend on them?





prices



Government



consumer



decisions

interest



# The economy

income

Bank of England



jobs

inflation



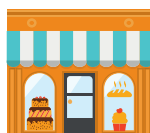
businesses

spend



high street banks

money



borrow





## What do you think?

There are lots of different ways your spending choices influence the economy. Think about the possible impact of buying...

With small businesses  
vs big corporations?

Local/British  
vs overseas?

Face-to-face  
vs online?

Fairtrade  
or not?