



BANK OF ENGLAND



econoME

decisions matter

Presentation 2:

How can I make informed decisions?





Think about a choice a young person might make. How could they go about deciding? What information or advice might they need? Where could they get it?

Joining
a club

Buying
something

Looking
into careers

Making a
different choice
to your friends

Choosing
school subjects
or GCSEs



Learning objectives – students will learn:

- how to ask questions that aid decision-making
- how to analyse information, assessing its reliability
- how to assess and manage risk in relation to financial decisions

Learning outcomes:

- I can explain how to make informed choices
- I can explain how the Bank of England uses different sources of information to help make its decisions



Video: How can I make informed decisions?





Bias

Something is biased when it shows something in an unfairly positive or negative way.

Examples:

- An advertisement might tell you that a new food product is low in fat... but leaves out important information – that it's high in sugar and expensive!
- A celebrity blogger might write a favourable review of a new product... because the company has paid him or her a lot of money to promote the product.
- A newspaper might print more positive articles about a particular football team... because the editor is a fan.



To make its decision to raise or lower Bank Rate, the Bank of England gathers information from a range of different sources.

- Imagine that you work at the Bank of England. You've been asked to find out whether the cost of a weekly supermarket shop is higher or lower than the same time last year.
- Go through the different information sources and think carefully about how reliable, relevant and accurate each is. The information as a whole can help you find your answer to report to your boss.

EIGHT ROWS

Olive oil 1 ltr
£3.60

Avocado medium
£0.95

Butter 250g
£1.55

Washing liquid 2ltr
£7.50

Chicken 1kg

LET'S GO

Breakfast cereal

Kerry Jackson

How can Let's Go charge over a pound for four pints of milk? It's crazy! I'm sure milk was half this price only a few years ago.

The increase in supermarkets, including those previously known for providing a range of budget super markets has sparked a price war among some of the better known high street

We pride ourselves on our prices and good old-fashioned value for money. We're never knowingly undersold and we've worked hard to keep price rises to a minimum over the last five years.

plain berries

Population estimates	Year 1	Year 2
England	54,856,800	55,268,100
Scotland	5,327,700	5,404,700
Wales	3,082,400	3,113,200
Northern Ireland	1,829,900	1,862,100

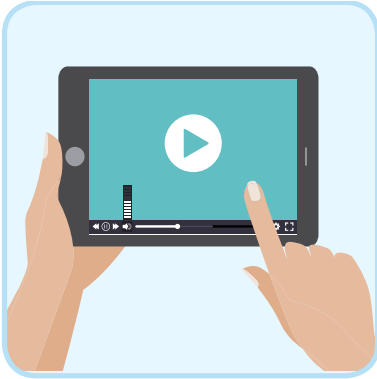


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The Bank of England looks at the prices of over 700 items from food & clothes to furniture & train fares. This is known as the 'basket of goods'. This information is combined with other data like unemployment figures and how much people are spending to help the Bank make a decision about interest rates.



Case study: Isla



15-year-old Isla has been given £50 for her birthday. Her tablet recently broke and she really wants to replace it.

She's seen one she likes in an online advertisement, but doesn't know much about it other than the price.

Her friend has one that he recommends, but it's a lot more expensive, so Isla would have to save for several months before she could buy it.

She'd use the tablet for gaming, listening to music, streaming films, connecting with friends, and occasionally submitting homework.



Case study: Ibrahim



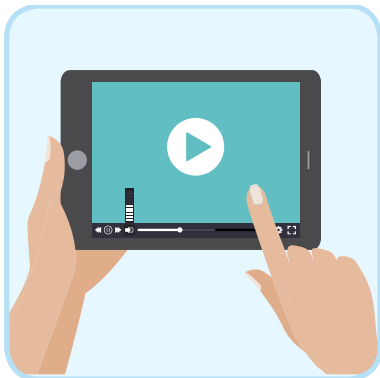
18-year-old Ibrahim loves driving and can't wait to own a car. He has a full-time job, has £2,000 in savings and currently adds around £50 a month to his savings.

He has been to his local bank to ask about a personal loan of £4,000 to buy the car he wants.

The bank has approved the loan, but if he borrows the money, he'll have to pay back an extra £300 in interest over the next two years.

He can afford this if he keeps his job. He currently takes the bus to work and is often late; driving would get him there quicker and keep his boss happy.

Asking the right questions



Examples for Isla:

- How urgently do I need a tablet?
- Which tablet do reviewers recommend?
- How do the tablets' 'specs' compare?



Examples for Ibrahim:

- Where can I get the lowest interest rate?
- How much can I afford to pay each month?
- How much will the car cost to insure?



Tips for finding information online

- **Consider the purpose** – has the information been written to inform or to persuade or sell something?
- **Check the author** – where is the information from (e.g. research paper, expert, online forum, blogger)?
- **Check the date** – how old is the information? Is it up-to-date?
- **Check the domain name** – [.edu](#) is an educational establishment, [.com](#) or [.co.uk](#) is a business, [.org](#) is usually a charity or a not for profit organisation.
- **Check for links** – does the site link to other trustworthy sites?