



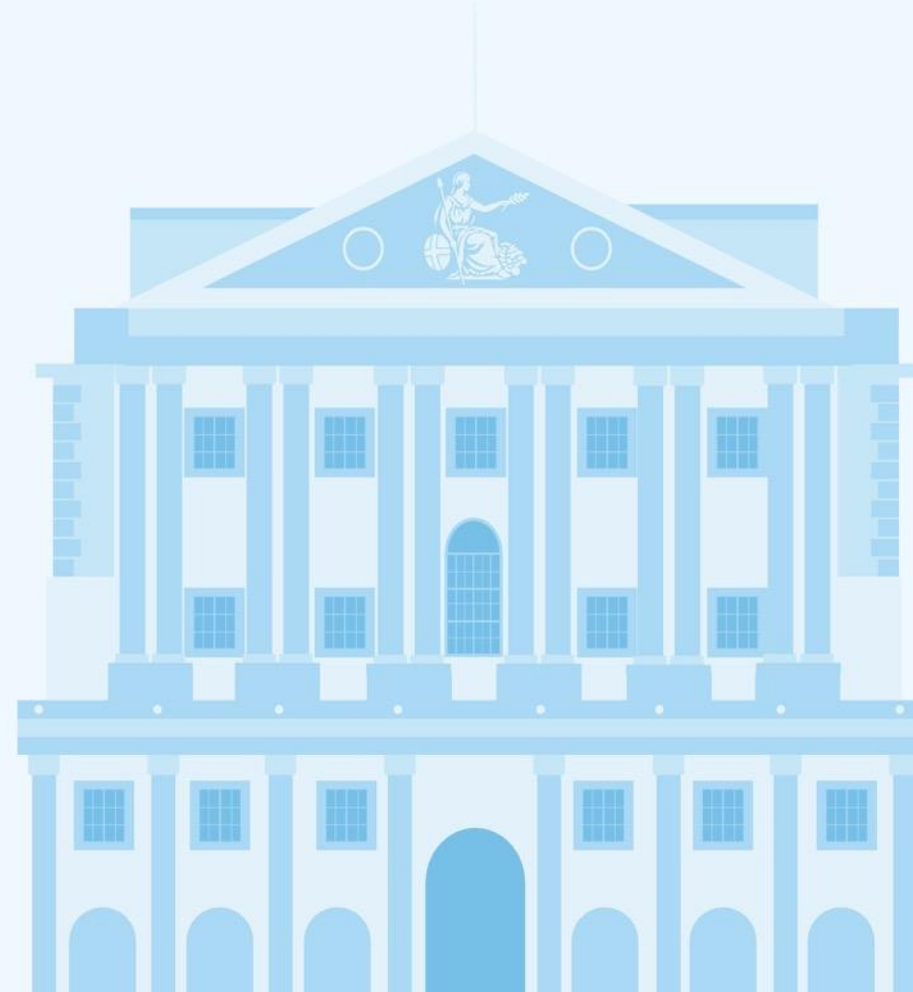
BANK OF ENGLAND



econoME

decisions matter

Presentation 1: What influences my decisions?





Learning objectives – students will learn:

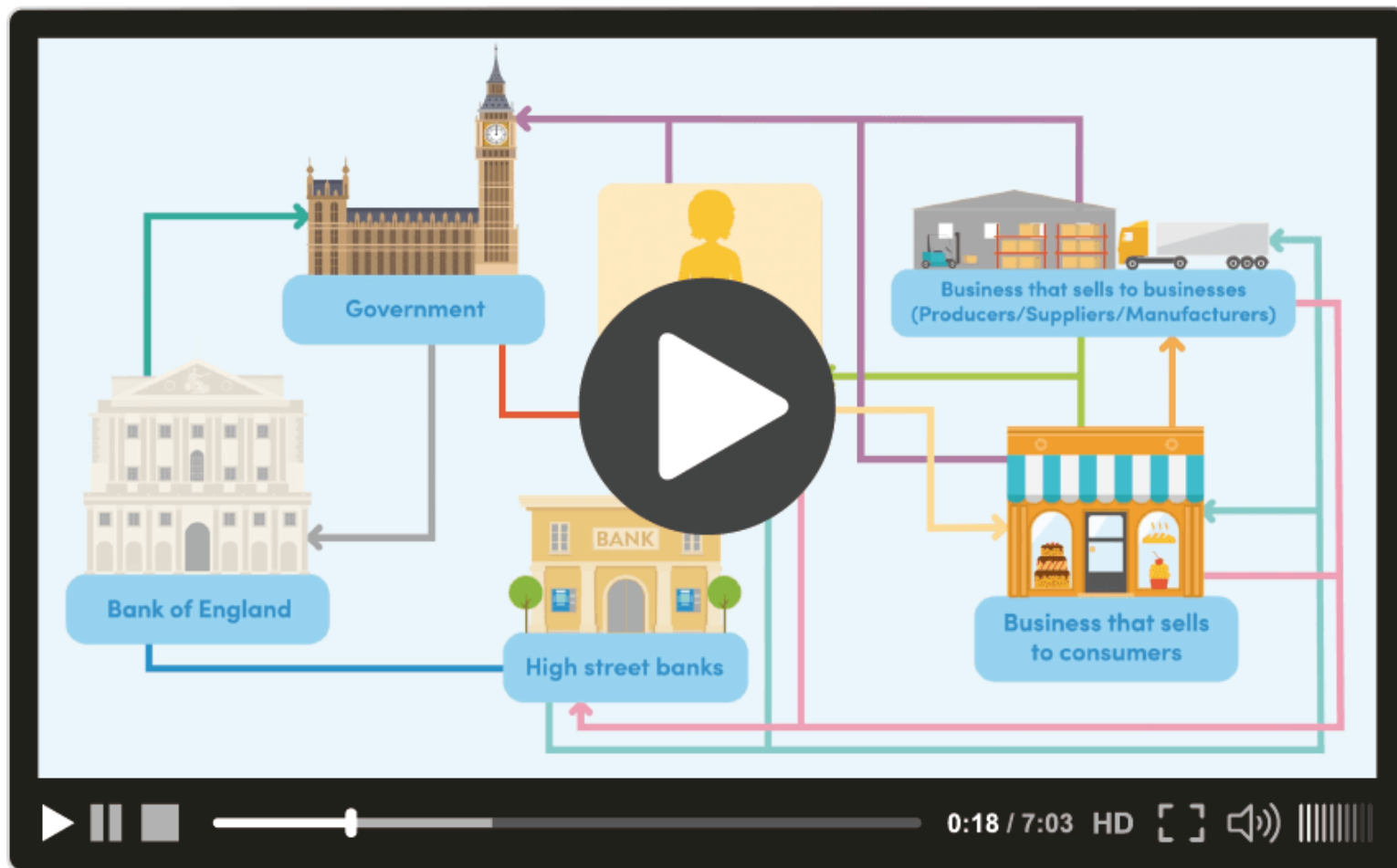
- how the economy, and other factors, influences our decisions
- about the role of the Bank of England

Learning outcomes:

- I can describe how the different parts of the economy are connected
- I can describe the role of the Bank of England in the economy
- I can explain what influences financial decisions (including the economy)



Video: What influences my decisions?

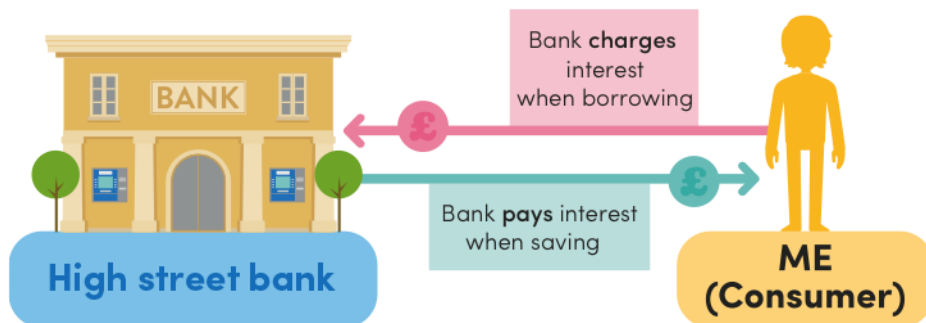


What are interest rates?

When someone saves with a high street bank, the bank *pays* them a little extra money. When someone borrows, the bank *charges* a little extra money. This extra is called '**interest**'.

If you borrowed £1,000 and the **interest rate** was 5%, you'd have to pay back the original amount, plus 5% of it – so £50 extra.

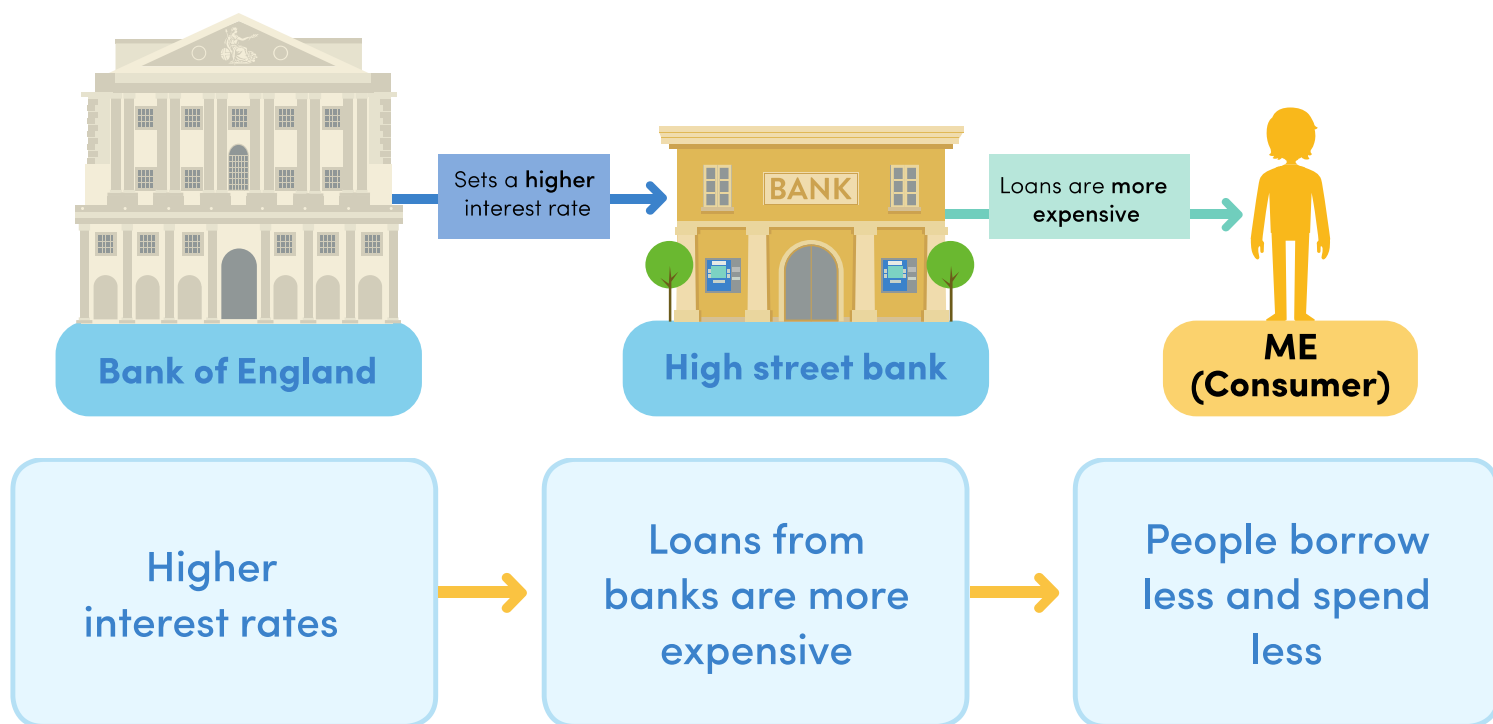
The interest rates offered by banks can have a powerful influence on your decision to either borrow or save money with them.

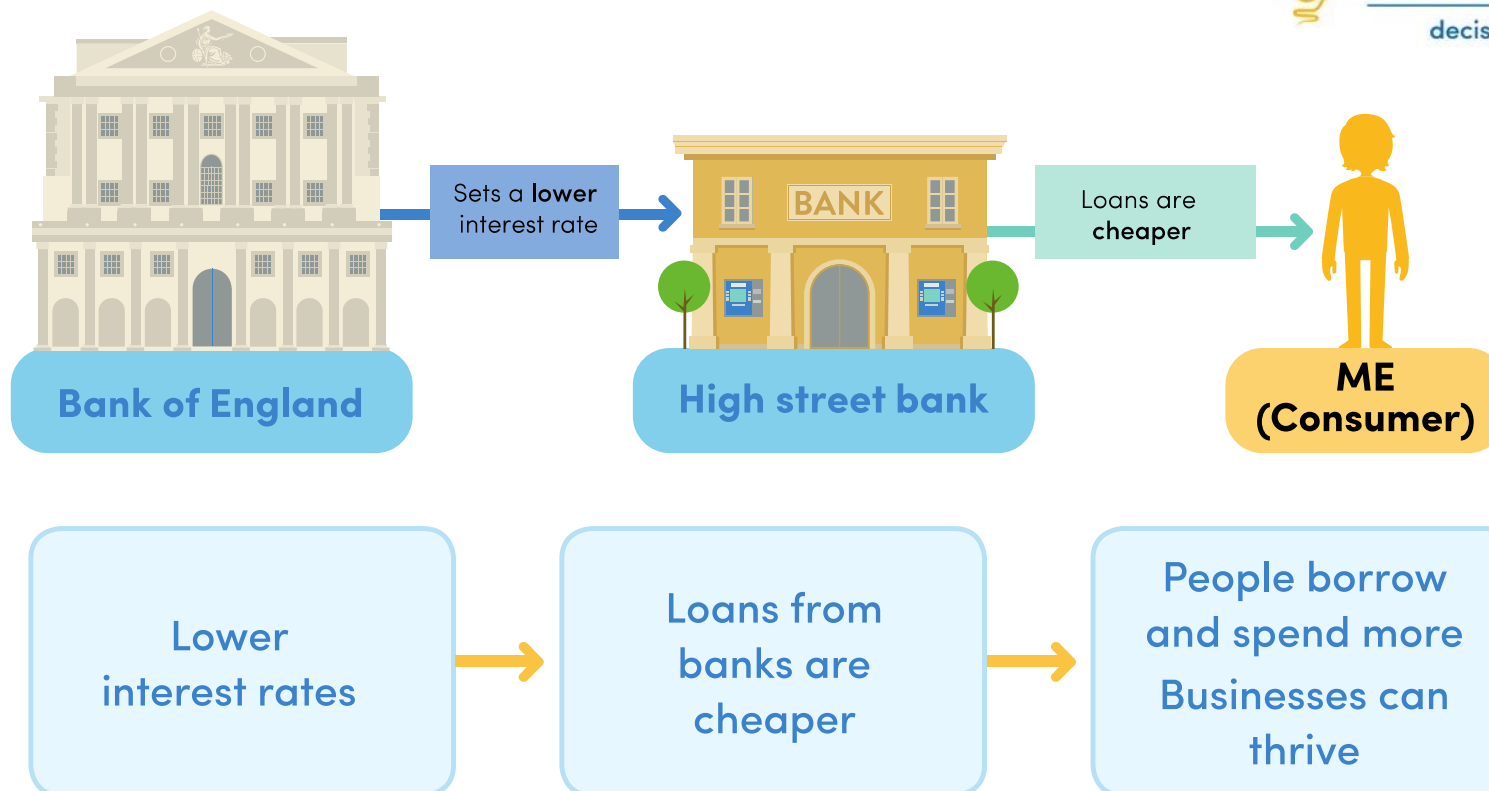




How the economy affects consumers

The **Bank of England** makes decisions that influence the economy. It sets the key **interest rate**, called **Bank Rate**, which affects the interest rates offered by high street banks. In turn, this influences what consumers do with their money.





But, if there's too much money in the economy and too much demand for goods, prices tend to rise. The price of some things will go up by more than others and some prices may go down.

When most prices go up, it's called **inflation**.



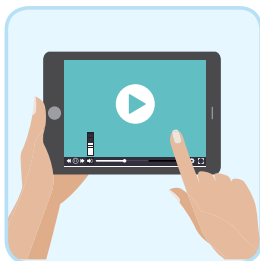
How does the economy influence my decisions?

Examples:

- You might be more likely to save money with a bank if interest rates are high; or more likely to borrow money if interest rates are low.
- Prices offered by shops are affected by the economy. If a business closes, rival businesses have less competition – they might choose to increase their prices. How might consumers react to this?
- Levels of employment are related to the economy – this might affect your job prospects or career decisions.



Activity: Case Studies



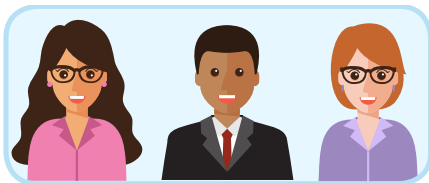
Read through the case studies on Activity sheet 2. In pairs, choose one case study (or think about a decision that you will have to make) and write down all the people and factors (including the economy) that might influence this decision.



What are some of the ways we can deal with negative influences on our decisions (e.g. pressure from our peers, bias in advertisements)?



Where can young people get support if they're worried about money or facing a decision?



- Parents



- Friends



- Teachers and other school staff



- ChildLine – a charity offering children and young people the chance to talk privately about any worries they might have, 24/7



- Citizens Advice – an organisation that offers free advice around a range of issues, e.g. finances, legal, family, work, housing



What types of decisions do young people of your age make?





What decisions do young people make concerning money?





What might people have to decide when they are...

...18

...25

...50?

