



Activity sheet 8a

Financial terms

Can you match the key financial terms and concepts to their definitions by adding the correct number in the box provided?

Term	Definition	
1. Budget	A card that allows someone to buy something and pay back the money owed later	3
2. Borrowing	Receiving money to be paid back later; can be planned or unplanned	
3. Credit card	A list of income and spending over a period of time; an amount of money available	
4. Identity theft	The percentage by which interest is calculated. For example, a loan of £1000 at an interest rate of 5% would incur interest of £50 per year	
5. High street bank	Money that is owed – and that is expected to be paid back – by an individual, business or country; it can be manageable or unmanageable	
6. Debt	A type of money lender; typically charges very high interest rates and operate illegally	
7. Interest	Money we earn or receive from working for a wage or salary or from investing in assets e.g. money in a bank, in stocks and shares, in property	
8. Income	Advice designed to help people plan decisions regarding money	
9. Fraud	A bank or building society account that pays interest on the money saved in it	
10. Financial advice	Money borrowed, usually from a bank or building society	
11. Interest rate	The illegal use of deception for financial gain (sometimes called a 'scam')	
12. Loan	A loan to buy a property	
13. Loan shark	Falsely using another person's personal details in order to gain money, goods, loans etc.	
14. Mortgage	The cost of borrowing and the money earned on savings	
15. Risk	An exchange of money when something is bought or sold	
16. Savings account	A bank that is run as a business. It looks after money, lends money and helps people pay for things (by issuing debit and credit cards)	
17. Transaction	A situation that could cause harm or loss but might also have a significant reward	



Activity sheet 8b

Financial terms

Can you match the key financial terms and concepts to their definitions by adding the correct number in the box provided?

Term	Definition	
1. Account fees	A card that allows someone to buy something and pay back the money owed later	2
2. Credit card	Receiving money to be paid back later; can be planned or unplanned	
3. FSCS	A list of income and spending over a period of time; an amount of money available	
4. Borrowing	The cost of borrowing and the money earned on savings	
5. Budget	The percentage by which interest is calculated. For example, a loan of £1000 at an interest rate of 5% would incur interest of £50 per year	
6. Identity theft	A type of money lender; typically charges very high interest rates and operate illegally	
7. Interest rate	Money that banks may charge for having an account with them	
8. Interest	Money that is owed – and that is expected to be paid back – by an individual, business or country; it can be manageable or unmanageable	
9. Fixed interest rate	Advice designed to help people plan decisions regarding money	
10. Fraud	An interest rate that stays the same for an agreed period of time	
11. Financial advice	The illegal use of deception for financial gain (sometimes called a 'scam')	
12. Mortgage	A person who transfers (usually stolen) money electronically on behalf of others, either knowingly or unknowingly; sometimes called a 'smurfer'	
13. Money laundering	An exchange of money when something is bought or sold	
14. Money mule	Falsely using another person's personal details in order to gain money, goods, loans etc.	
15. Loan shark	A loan to buy a property	
16. Variable interest rate	A short-term loan, usually with a high interest rate	
17. Transaction	The process of making money gained illegally appear to have come from a legitimate source	
18. Debt	Variable interest rates can go up or down as market rates change over the period of a loan.	
19. Payday loan	The Financial Services Compensation Scheme protects customers when authorised banks fail. Savers are guaranteed up to £85,000 per institution.	



Activity sheet 9

Saving case studies

Read through the following case studies, which feature different people who have chosen to save money. Imagine each has decided to keep their savings in a high street bank. They can choose between a **current account** with an interest rate of **0.25%** and a **savings account** with an interest rate of **2.75%**.

Use the Bank of England's [borrowing and savings calculator](#) to calculate how much interest they will earn per year. (Remember to multiply the monthly interest payment by 12 to find the annual interest earned.)

Amount of money to save	x	Interest rate / 12 (months)	=	Monthly interest earned
Eg. £100 x 2% = £2 (annual interest) £2 / 12 (months) = 17p (rounded to 2 decimal places)				

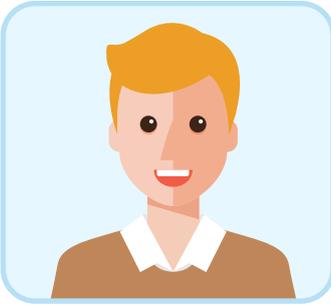


Marcia

Marcia is saving for a new Smart TV costing £299. She is in secondary school but has a part-time job in a bowling alley. By keeping her spending low, she has managed to save £150 so far.

Annual interest earned with a rate of 0.5%

Annual interest earned with a rate of 2.75%



Thiru

Thiru's friends are going travelling, which will cost around £4,000 each, and he is keen to join them. He is working full time and he also sells his possessions online from time to time. So far he has saved £3,750.

Annual interest earned with a rate of 0.5%

Annual interest earned with a rate of 2.75%



Yumi and Ash

Yumi and her partner, Ash, have decided to buy a flat together and are saving for a deposit. Both work full time in average-salary jobs. They have created a budget of their income and expenses in order to minimise their spending and have managed to save £24,000.

Annual interest earned with a rate of 0.5%

Annual interest earned with a rate of 2.75%



Activity sheet 10

Borrowing case studies

Alfie is 18 years old and would like to apply for a loan towards buying a second-hand car, which has a purchase price of £5,000. He has saved £2,500 and needs to borrow the other £2,500. He has considered options from three different lenders.

Read through the three borrowing scenarios. Use the Bank of England's [borrowing and savings calculator](#) to calculate how much interest Alfie will be expected to pay in addition to the amount borrowed, the total cost of the loan, and how long it will take to pay it back. The calculator works out the interest like this:

Amount of money
to borrow

x

Interest rate /
12 (months)

=

Amount of
interest owed

Eg. £100 x 2% = £2 (annual interest) £2 / 12 (months) = 17p (rounded to 2 decimal places)

North Bank (High street bank)

Interest rate: 2.5 % over 5 years

Monthly payment
(capital & monthly
interest / term of loan)

How much will be
repaid in total over
5 years?



Wellington Funding (Independent lender, attached to the car dealer)

Interest rate: 6.5% over 2 years

Monthly payment
(capital & monthly
interest / term of loan)

How much will be
repaid in total over
2 years?



Cash2U Now (Loan shark)

Interest rate: 14.5% over 10 years

Monthly payment
(capital & monthly
interest / term of loan)

How much will be
repaid in total over
10 years?



Activity sheet 10

Extension:

Read the following case study and consider (or annotate the text with your thoughts on) the questions below:

- At what point(s) does the debt change from manageable to unmanageable (or vice versa)?
- How can financial issues impact on a person's mental health and wellbeing?
- How could Zara have made more informed decisions?

Case study – Zara (Unmanageable debt)



18-year-old Zara had a part-time job as a sales assistant in a fashion store, as well as doing an Apprenticeship as a Talent Developer. Her earnings provided enough to pay for the basics (e.g. renting a room, buying groceries) but she was unable to save much money or afford any luxuries.

When her friends were going on a holiday to Majorca, she decided to take out a loan to pay for the trip. Her loan application was rejected by her bank, so she decided to borrow from a payday loan company at a variable interest rate of 7%. With the help of an online calculator, Zara worked out the cost of paying back the loan and interest over a two-year period. By stopping her weekly night out, she was just able to afford the monthly payments.

Then the lender increased the interest rate on her loan to 9%, making payments difficult. Shortly afterwards, Zara lost her job. She had already spent the loan money and had no way of keeping up with the payments.

After much stress and lost sleep, Zara decided to make an appointment with a financial adviser at the Citizens Advice Bureau, who was able to help her examine her budget and identify ways to reduce her spending so that she could afford the higher repayments. He advised Zara to speak with the lender and she was able to agree to extend the time over which the loan had to be repaid, from two to four years. This lowered the amount she had to pay each month, making the payments more manageable with her other living costs, but increased the overall amount she had to repay.

Activity sheet 11a

Fraud case studies

Read through the case study examples of how different types of fraud may play out in practice.

For each scenario, consider the following:

- What types of financial fraud is this an example of?
- What could indicate that this is a scam?
- What advice would you give to the person who was the target of fraud?

**Hiral**

Hiral loved art and was immediately interested when she received an email advertising an illustration competition. She completed her entry and emailed it to the competition. A month later, Hiral was excited to receive an email stating that her work was in the competition final and would be published in a book. She was asked to transfer an administration fee of £60, which she did straight away. Time went on but she never heard anything more from the competition organisers.

**Damien**

Damien really wanted a new pair of trainers, but he couldn't afford the £120 price tag in a high street store. He could hardly believe it when he saw them advertised on a website for only £39.99. Damien didn't recognise the website, but it was easy to use his debit card to pay for the trainers. He waited eagerly for them to arrive in the post, but nothing came. He checked the website, but it had been taken down.

**Kerrie**

Kerrie was heading home from college on the bus when an email popped up on her phone. She recognised the logo and brand colours of her mobile network. The email looked professional, but it contained a spelling error. It stated that Kerrie had missed a payment and needed to verify her bank details within 24 hours, or her mobile account would be stopped. She replied to the email sending the requested details. Two weeks later, Kerrie checked her bank account statement and she realised that £500 had been withdrawn.

Activity sheet 11b

Fraud case studies

Read through the case study examples of how different types of fraud may play out in practice.

For each scenario, consider the following:

- What types of financial fraud is this an example of?
- What could indicate that this is a scam?
- What advice would you give to the person who was the target of fraud?



Olivia

Olivia was watching TV late one night when she received a phone call, supposedly from her bank. The caller warned her that the bank had recently been subject to a data breach and all customers' accounts were at risk. She was urged to transfer her money to a new, 'secure' account in order to keep it safe. The caller provided her with the new account details and she immediately transferred the £1,200 from her old account, via her banking app. After the caller hung up, she began to feel uneasy and had a sleepless night, worrying. In the morning she rang her bank again and they confirmed they had not made the call.



Brody

Brody had been disappointed because tickets to see his favourite band had sold out. He received an advert via text, stating that more tickets had been released but that they would be quick to sell. The message contained a link to a website. Brody didn't recognise the site, but it looked a lot like a well-known ticket sales site. Brody ordered a ticket through the website and entered his debit card details to pay for the ticket. Brody waited for the ticket to arrive in the post...but it never did. He revisited the website, but it had been taken down.



Aditi

Aditi, aged 17, saw an advert pinned to a student noticeboard, claiming to pay big money for an hour's work. She messaged the advertiser's social media account and lined up a voice call. She was told that all she had to do was receive a sum of money into her bank account and transfer it to another account. In return, she would receive a payment of £200. It seemed simple, so Aditi agreed and provided her bank account details. The next day, she received £9,000 and transferred it to an account overseas, as instructed. She was excited to receive the £200 in her account. A few weeks later the police came to her flat. She learned that she had been used as a 'money mule' to transfer money used for criminal activity. This is a form of 'money laundering' and is a crime. Aditi's bank account was subsequently closed and it will be difficult for her to open a new account in the future.