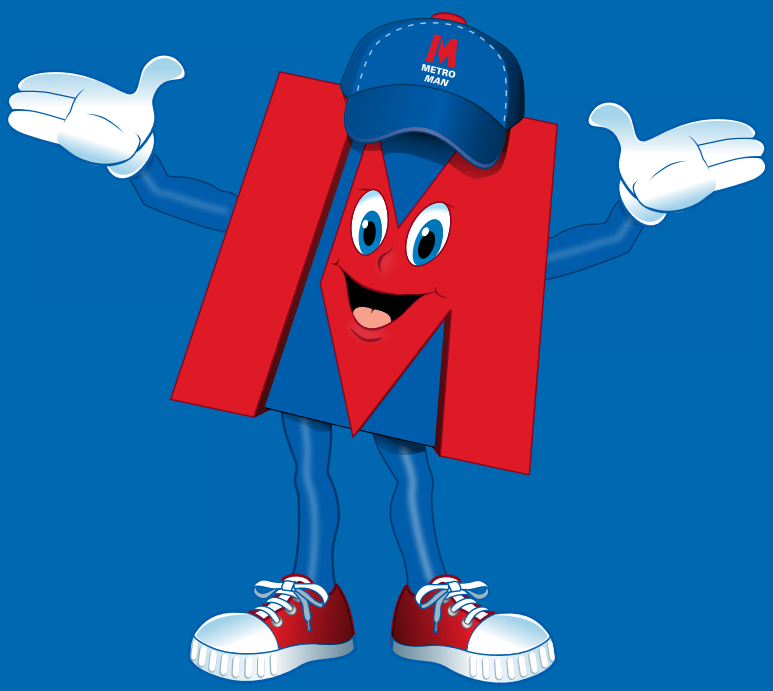
METRO BANK

MONEY ZONE

Activity Book

Key Stage 3

Name:



Welcome to the Money Management Programme

Over the next six weeks you will learn about the different ways to manage your money, so you can plan for what you need to spend and have a little bit of what you want too.

METRO BANK

MONEY ZONE

So what's it all about?

1. **Lesson One: (starting your quest)**
How to be an Amazing Money Manager. Let's take a look into the future and think about some of the reasons people need to manage their money.

2. **Lesson Two:** Banking and Savings. The different types of bank accounts and how to get the best from them, including how to calculate interest.

3. **Lesson Three:** Budgeting. How to make decisions to make the most of your money when planning day to day expenditure.

4. **Lesson Four:** Borrowing. There are lots of different options when it comes to borrowing money. How do they differ, how you calculate interest and how much has to be repaid?

5. **Lesson Five:** Top tips on how to keep any personal and financial details safe online.

6. **Lesson Six:** Come and visit us at Metro Bank to see what we get up to. You'll also have the opportunity to get some feedback on your Enterprise project.

Good luck and enjoy it.

When you have completed all of the activities in this activity book, keep it safe to remind you of how to be an Amazing Money Manager.

How to use this activity book

The following pages are here to help you capture what you learn in the classroom and provide some hints and tips on how to be an Amazing Money Manager.

You will have time after each lesson to capture those 'golden nuggets' that will support you in your quest. For each lesson you will find:

- The objectives for that lesson
- Top tips from Metro Bank on how to manage your money well
- Space for you to summarise your own 'golden nuggets'

Remember to complete your commitments at the end of each session to help you stay on track with your learning.

Lesson One

How to be an Amazing Money Manager

Lesson one – How to be an Amazing Money Manager

Objectives for lesson one are:

1. Learn about the wide variety of places that people can keep their money safe including what a bank is.
2. Understand the key milestones in life and the typical financial decisions at each stage.
3. Learn how to plan financially for the things you want in life.
4. Understand the brief for the Enterprise Project and what you'll need to do as part of your homework.

Key takeaways from this lesson

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Thinking ahead about what you want to spend your money on can help you make sure you have enough money when you need it.

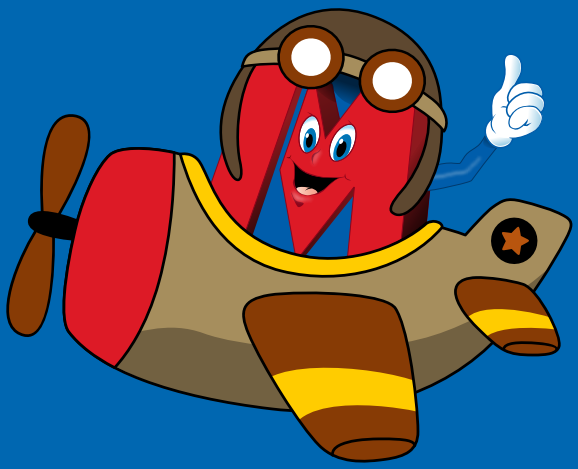
Lesson one – exercise one

People use a variety of financial institutions as a safe place to keep their money. Banks and Building Societies are classed as financial institutions and offer different products and services to help people manage their money well.

Take a moment to think about the two words in red and populate the rest of the clouds with what they mean to you.

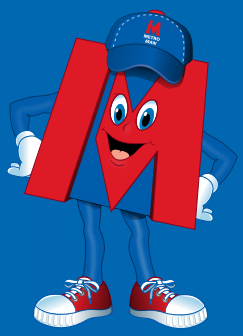
Money

Why not share your thoughts with your classmates and your teacher to see what else they can tell you?



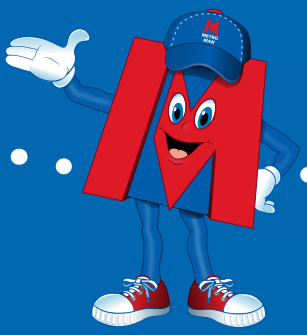
Banking

The key milestones in life

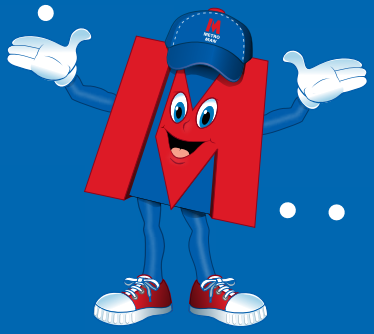


You now...

Age 16



Age 18-21



Age 30

Age 55

Age 68

Lesson one – exercise two

As we go through life our priorities change and what we need to spend our money on changes too. We've created some key milestones to get you thinking about what your financial priorities may be now and how they may change in the future.

Think about each of the key milestones we've listed and capture what you think your priorities may be. We have given you some ideas to get you started.

Age 13

Receiving pocket money for helping out at home...

Age 16

First part-time job...

Age 18

Learning to drive...

Age 21

Holidays with friends...

Age 30

Starting a family...

Age 55

Age 68

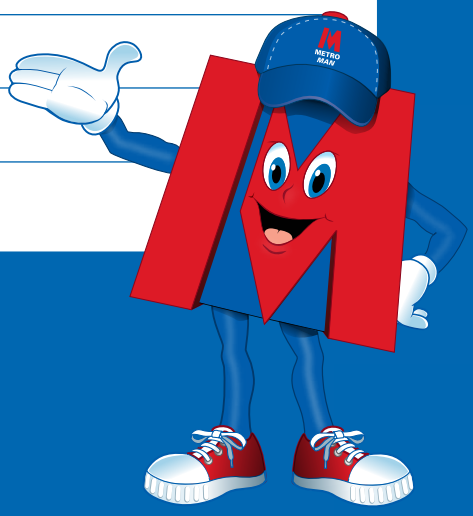
Thinking about retiring...

Lesson one – exercise three

If I had £500.00 now, this is how I would spend it:

If I had £500.00 in 5 years' time, this is how I would spend it:

If I had £500.00 in 15 years' time, this is how I would spend it:



What did you spend your money on that you really needed?

What did you spend your money on that was a 'nice to have'?

How well have you managed your money over the 15 years?

What could you do to improve to achieve the lifestyle you want?

Why not discuss this with another student and see what hints and tips you can share.

Your golden nuggets

Summarise your notes in the 'Key Takeaways' section under the objectives at the start of this module. It will help you to remember the learning points from each lesson.

Lesson Two

Banking and Savings

Lesson two – banking and savings

Objectives for lesson two are:

1. Understand the main financial institutions customers can use to help manage their money and the difference between them.
2. Know the features and benefits of different bank accounts.
3. Learn some of the most commonly used banking terms and what they mean.
4. Learn about interest rates and be able to calculate them.
5. Learn what tax is, why tax is paid and how to make the most of your tax free savings allowance.

Key takeaways from this lesson

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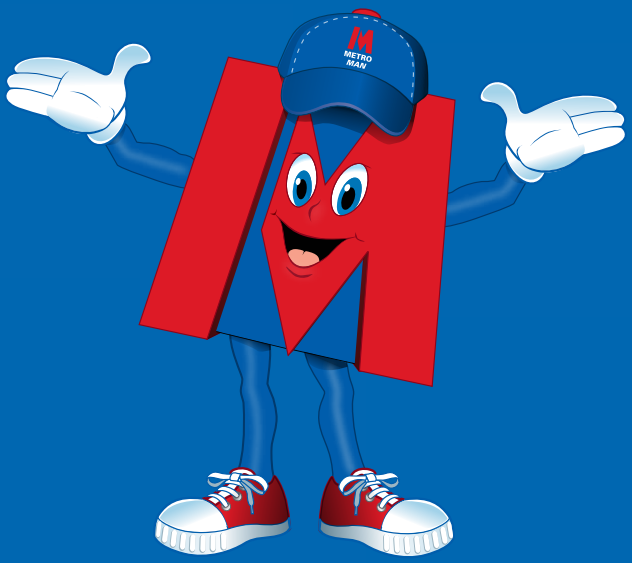
- *A bank account will allow you to receive money and pay bills securely.*
- *You can access your money in lots of different ways.*
- *Saving regularly is a great habit to get into.*

Quiz time

True or False Round



Lesson two – exercise one, the quiz

True or False. Circle the answer that you think is right.

1

You can open a bank account from the age of 11?

True

False

2

You will be issued one of these?

True

False

3

A Standing Order

I can be used to make a payment to a bank account that's not in the UK or in a currency other than £ sterling. Sometimes I am called an international payment?

True

False

4

A Direct Debit is used to...

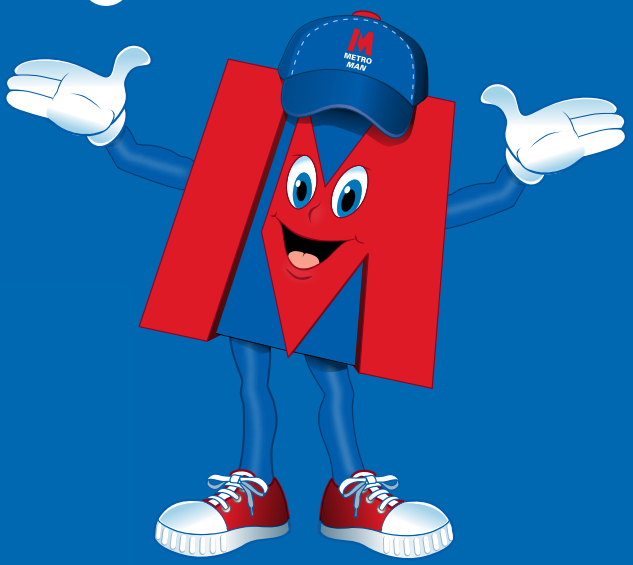
Pay bills like utilities (electricity, gas, water, phone, etc.) You will set me up directly with the provider (originator) and they will collect the money each time. The amount collected could change each month.

True

False

Quiz time

Knowledge Round



Draw a line from the name to the description you think is right.

Name

Description

Bank

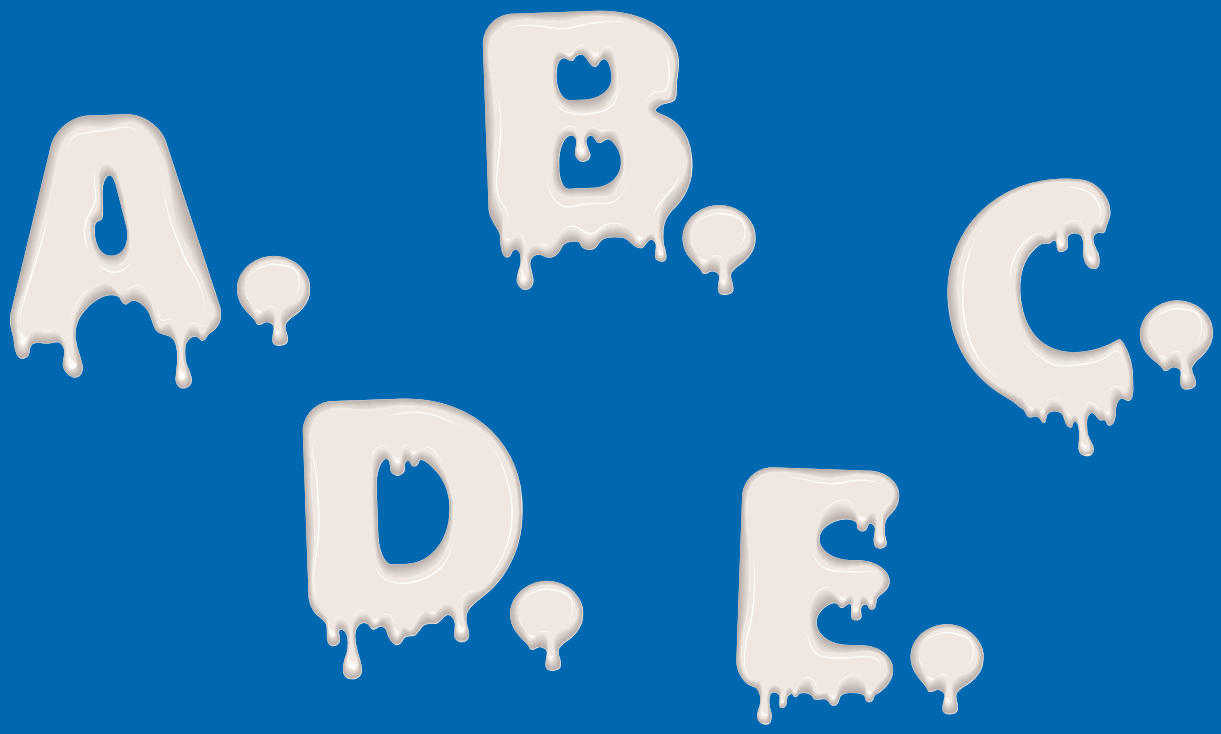
This financial institution will lend you money if you want to buy a house and will potentially pay you higher interest rates on any savings you have.

Building Society

This financial institution is authorised by the government to accept deposits, pay interest, clear cheques, lend money and can act as an intermediary for transactions such as electronic transfers. They can also provide other financial services to their customers.

Credit Union

This financial institution is not for profit and exists to serve its members. They accept deposits, lend money, and provide a wide variety of other financial services. As a member-owned organisation its main aim is to serve the local community by providing a place to save their money and borrow cash at reasonable rates.



Quiz time

Alphabet Round

Choose your answer by selecting the letter that matches the answer you think is right.

Which of these can you NOT use a bank account for?

A

B

C

D

E

Choose your answer by selecting the letter that matches the answer you think is right.

Which of these forms of personal ID can you NOT use to open a bank account?

A

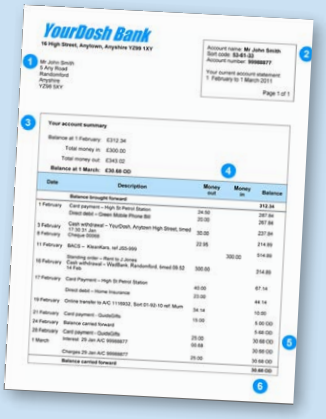
B

C

Which of these proof of address forms cannot be used to open a bank account?

A

B



C

Which of these methods cannot be used to complete a financial transaction.

A

B

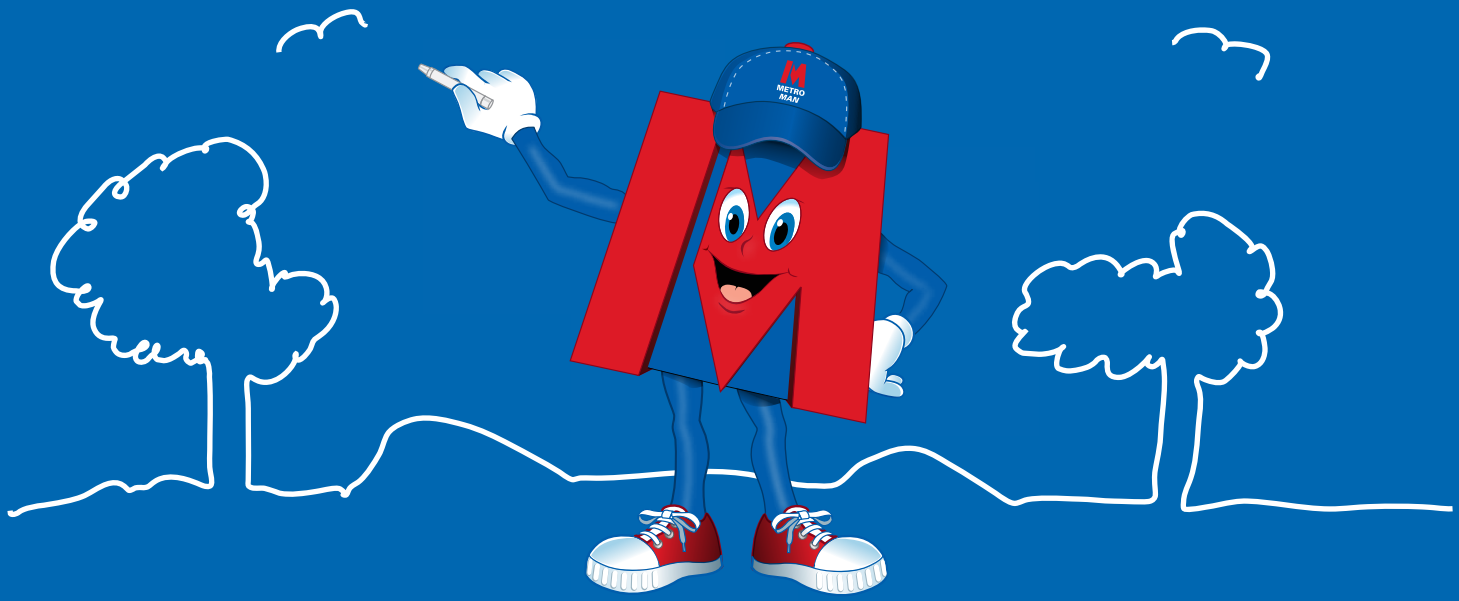
C

D

E

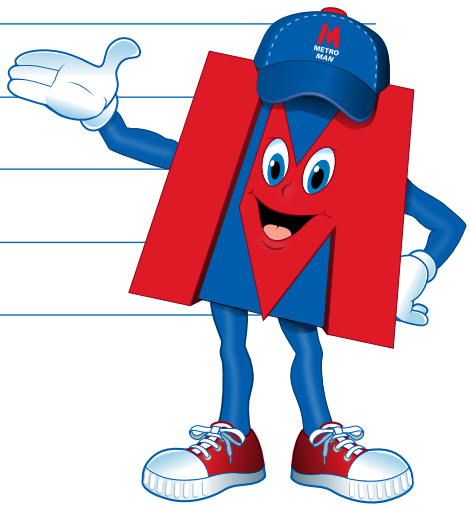
Quiz time

Picture Round



What does this symbol mean?

Your answer:



Lesson two – exercise two

Tick all the boxes which include the advantages of saving money.

Rainy day funds ○	To receive interest ○	For the things that you want ○	For an unexpected bill ○
Easy and instant access ○	Tax free interest ○	It feels great ○	For an emergency ○
For a treat ○	For your future needs ○	Develop good habits ○	Financial protection ○
For the future ○	A deposit on a house ○	Building up a lump sum ○	For larger purchases ○
Sacrificing a bit of what you want ○	Temptation to take it out ○	You might need to stay home more ○	Security ○
Compound interest ○	For retirement ○	Avoids debt ○	Paying for tuition ○

Lesson two – exercise three

So now we know saving money regularly is a benefit no matter how little it is. Capture here all the different things you may want or need to save for. Either make a list or draw pictures.

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Review this exercise alongside the 'Key Milestones in Life' exercise. Have you listed the same priorities?

Lesson two – exercise four, bank account match up game

Using the stickers on page 31, match up the bank account you think fits best by reading through the features and benefits matching these to what the customer is looking for. Remember you can only use one type of bank account once per customer.

Siobhan:

- Has recently started working as an apprentice
- Wants an account that she can have her wages paid into electronically
- Needs to set up direct debits to pay her bills and rent
- Wants an account that provides easy access to her money and different ways to pay for goods and services on the move

PLACE STICKER HERE

YOUR ANSWER

PLACE STICKER HERE

CORRECT ANSWER

Lesson two – exercise four, bank account match up game

Tony:

- Is looking to save regularly each month
- The amount he can save each month will vary based on what he can afford
- He would like to be able to pay coins into his account from his coin jar, the amount will vary
- He wants access to these funds for any unexpected emergencies or a cheap holiday deal

PLACE STICKER HERE

YOUR ANSWER

PLACE STICKER HERE

CORRECT ANSWER

Lesson two – exercise four, bank account match up game

Julie:

- Is looking to save a fixed amount of £500.00 each month from her wages
- Is looking for the best interest rate she can get as she is saving towards her wedding in two years
- Has a savings account elsewhere that pays 0.25% interest so is looking for something better

PLACE STICKER HERE

YOUR ANSWER

PLACE STICKER HERE

CORRECT ANSWER

Lesson two – exercise four, bank account match up game

Redford:

- Has savings accounts elsewhere including an ISA for this current tax year
- Has £12,500 to save left over from the sale of a house
- Is not looking to withdraw any of this money for some time (as he has savings accounts elsewhere)
- Is looking for the best available rate to make the most of his savings

PLACE STICKER HERE

YOUR ANSWER

PLACE STICKER HERE

CORRECT ANSWER

Lesson two – exercise four, bank account match up game

Sienna:

- Sienna is 16 years old and has a part time job
- Wants to start saving a small amount from her wages
- Is looking to save £120.00 per month although would like the flexibility of adding more if she can
- Wants to be able to use an app for her banking needs

PLACE STICKER HERE

YOUR ANSWER

PLACE STICKER HERE

CORRECT ANSWER

Lesson two – exercise five, calculating interest

One of the benefits of saving your money with a bank is that you will earn interest on the money you have in the account. In simple terms, the more you save and the longer you save it for, the more interest you will earn.

It's really important that you can calculate the amount of interest paid by a savings account, so you can shop around and look at different accounts that will help you make the most of your money.

Complete the following activities and learn to calculate interest.

We have created an example to get you started...

The situation

Tony decided to open an Instant Access Savings account so that he can save money each month from his salary. He wants to build up funds for any emergencies such as his car breaking down, or in case he spots a cheap deal on a holiday.

Tony saves around £150 per month in an Instant Access Savings account. Six months later he sees a holiday on offer. How much money will he have saved to put towards a holiday?

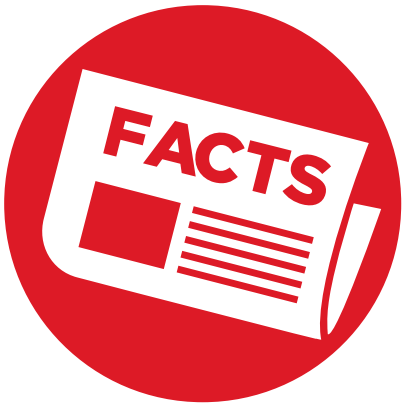
Remember interest is compounded, this means interest is earned on top of any interest already paid.

The facts

First, we need to gather the key information, Tony wants to save £150 at the beginning of each month in an Instant Access Savings account with an interest rate of 0.40% AER (annual equivalent rate).

Our first step is to calculate how his account balance will change every month with the added interest and his monthly deposit.

Each month a £150 deposit is made, therefore the total starting balance of each month, is the balance from the previous month plus the £150 deposit.



Lesson two – exercise example

Month 1:

Deposit: £150

Interest:
(0.40% of 150) ÷ 12 = (150÷ 100 x 0.40) ÷ 12 = 0.05

End of month 1 balance: £150.05

Month 2:

Existing balance (from month 1): £150.05

Deposit (for month 2): £150

Total beginning balance: £300.05

Interest: (0.40% of 300.05) ÷ 12 = (300.05 ÷ 100 x 0.40) ÷ 12 =0.100

End of month 2 balance: £300.15

Month 3:

(Remember to carry over the balance from the previous month)

Deposit: £150 – Total beginning balance: £450.15

Interest: (0.40% of 450.15) ÷ 12 = (450.15 ÷ 100 x 0.40) ÷ 12 =0.15

End of month 3 balance: £450.30

Month 4:

Deposit: £150 – Total beginning balance: £600.30

Interest: (0.40% of 600.30) ÷ 12 = (600.30 ÷ 100 x 0.40) ÷ 12 =0.20

End of month 4 balance: £600.50

Month 5:

Deposit: £150 – Total beginning balance: £750.50

Interest: (0.40% of 750.50) ÷ 12 = (750.50 ÷ 100 x 0.40) ÷ 12 =0.25

End of month 5 balance: £750.75

Month 6:

Deposit: £150 – Total beginning balance: £900.75

Interest: (0.40% of 900.75) ÷ 12 = (900.75 ÷ 100 x 0.40) ÷ 12 =0.30

End of month 6 balance: £901.05

Tony has done a fantastic job saving some money for a rainy day or a nice holiday. Over the six months he has saved £901.05. This means he has £901.05 to pay for his holiday.

The situation

Sienna is 16 years old and has been working part time for the last year in her local bakery shop and she has decided she wants to start saving her wages for university. Sienna is looking to save £120.00 per month.

Sienna has opened a Young Savers account and would like to know how much interest she would earn by saving £120.00 per month.

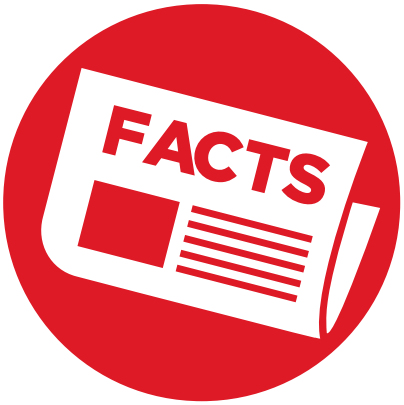
At six months how much money does Sienna have in her account?

Remember, interest is compounded, this means interest is earned on top of any interest already paid.

The facts

Lets put all the information together, Sienna wants to save £120.00 a month in her Young Savers account for university.

You have been asked to work out how much Sienna will have saved, including interest, after six months. Remember, interest is compounded on this account.



Our first step is to calculate how her account balance will change every month with the added interest and her monthly deposit. Then we can separate the total interest she has earned from the total amount she has deposited.

A Young Savers account has an interest rate of 1.25% AER.

Each month a £120 deposit is made, therefore the total beginning balance of any month, is the balance from the previous month plus the £120 deposit.

Your calculations

After six months the total Sienna has in her account is?

The interest she has earned is?

The situation

Julie would like to pay a regular monthly amount of £500 in to a savings account to put towards her wedding, which is planned for two years time.

Julie decided to open an Instant Access ISA account. After a year what is the balance of her account including interest?

Remember interest is compounded, this means interest is earned on top of any interest already paid.

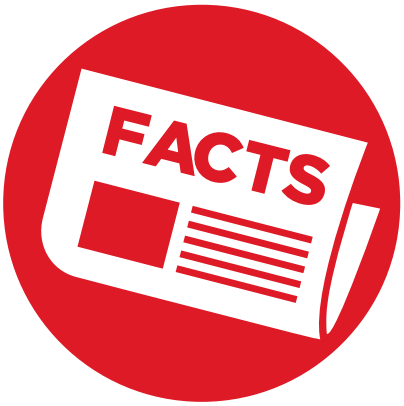
The facts

Lets put the facts together, Julie wants to deposit £500 a month into an Instant Access Cash ISA account. She wants to do this over a period of two years.

The interest rate on an Instant Access Cash ISA account is, 0.75% AER. Interest on this account is compounded so we will need to take that into consideration.

Each month a £500 deposit is made, therefore the total beginning balance of any month, is the balance from the previous month plus the £500 deposit.

Interest is calculated on the total beginning balance and then added to the total beginning balance for the end of month balance.



Use the next page to work out your calculations. Remember pencil is best! If you need a reminder walk back through the example for 'Tony'.

Your calculations

The total Julie will have saved after one year including interest is?

The situation

Redford would like to deposit £12,500 left over from the sale of his house in to a savings account. He doesn't need to access the money for the foreseeable future and is keen to get the best interest rate he can.

Redford has chosen a three year Fixed Term Savings account as he already has an ISA elsewhere for this tax year

How much interest would Redford earn over three years?

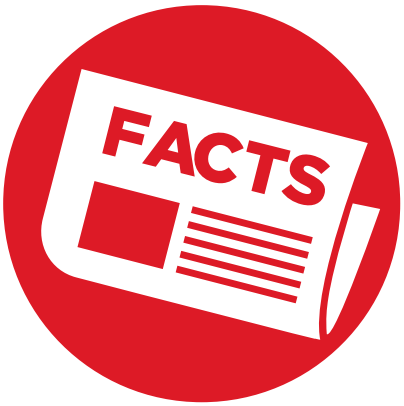
Compound interest does not apply on fixed term savings as the interest has to be paid into another account.

The facts

Lets put the facts together, Redford wants to deposit £12,500 into a three year Fixed Term Savings account.

The interest rate on a Fixed Term Savings account for three years is, 1.6% AER.

Start by working out the interest he'll earn over one year (as this is what AER refers to). Once you know this carry on to work out how much he'll earn each year to give you a total for the three years.



Your calculations

The total that Redford will have saved after three years including interest is?

Your golden nuggets

Summarise your notes in the 'Key Takeaways' section under the objectives at the start of this module. It will help you to remember the learning points from each lesson.

Lesson Three

Budgeting

Lesson three – budgeting

Objectives for lesson three are:

1. Understand how to make the right decisions around your spending based on 'needs' and 'wants'.

2. Learn that what you value and prioritise can influence spending choices.

3. Learn how to budget.

Key takeaways from this lesson

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- *Always think before you spend. Do you need this or want this?*
- *Complete your budget every month.*
- *Money doesn't grow on trees, you work hard to earn money so you should make it work hard for you and take care with how you spend it.*

Lesson three – exercise one

'Need' or 'Want'? Review the next two pages and discuss what items you think you 'need' or you think you 'want'.

Car

Electricity

Home entertainment

Somewhere to live

Treats

Heating

Food

TV

Lesson three – exercise one

iPod

Pets

Bicycle

Cinema tickets

Game console

Designer clothes

Mobile phone

Water to drink

Lesson three – exercise one

Once you have decided if you think it is a 'need' or a 'want' capture how much you think each item costs. Once you have totalled the columns compare your responses with a classmate.

Item	£ Need	£ Want
Car		
Electricity		
Home entertainment		
Somewhere to live		
Treats		
Heating		
Food		
TV		
iPod		
Pets		
Bicycle		
Cinema tickets		
Games console		
Designer clothes		
Mobile phone		
Water to drink		
Totals £	£	£

Price and product comparisons

Apple iPhone 8

Details

- Upfront cost £59.99
- Monthly cost £42.99
- Data 3GB
- Minutes unlimited
- Texts unlimited
- Contract term 24 months

Features

- Free EU roaming
- Camera
- Video messaging
- International calling;
  - £1.50 per minute
  - Texts 50p per text

Pixel by Google

Details

- Upfront cost £49.99
- Monthly cost £32.99
- Data 5GB
- Minutes 1000
- Texts unlimited
- Contract term 18 months

Features

- Free EU roaming
- Camera
- International calling;
  - Included in plan until allowance used then £2.00 per minute

Alcatel Pixi (4) 5

Details

- Upfront cost £0.00
- Monthly cost £15.99
- Data unlimited
- Minutes unlimited
- Texts unlimited
- Contract term 24 months

Features

- Free EU roaming
- Camera
- Video messaging
- International calling £4.99 a day inclusive

iPhone 7 (refurb, sim inc)

Details

- Upfront cost £499.99
- Monthly cost £15.00
- Data 100MB
- Minutes 3000
- Texts 3000
- Contract term (sim free)

Features

- You must top up £15+ a month

LG K4 Pay as you Go

Details

- Upfront cost £75.00
- Monthly cost nil
- Data 50MB (£2 a day then 10p per MB used same day)
- Minutes (55p per minute)
- Texts (35p each)
- Contract term, none

Features

- Top up £10 and you'll get 60 free minutes to call international mobiles and landline numbers from the UK for 30 days

Lesson three – exercise two

What tariff is best?

Siobhan is getting on well in her apprenticeship working hard and learning new skills. Siobhan now wants to renew her mobile phone contract and is looking for the best tariff to suit her needs. Siobhan's needs:

- Sends lots of texts to keep in touch with her friends during her busy day as a chef
- Speaks regularly with her sister who lives in Australia making her current bills expensive
- Likes to listen to music when she is preparing food for her shift
- Is currently using an iPhone

Explain the reason for your selection

Review the 'Price and product comparisons' chart and decide what tariff you think would be best and why, capturing your reasons above.

Lesson three – exercise two

What tariff is best?

Anita is looking to change her phone mainly to keep in touch with her two grandchildren who are both at university. Anita also has family who live in Scotland and the USA who she wants to be able to keep in contact with. Anita's needs;

- Loves to receive videos from her family to stay in touch with what they are up to
- Has become a pro at Candy Crush and would like to have access to this
- Uses data although worries that this can become expensive and is not sure how to track data being used
- Prefers to talk rather than text

Explain the reason for your selection

Review the 'Price and product comparisons' chart and decide what tariff you think would be best and why, capturing your reasons above.

Lesson three – exercise two

What tariff is best?

Tony is looking to renew his contract as he is not happy with the level service he is receiving and he finds the network unreliable. He is required to do a lot of travelling for his job. This means he is away from his family often so he likes to keep in contact with them on the go. Tony's needs;

- Uses a lot of data sending emails, sending photos of his trips and using video calling to keep in touch with his family
- Ideally he would like a camera
- Likes to keep up to date with the news on his travels
- He regularly completes his banking by using his mobile banking app and checks in for his flights

Explain the reason for your selection

Review the 'Price and product comparisons' chart and decide what tariff you think would be best and why, capturing your reasons above.

Lesson three – exercise three

Knowing what's important to you and how this can influence your spending choices is a great step in managing your money well. Choose up to four values that are important to you from the list below and then capture your reasons on the next page.

Achievement	Autonomy	Beauty
Challenge	Communication	Competence
Competition	Courage	Convenience
Curiosity	Decisiveness	Dependability
Discipline	Diversity	Environment
Empathy	Equality	Family
Flexibility	Freedom	Friendship
Growth	Happiness	Harmony
Health	Honesty/Integrity	Hope
Humour	Independence	Innovation
Intelligence	Love/Affection	Loyalty
Organic	Patience	Price
Productivity	Prosperity/Wealth	Quality
Recognition	Respect	Speed
Security	Service	Simplicity
Spirituality/Faith	Strength	Teamwork
Trust	Truth	Variety
Value	Fairness	Time

Lesson three – exercise three

Once you have identified your core values, write them down in priority order in the spaces below, and answer the question, "Why is this value important to me?" for each one.

Value 1: is most important to me because:

Value 2: is most important to me because:

Value 3: is most important to me because:

Value 4: is most important to me because:

Review this exercise with the 'milestones of life' exercise and the 'needs and wants' exercise. What have you learned about what's important to you?

Your homework task

You need to plan and create a meal to cook for yourself and two friends that are coming over. You have a budget of £20.00 that you can spend to create your meal. Use the supermarket shopping list and the budget sheet to select the items you want to use to create your meal.

Once you have completed the activity make sure you answer the questions at the end and consider presenting this meal back to someone in your family, your teacher or a fellow classmate along with your reasons for your choices including how much money you have spent or saved.

You want to create the best possible experience for your friends and at the same time get value for money within your budget.

The Supermarket

Take a look at the list of grocery options below and decide what you will prepare for your meal. Once you have decided create your shopping list using the blank pages that follow.

Wholemeal pasta £1.52

Garlic bread £1.40

Ice cream £3.50

Box of chocolates £4.99

Bolognaise sauce £1.85

Dominos family pizza deal – home delivery £24.99

Cheese £2.20

Mince beef organic £4.75

Mince beef value range £2.50

Eggs organic £1.75

Tikka Masala microwavable curry for 1 person £3.30

Tortilla chips £1.85

Celery sticks £1.00

Hummus dip £1.30

Fresh chicken breast – 2 pack £3.99

Popcorn £1.80

Own brand vanilla ice cream £1.80

Orange squash £1.10

Instant coffee £2.99

Fresh orange juice £1.99

Lemonade bottle – 2 litres £0.65

Coca-Cola bottle – 2 litres £1.60

Current movie release DVD £9.99

Rib eye steak – 2 pack £8.99

Tomato soup tin £0.95

Broccoli and stilton soup – tin £0.50

Avocado £1.10

Bacon – pack of 6 slices £2.00

Frozen salmon – pack of 4 ..... £3.50

Frozen chicken – pack of 6 ..... £2.90

Cream of mushroom soup – fresh £0.75

A box of cream cakes (6 cakes) £3.00

Carrot batons (400g) £0.85

Cola bottle 2 litres (supermarket own brand) £0.60

Mushrooms ..... £0.09 each

Onions – pack of 3 ..... £0.80

Turkey mince 500g £4.00

White rice £1.10

Fresh spaghetti pasta £1.55

Chinese takeaway family deal - home delivery £22.49

Chocolate caramel muffins – pack of 6 ..... £1.99

Lettuce £0.50

Bag of spinach £1.40

Beef burgers – pack of 4 ..... £5.00

Garlic chicken kiev's – pack of 2 ..... £2.15

Carbonara sauce packet £1.55

Peppers – pack of 3 ..... £0.80

Fajita mix £0.95

Salsa dip £0.70

Wraps – pack of 6 ..... £0.90

Vegetable medley – microwavable packet £1.50

Packet of new potatoes – microwavable £1.00

Potatoes – single £0.08

Frozen chips £1.75

Diet-Coke cans of 6, on offer 2 for £5.00 ..... £5.00

Fresh prawns – packet £2.75

Packet of straws £0.99

Patterned napkins £1.00

Kitchen roll – pack of 2 rolls £1.00

Broccoli – loose £0.49

Cauliflower – loose £0.49

Packet of spices £0.79

Sausages – pack of 6 ..... £1.50

Roast chicken £4.25

Yorkshire pudding mix £0.30

Flour £0.60

Milk – 2 pint £0.75

Eggs – box of 6 ..... £1.30

Baked beans – pack of 4 tins £2.00

New York style cheesecake serves 4 ..... £2.50

Beef joint for roasting £6.99

Lamb chops – pack of 4 ..... £3.75

Mixed salad leaves – bag £1.25

White bread loaf £1.05

Frozen garlic bread sticks – pack of 2 ..... £1.40

Pasta sheets – pack of 6 ..... £0.85

Béchamel sauce £1.40

Garlic clove £0.30

Chicken and mushroom pie – serves 4 ..... £3.00

Box of chocolate mints £2.99

Fish and chips from the local chip shop (per person) £4.99

Trifle pots X 4 ..... £1.50

Tin of tuna £0.80

Mild curry sauce – jar £0.95

Brown rice £1.50

White baguette £0.80

Filter coffee fairtrade £3.99

Box of 20 chocolates fairtrade £1.45

Cooking oil fairtrade £1.75

Pack of 6 sausages organic £3.00

Organic tin of beans £2.50

Passata 500g organic £0.55

Red kidney beans 350g organic £0.65

Tin of pasta sauce tomato basil parmesan 350g organic £1.85

Your shopping list:

Items you have chosen	£ Cost
Total (is this within your £20.00 budget?)	£

Congratulations. You have just completed your shopping list and budget! Completing a budget helps you to think through how to get the most value for money, in this instance, for a budget of £20.00. If you have not done so already total up your amounts and answer the following questions.

I have spent:

-

I have saved:

-

What have you chosen to cook as your meal?

-
-
-

Why have you chosen this?

-
-
-

What motivated you to buy and spend what you did?

-
-
-

How could having a budget help you in everyday life?

-
-
-

Creating a budget is a great habit to develop as you become responsible with your own money. The next time you are out food shopping with your family and your family member adds something to their trolley or basket, check the shelf to see if there are any different options that might be cheaper?

Your golden nuggets

Summarise your notes in the 'Key Takeaways' section under the objectives at the start of this module. It will help you to remember the learning points from each lesson.

Lesson Four

Borrowing

Lesson four – borrowing

Objectives for lesson four are:

1. Understand what borrowing money means and the different ways financial institutions lend money to customers.
2. Understand how to borrow money sensibly including how and why it needs to be paid back.
3. Understand how different financial institutions decide whether they will lend money and how they do this responsibly.
4. Learn how banks make money by lending it to customers and why they do this?

Key takeaways from this lesson

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-
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-
-

- *Borrowing money from a bank is ok, as long as you pay it back.*
- *Never borrow more than you can afford!*
- *Its important to manage your credit score by not abusing any credit you are given.*

Lesson four – exercise one

When you borrow something from someone you are in debt to them. Anyone over the age of 18 is able to borrow money from financial institutions to help them with their life goals, such as buying a house.

Make a list or draw pictures of the different types of things that someone may want to borrow money for:

-
-
-
-

Review this exercise with the 'needs and wants' exercise to see if what you think someone would want to borrow money for is a 'need' or a 'want'.

Lesson four – exercise two

There are a number of different ways someone can borrow money. In this challenge, match up each of the products below with its correct description on the next page by writing the product name in the provided space.

The products

Descriptions

I can be used across a number of shops as long as they are the same brand.

I would be used for the purpose of buying a home, either to live in or rent out for income.

I am usually a long term loan (25 years) and provide a way for most people to buy a property.

I am an agreement that enables customers to spend more money than they have in their account, if they need to.

I can be used in a variety of stores or to make online purchases.

I am a relatively small amount of money lent at a high rate of interest on the agreement that it will be repaid when the borrower receives their next paycheck.

I am an agreement normally offered to customers who want to buy a car, or items of furniture. I provide customers with the opportunity to hire the goods they wish to purchase with the option to buy them outright at the end. Until the customer makes the final payment, the customer does not actually own the goods.

I am different to other credit agreements as the customer cannot sell the goods until they have made the final payment and own the goods outright. The seller, or creditor can ask the customer to return the goods at anytime if they do not keep up the payments.

I can be used if a customer wants to borrow a sizeable sum of money for a one off large item or a special occasion like a wedding. I can also be used to pay off other individual debts and consolidate them all into one.

The customer makes regular payments each month over a fixed period of between one and five years.

The situation

Kiran would like to take out a personal loan to help with the purchase of a new car.

Kiran has already saved £5000 however the car he would like to purchase costs £9500.

He requires a loan from Metro Bank for £4500 and would like to pay it back over a 12 month period.

- What will Kiran's monthly repayment be?
- What amount will Kiran pay back in addition to what he has borrowed in the form of interest?
- The interest rate for a personal loan is 5.9% APR.

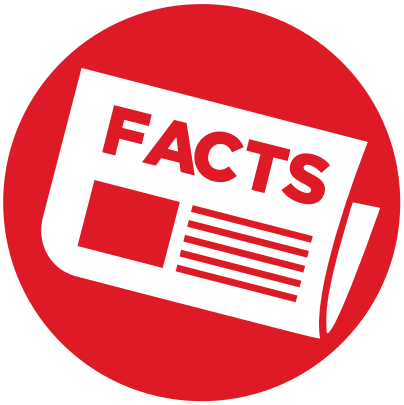
The facts

Lets start with the key information:

Kiran would like to borrow £4500, at an interest rate of 5.9% for a term length of 12 months.

In order to work out Kiran's monthly repayments, we need to work out how much interest needs to be paid on the amount being borrowed.

To do this, you need to work out 5.9% (which is the interest on a personal loan) of £4500.



Your calculations

The interest payable on this loan is? £

The total amount Kiran will pay back is? £

This will make the monthly repayments? £

The situation

Julie has recently purchased and moved in to a new home. As a result she has depleted her savings and is currently struggling to meet her monthly outgoings due to the increased costs of moving home. She is ideally looking for a flexible way of borrowing that will provide access to funds when she needs them in an emergency, paying them back when she can.

An overdraft is the best product to meet her needs.

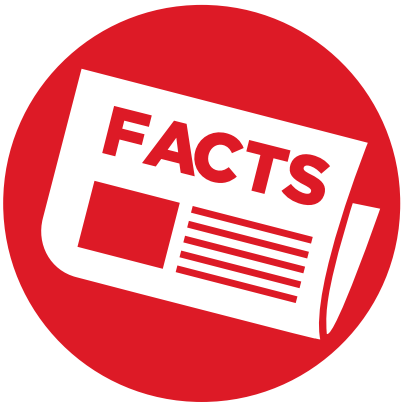
The facts

Read the facts below and calculate Julie's disposable income. This will determine her levels of affordability.

- Her net income is £1200 each month.
- She pays £650 on her mortgage each month.
- Cost of living is £290.
- Her current credit commitments are £280 each month.

Julie has asked for an overdraft with a limit of £500.

Will Julie's disposable income cover this meaning that she can afford the overdraft facility?



Your calculations

Julie's monthly expenditure is? £

Julie's disposable income is? £

Can Julie afford the overdraft? Yes/ No

Kiran part B, the situation

Kiran is considering his options including a pay day loan for his car purchase.

Kiran has already saved £5000 however the car he would like to purchase costs £9500.

He requires a loan for £4500 over a 12 month period.

He has spoken to **'Any Day'** who offer pay day loans at a rate of 29.9% APR.

What will Kiran's monthly repayment be?

What amount will Kiran pay back in addition to what he has borrowed in the form of interest?

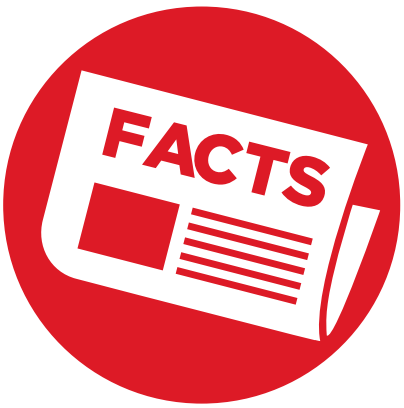
The facts

Lets start with the key information:

Kiran will be borrowing £4500, at a rate of 29.9% for a term length of 12 months.

In order to work out Kiran's monthly repayments, we need to work out how much interest needs to be paid on the amount being borrowed.

To do this, you need to work out 29.9% (which is the interest on an 'Any Day' loan of £4500.



Your calculations

The interest payable on this loan that Kiran will need to pay back is? £

The monthly repayments will be? £

The total amount Kiran will need to payback is? £

Your golden nuggets

Summarise your notes in the 'Key Takeaways' section under the objectives at the start of this module. It will help you to remember the learning points from each lesson.

Lesson Five

Staying Safe, Keeping Secure

Lesson five – staying safe, keeping secure

Objectives for lesson five are:

1. Understand the different types of information that make up a person's personal identity and how to keep this safe.
2. Know how to use a cash machine (ATM) safely.
3. Understand how to safely buy products and services online, including what security features to look for.

Key takeaways from this lesson

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- *Never share your passwords.*
- *Make your passwords hard to guess.*
- *Reply or respond to unknown email addresses with caution.*
- *If it sounds to good to be true, it probably is.*

Lesson five – exercise one

'Your identity' is a term used to describe all of the key pieces of personal information that could be used to identify you. This is of value to companies who use it to promote their goods and services to you, make payments for you, and keep in regular contact with you.

Unfortunately, these details are also of interest to criminals who use them fraudulently in obtaining goods, money, or services. In-fact 'Identity Fraud' costs consumers in the UK £2.7 billion a year!

- Your home address...
-
-
-
-
-

Lesson five – exercise two

One of the actions you can take to keep safe is to make any passwords you use 'strong'. This will make it hard for any of the fraudsters to access your personal information and bank accounts.

Look at the list below and decide which password you think is the 'strongest'.

15121976

fulham123

Tentc0wFr@me

Anybody1

Spurs123

Lesson five – exercise three

One of the benefits of opening a bank account is that customers are issued with a bank card. This bank card means that money can be taken out at anytime from a cash machine otherwise known as an ATM.

Below is a list of suggested steps to take when making a cash withdrawal of £20 from an ATM. Read through all of the steps and then number them in the right order with one being the first step and 10 being the last.

Step	Action
	Collect £20 cash
	Keep the receipt together with any other receipts in a safe place
	Check all my saved receipts against the statement
	Save up enough money to have at least £20 in my account
	Receive a statement through the post or by email
	Put my Cash card or Debit card into a cash machine
	Take my card out of the cash machine
	Key my PIN into the cash machine ensuring that no one sees my number and select £20.00 to withdraw
	Safely dispose of old receipts
	Collect a receipt from the cash machine for the transaction (or check your mobile app)

Your golden nuggets

Summarise your notes in the 'Key Takeaways' section under the objectives at the start of this module. It will help you to remember the learning points from each lesson.

Lesson Six

The Metro Bank Store Visit

Lesson six – the Metro Bank store visit

In lesson 6 you will get to meet a number of different people that work for Metro Bank. You will be shown around the store so that you can see what we get up to and how we create fans not customers. Metro Bank has a few things that are different to some of the other banks, so when you visit see if you can spot them.

Some things you might want to consider doing when you visit:

- Find out about the different roles that people do at Metro Bank.
- Visit the Metro Bank vault and see what we keep in there.
- Have a go on the Magic Money Machine to see how we help customers save their money.

There are lots of things to see and do on your visit so why not take some time to think about any questions you may want to ask.

We are looking forward to hearing about the progress you have made with your homework 'The Enterprise Project' so make sure you:

- Have all your materials ready for the big day.
- Practise your presentation so you're ready to present to the judges.

Good luck with the presentation, as we say at Metro Bank, be amazing!

So what did you learn from your visit to the store?

-
-
-
-
-
-

My commitments

Use this space to describe how you will put into practise what you have learned over the last six weeks about being an Amazing Money Manager.

- I will...
-
-
-
-
-
-
-
-
-

You did it!!!

Well done for all your hard work and good luck in your continued quest to become an Amazing Money Manager.

OPEN EARLY
OPEN LATE

Monday – Friday | 8:00am - 8:00pm

Saturday | 8:00am - 6:00pm

Sunday | 11:00am - 5:00pm

Speak to a local person 24/7
0345 08 08 500

metrobankonline.co.uk
@MetroBank_Help

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